

# Akademiska Hus – March, 2009



AKADEMISKA HUS

- The second-largest property company in Sweden
  - Over 3 million square metres of rentable floor space
  - Property value in excess of SEK 46 billion
  - Operations in 32 towns and cities throughout Sweden
- Owns and manages university and college properties
  - Universities and colleges account for 80 per cent of the rented floor space
  - 64 per cent market share from Malmö to Kiruna
- Wholly owned by the Swedish government through the Ministry of Enterprise, Energy and Communications
  - Ownership clause in the MTN and EMTN programmes
- Long leases with customers with a high credit rating
  - 87 per cent of the rental income derives from government-controlled customers
- Since 1996, the Group has had a long-term rating from Standard & Poor's of AA with a stable outlook and a short-term rating of A1+/-K1

## Results 2008

- Rental income increased to SEK 4,793 million (4,635)
- Net operating profit amounted to SEK 3,055 million (2,918)
- Assessed fair value totalled SEK 46,351 million (48,389)
- The properties' unrealised change in value amounted to SEK -2,192 million (-617)
- Pre-tax profit, excluding changes in value, increased to SEK 2,424 million (2,290)

The Group's position as owner of well-located properties and a large proportion of customers with government links is advantageous in times of financial uncertainty. Core operations are characterised by long-term leases with customers with a good credit rating, which limits the risk of a deterioration in the cash flow. The demand for education and research is counter-cyclical to the state of the economy, which in a period of recession could result in increased demand.

The unrealised fall in value reported for the investment properties can be attributed primarily to increased direct yield requirements and cost of capital.

## Management

The total rentable floor space at the end of 2008 was approximately 3.2 million square metres. There is a high proportion of laboratory premises, 34 per cent, and from an energy point of view these are considerably more resource-intensive than other premises. The financial level of vacant space was only 1.5 per cent as the vacant premises have a lower than average rental value.

Before a construction project commences an agreement must be in place governing the formulation of the lease. The lease renewal dates are well distributed over time. The aver-

age term for a newly signed lease is 10.3 years and at the year-end the average remaining term was 5.9 years. For complex specialist buildings intended for laboratory and research activities, a lease is required where a large proportion of the investment is repaid within the lease period. For buildings of this type leases are signed for 10 years or more.

## Financing

The Group has been well established on the public financing market since 1996 with short-term and long-term financing programmes, both domestic and international. In addition to the programmes, there are bank facilities totalling SEK 3,700 million, of which SEK 1,700 million was unconfirmed.

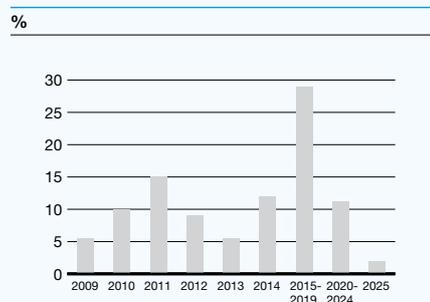
Maturity increased during 2008 due to the possibility that higher risk premiums and subsequent credit restrictions would persist. During the first half of the year bonds and loans were issued totalling SEK 2,400 million, of which SEK 1,800 million was on the Swiss market and SEK 600 million on the Japanese market. Ahead of an expected substantial downturn in the economy, with subsequent cuts in interest rates, the fixed interest period was kept relatively short during 2008, although it was extended slightly towards the end of the year.

The terms and conditions of the MTN and EMTN programmes include an ownership clause which means that the loans fall due for immediate repayment if the Swedish government ceases to be the majority shareholder.

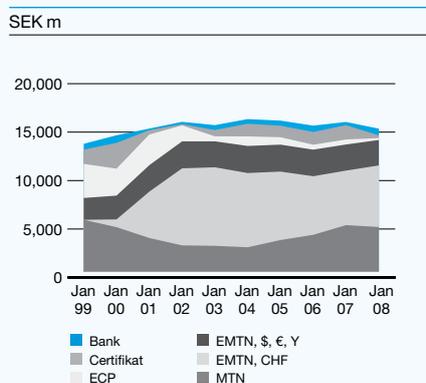
## Key figures

	2008	2007
Management income, SEK m	4,846	4,693
Net operating profit, SEK m	3,055	2,918
Change in value of investment properties, SEK m	-2,192	-617
Profit after financial income and expense (excluding change in value), SEK m	2,424	2,290
Profit after financial income and expense (including change in value), SEK m	232	1,673
Net operating profit SEK/m <sup>2</sup>	956	906
Assessed fair value, investment properties, SEK m	46,351	48,389
Total yield, properties, %	1.9	4.6
of which direct yield, %	6.4	6.0
of which change in value, %	-4.5	-1.4
Return on equity after standard tax, %	0.7	4.9
Equity ratio, %	46.5	47.8
Loan-to-value ratio, properties, %	32.6	33.9
Interest coverage ratio, %	369	399
Vacant space, rent, %	1.5	2.1
Vacant space, area, %	3.7	3.1
Fixed interest period, December, years	1.9	1.6
Maturity, December, years	4.2	3.6

## Lease renewal structure, contracted rent, %



## Financing sources



## Financing facilities and rating

	Rating Standard & Poor's	Framework 31-12-2008	Utilised, nominal 31-12-2008
Commercial paper	A1+/K1	SEK 4,000m	SEK 50m
ECP			
(Euro Commercial Papers)	A1+	USD 600m	-
MTN			
(Medium Term Note)	AA	SEK 8,000m	SEK 4,006m
EMTN			
(Euro Medium Term Note)	AA/A1+	USD 2,000m	USD 1,014m

Since 1996, the Group has had a long-term rating from Standard and Poor's of AA with a stable outlook and a short-term rating of A1+ / K1.

