

Akademiska Hus AB

October 7, 2025

This report does not constitute a rating action.

Credit Highlights

Overview

Enterprise profile	Financial profile
Akademiska Hus operates in a low-risk segment of the real estate industry, where strong and stable demand for academic study provides a supportive backdrop.	Prudent financial management is expected to contain the debt build up and control risks related to increased interest rates.
--As provider of properties for universities and colleges, the company commands a 60% market share and faces only limited competition.	--Inflation-linkage of revenue helps maintain strong adjusted EBITDA margin, despite pressures from rising costs.
--Close coordination with tenants and a conservative approach to project management should keep vacancy rates stable at about 2.5%.	--However, further increases of construction costs could lead to higher capital spending and debt accumulation.
--Management is experienced and has a robust planning process, and we do not expect significant changes of strategy.	--Liquidity should remain solid, backed up by ample credit facilities, cash holdings, and equivalents.

Akademiska Hus AB's credit quality will continue to be underpinned by its role as largest provider of properties for higher education in Sweden. We consider Akademiska Hus' operations vital for the fulfilment of government policy within higher education. Therefore, we continue to see a high likelihood of government support for Akademiska Hus if it experiences any financial distress.

We expect financial performance to remain a key strength that will support solid debt metrics and robust liquidity. Although we anticipate S&P Global Ratings-adjusted EBITDA margin to slightly weaken over 2025-2027, we believe the softening will be contained by the company's predictable rental revenue stream along with efficient cost controls from its management.

Higher capital expenditure and forecasted increased dividend payments in 2026-2027 will likely need to be financed with additional borrowings. We therefore anticipate the company's ratio of debt to adjusted non-sales EBITDA to cross the threshold of 10x by 2027.

Outlook

The stable outlook reflects our expectation that Akademiska Hus' financial performance and debt metrics will remain very solid, backed by cost control and rental contracts being linked to

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consumer price inflation. We also expect that demand for its properties will remain high as the company gradually adapts to its customers' changing needs.

Furthermore, we believe Sweden will remain the sole owner of Akademiska Hus and that the likelihood of extraordinary government support for the company will remain high.

Downside scenario

We could consider a negative rating action if Akademiska Hus' management fails to contain cost increases, which result in a pronounced deterioration of its financial metrics. This could also indicate loosening of its financial policies and change our view of its management.

Upside scenario

Ratings upside would depend on a sustained reduction of the company's debt, all else equal. We could also consider a positive rating action if we consider that the link with the central government of Sweden had strengthened.

Rationale

Enterprise profile: Supported by continued strong demand for academic study and stable and predictable rental revenue

In our view, Akademiska Hus operates in a low-risk segment of the real estate industry. We base our opinion on continuing strong demand for academic study in Sweden, which creates the need for purpose-built university premises and student housing. With approximately 60% market share, the company is set to remain Sweden's largest provider of properties for universities and colleges, with land holdings in and around campus areas. Most of Akademiska Hus' tenants are universities, which in Sweden operate as government agencies. Overall, this leads to a stable revenue stream.

We expect demand for Akademiska Hus' properties to remain high as the company continues adapting existing properties to changes in tenants' requirements and for new purposes. We view this approach as more cost efficient and less environmentally harmful compared to building new properties. Although refurbishment works can increase vacancies, we anticipate these will remain stable at about 2.5% of revenue and roughly at par with the market average. Akademiska Hus benefits from long-term lease agreements with an average remaining term of 5.5 years as of June 2025.

Akademiska Hus' management displays a strong focus on its niche market of providing properties for higher education. The company is, in our view, appropriately staffed and its management team has extensive experience in the construction and real estate sectors. We observe prudent long-term planning and well-established processes for budgeting and monitoring, which we consider key strengths of the company's management. Our view is supported by the company's history of reaching set financial targets, including returns on operating capital, equity ratios, and dividends. In addition, we believe the company uses a conservative approach to project management. New investments typically generally start after signing a lease contract with the tenant, which further decreases the risk of vacancies after a project's completion. Moreover, in line with peers, the company operates with prudent risk management policies, including those related to refinancing and interest rate risk.

We note positively management's proactive approach to addressing future demographic shifts, including the potential for a reduced student population over the long term. The company has begun preparing for these changes by incorporating them into its long-term strategic planning and engaging in related discussions with universities.

We assess the regulatory framework for Swedish government-owned real estate companies with a clear public policy focus as strong (see "Regulatory Framework Assessment: Strong For Swedish Government-Owned, Public Policy-Focused Real Estate Companies," published June 2, 2025, on RatingsDirect).

Financial profile: Remains strong, underpinned by cost controls and solid rental income

We forecast adjusted EBITDA margin to slightly weaken in 2025-2027 but remain very strong. Our adjusted EBITDA margin will average 58% over the period, down from almost 64% in 2022-2024. This reflects our expectation that, despite inflation-linkage of most rents, revenue growth will not fully compensate operating cost increases. However, given the relatively high adjusted EBITDA margin, we assess Akademiska Hus has enough of a buffer to maintain solid financial performance. The EBITDA adjustment includes SEK1 billion for 2025-2027, which we reclassify from investments to operating spending.

Although we now project that Akademiska Hus' required debt funding will be higher than what we previously forecast, we expect its debt metrics will remain solid. As Akademiska Hus delivers on its development plan, we forecast stable but higher and increasing capex through 2027. This, alongside forecasted increased dividends estimated at Swedish krona (SEK) 3.5 billion (about US\$377 million) on average per year in 2026-2027, might result in higher borrowing needs and push up Akademiska Hus' debt-to-non-sales adjusted-EBITDA ratio to about 10x by 2027, from 8.5x currently.

We assess Akademiska Hus' liquidity as very strong, with liquidity sources covering uses by 1.9x over the next year. The company has strong cash generating capacity from operations that we forecast at SEK4.7 billion over the coming 12 months. Furthermore, it holds SEK7.2 billion in cash and short-term investments, and it maintains SEK8 billion of bank liquidity facilities available beyond 12 months. In our liquidity calculation, we include uses of about SEK10 billion over the same period, among them, capex, maturing debt repayments, and interest expenses.

In addition, we consider that the company has strong access to capital market funding, as we observed, for example, during the pandemic when Akademiska Hus had no problems issuing bonds, despite capital market turbulence. Furthermore, we believe Akademiska Hus' owner would postpone dividend payments to support debt repayments, should access to capital markets be interrupted.

Government-related entity: A high likelihood of support adds a one-notch rating uplift

We see a high likelihood that Akademiska Hus would receive timely and sufficient extraordinary support from Sweden (unsolicited; AAA/Stable/A-1+) if it experienced any financial distress. We base our view on Akademiska Hus' important role in the economy since the company has a recognized and dominant position in supplying Sweden's higher education sector with technically advanced and cost-efficient properties. With higher education being a top priority for the state, we see Akademiska Hus' operations as vital for the fulfilment of government policy in this area. We also take into account the company's very strong link to the Swedish government, which fully

Akademiska Hus AB

owns Akademiska Hus. We perceive the government as actively involved in defining Akademiska Hus' strategy and appointing board members, while demonstrating a long-term commitment to the company. We therefore apply a one-notch uplift to our assessment of the stand-alone credit profile to derive our issuer credit rating on Akademiska Hus.

Key Statistics

Akademiska Hus AB--Key statistics

(Mil. SEK)	Year ended Dec. 31				
	2023a	2024a	2025bc	2026bc	2027bc
Adjusted operating revenue	7 650	7 976	8 057.5	8 274.1	8 578.1
Adjusted EBITDA*	4 832	4 924	4 648.9	4 811.4	5 059.9
Non-sales adjusted EBITDA	4 832	4 924	4 648.9	4 811.4	5 059.9
Capital expense	2 509	1 860	2 600	2 330	2 240
Debt	40 575	41 738	44 501	47 936	51 246
Interest expense	1 056	1 164	1 247	1 340.9	1 459.9
Adjusted EBITDA/Adjusted operating revenue (%)	63.2	61.7	57.7	58.1	59
Debt/Non-sales adjusted EBITDA (x)	8.4	8.5	9.6	10	10.1
Non-sales adjusted EBITDA/interest coverage(x)	4.6	4.2	3.7	3.6	3.5

* The adjustment includes SEK 1 billion of capitalized repairs. Assumed 100% dividend payout for years 2026 and 2027

a--Actual, bc--Base case reflects S&P Global Ratings' expectations of the most likely scenario. N.A.--Not available. SEK--Swedish krona.

Rating Component Scores

Akademiska Hus AB--Ratings score snapshot

Factor	Assessment
Enterprise risk profile	2
Industry risk	2
Regulatory framework	3
Market dependencies	3
Management and Governance	2
Financial risk profile	2
Financial performance	1
Debt profile	2
Liquidity	2

S&P Global Ratings bases its ratings on non-profit social housing providers on the seven main rating factors listed in the table above. S&P Global Ratings' "Methodology For Rating Public And Nonprofit Social Housing Providers," published on June 1, 2021, summarizes how the seven factors are combined to derive each social housing provider's stand-alone credit profile and issuer credit rating.

Related Criteria

- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021

- [Criteria | Governments | General: Methodology For Rating Public And Nonprofit Social Housing Providers](#), June 1, 2021
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [General Criteria: Rating Government-Related Entities: Methodology And Assumptions](#), March 25, 2015
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [Regulatory Framework Assessment: Strong For Swedish Government-Owned, Public Policy-Focused Real Estate Companies](#), June 2, 2025

Ratings Detail (as of October 07, 2025)*

Akademiska Hus AB

Issuer Credit Rating	AA/Stable/A-1+
<i>Nordic Regional Scale</i>	--/--/K-1
Commercial Paper	A-1+
Senior Unsecured	AA
Short-Term Debt	A-1+

Issuer Credit Ratings History

04-Oct-1996	AA/Stable/A-1+
31-Dec-1998	<i>Nordic Regional Scale</i> --/--/K-1

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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