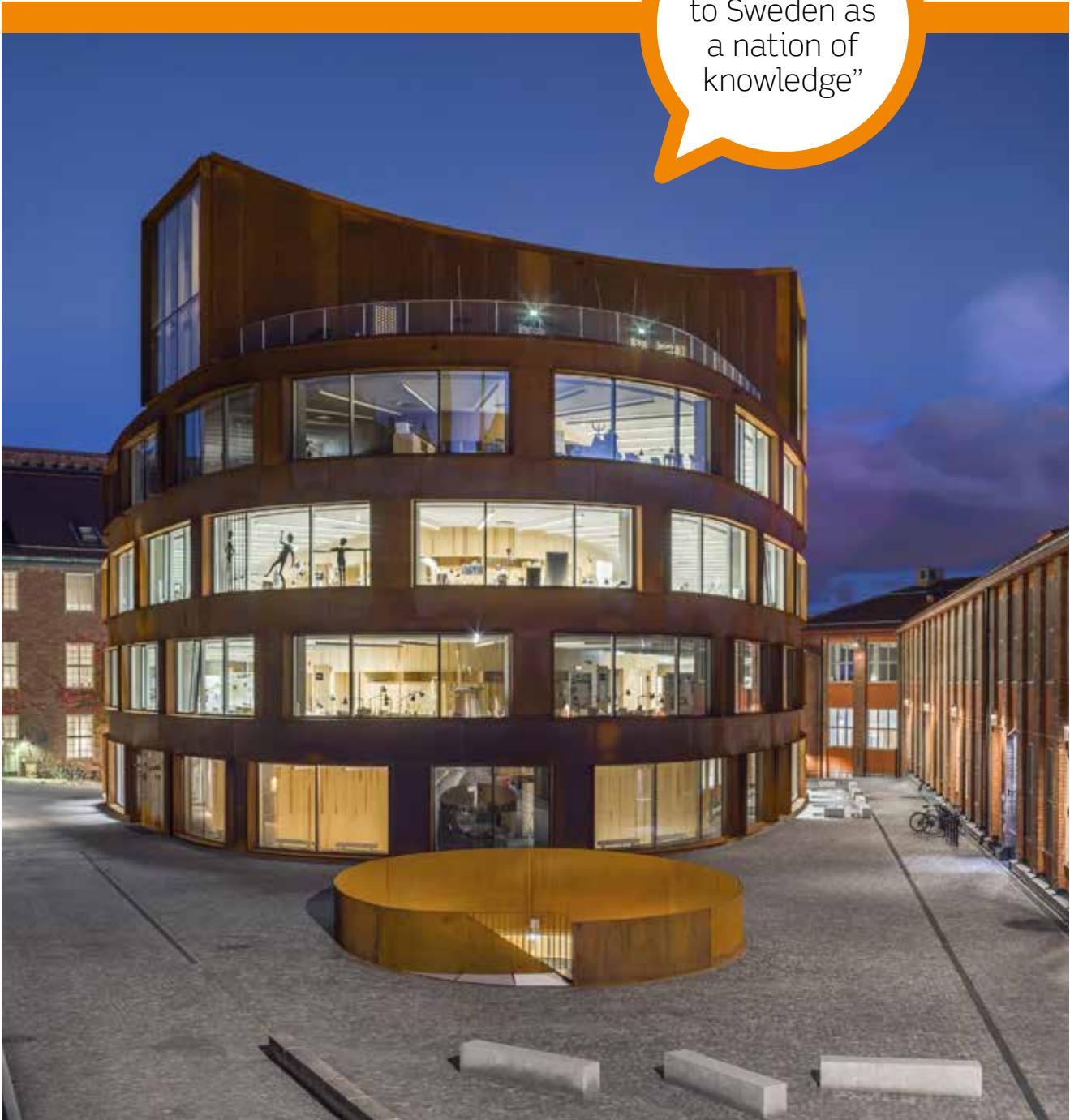


Annual Report 2015

and Sustainability Report



“We contribute
to Sweden as
a nation of
knowledge”

Akademiska Hus 2015

Transfer of major construction projects

During the year several of our major construction projects were completed and the tenants moved in. These projects included Malmö University's iconic new Niagara building, as well as the Ull Building in Uppsala, which is the new main entrance to the Ultuna Campus, and the prize-winning School of Architecture at the Royal Institute of Technology in Stockholm, which can be seen on the cover.



The Humanities Theatre in Uppsala

Important construction starts

We have a large project portfolio with many planned and ongoing projects. In 2015 one of the most important building starts was the Albano Campus, which upon completion in 2022 will be one of the most attractive education and research environments in Sweden. Construction has also begun on the Education Building at the Royal Institute of Technology in Stockholm, the Humanities Theatre in Uppsala and Biotronen, the new research facility at the Alnarp Campus in Skåne, southern Sweden.

Adaptation of capital structure to the owner's objective

In October 2015 Akademiska Hus held an Extraordinary General Meeting, which resolved to pay an additional distribution of SEK 6,500 million to the owner, the Swedish state. The purpose of the additional distribution was to adjust the capital structure to the owner's objective of an equity ratio between 30 and 40 per cent.



HSB Living Lab in Gothenburg

Collaboration in the energy supply of the future

In 2015 Akademiska Hus initiated several innovation and research collaborations, including with property companies and energy suppliers within the Sustainable Region research project at Linköping University. The initiative aims to find regional cooperation models to achieve a more effective provision of resources. Other good examples include our participation in HSB Living Lab, ElectriCity and Citylab. Read more about our energy work on pages 28-29.

Awards 2015

Our properties have received several awards during the year. The School of Architecture at the KTH Campus won the 2015 Kasper Salin Award, the oldest and most prestigious award for the built environment. Other awards include the Swedish Lighting Design Award for LUX in Lund and the Steel Structure Award for Aula Medica in Solna. The Skandion Clinic in Uppsala garnered the Swedish sheet metal award and KTH's campus plan won the International Sustainable Campus Network Award during the year.

Collaboration results in over 10,000 more student housing units

Good access to student housing makes the centres of education more attractive. We provide our own construction services and help others to build by selling or leasing land to other stakeholders. Read more on pages 3 and 19.

FIVE-YEAR SUMMARY

INCOME STATEMENTS, SEK M

	2015	2014	2013	2012	2011
Property management income	5,701	5,681	5,588	5,511	5,378
Net operating income	3,703	3,717	3,506	3,588	3,389
Change in value, properties	2,655	3,529	232	-291	361
Profit before financial items	6,323	7,200	3,665	3,231	3,704
Net financial income/expense	-182	-939	-390	-682	-452
Profit before tax	6,141	6,261	3,275	2,549	3,252
Profit for the year	4,780	5,215	2,568	3,149	2,394

KEY FIGURES

Return on operating capital, %	6.9	7.3	7.2	7.8	8.0
Yield, %	6.3	6.9	6.8	7.1	6.9
Net operating income ratio, %	65	65	63	65	63
Equity ratio, %	40.7	48.0	46.8	46.0	43.4

Contents

Our mission	1
Statement by the President	2
Value-adding	4
Driving forces	6
Stakeholders	9
Materiality analysis and objectives	11
Strategy	12
Objectives and objective achievement	14
Description of business	17
Property and campus planning	18
Construction process	22
Management and leasing	28
Employees	32
ADMINISTRATION REPORT	
Our performance	34
Five-year summary	36
Property valuation	37
Risk	39
Financing	44
Corporate Governance Report	47
Board of Directors	49
Executive Management	52
Board of Directors' Internal Control Report	54
Other information	56
Allocation of unappropriated earnings	57
FINANCIAL STATEMENTS AND NOTES	
Income Statements	58
Statement of Comprehensive Income	59
Balance Sheets	60
Changes in Equity	62
Statements of Cash Flows	64
Notes	65
Signatures of the Board of Directors	92
Audit Report	93
SUSTAINABILITY	
About the Sustainability Report/GRI data	94
GRI and COP index	96
Signatures of the Board of Directors	98
Auditor's report	99
DEFINITIONS	100
ADDRESSES	Inside cover

PROPERTY SPECIFICATION
See:
www.akademiskahus.se

Annual Report 2015

The audited Annual Report comprises pages 34–92. Our sustainability initiatives are incorporated in the Annual Report and presented in line with GRI G4 guidelines. The Sustainability Report comprises the pages listed on page 94 and has undergone a cursory audit.

This is a translation of the original Swedish Annual Report.

The cornerstones of our business

Vision

Leading knowledge environments.

Business concept

Working in collaboration with our customers, we develop, build and manage knowledge environments that further Sweden's success as a nation of knowledge.

Through our experience, expertise and size, we provide effective, sustainable environments for education, research and innovation.

Values

ATTENTIVE

Attentiveness and mutual understanding are essential for building strong, long-term relationships. At Akademiska Hus we treat everyone with respect, humility, tolerance and curiosity.

COMMITTED

Wholeheartedness and commitment are reflected in everything we do. The starting point is our genuine interest in service, learning and people. Our strong commitment leads to customer satisfaction, motivated employees, more attractive campuses, a strong economy and long-term sustainable development.

VALUE-ADDING

Together we take overall responsibility for building lasting success for customers, shareholders and each other.

By employing good business practice and decisiveness we find long-term solutions that are smarter, more sustainable and more effective. This benefits everyone – our customers, ourselves and the environment around us.

Code of Conduct

The Akademiska Hus Code of Conduct offers guidance on how we should work in order to act correctly in business and in other relationships. The Code applies to all Akademiska Hus employees and representatives.

Akademiska Hus also has an Ethical Council that employees can contact with questions or suspicions of irregularities linked to the Code of Conduct or other guidelines. The Ethical Council includes both employees and an external lawyer.

Akademiska Hus: One of the largest property companies in Sweden

Akademiska Hus owns, develops and manages properties with a focus on higher education and research. We are wholly owned by the Swedish state. Our property portfolio is worth SEK 66.6 billion and we have a market share of 60 per cent in our segment.

We want to offer internationally attractive campus and knowledge environments

As a market leader, we promote progress by strengthening Sweden as a nation of knowledge. Together with our customers we develop creative environments that attract students, researchers, teachers and business partners both domestically and internationally. Our dedicated employees with their cutting edge expertise, who develop our offer in collaboration with our customers, are the key to our success.

Effective and sustainable resource management

Optimising operations, energy efficiency, and choosing the right materials are important aspects of our sustainability efforts. By partnering with both customers and suppliers, we can make better progress in our efforts to reduce both environmental impact and costs.

Long-term contracts with credit-worthy customers form our base

Colleges and universities, which are essentially government agencies and therefore have the highest credit rating, are the source of 89 per cent of our revenue. The terms of our contracts are long, and the occupancy rate is high, which contributes to operating stability. But we are not sitting back on our laurels. Continuous development is essential to shape the knowledge environments to meet the challenges of tomorrow.

High credit rating – a requirement for financing investments

Akademiska Hus has a substantial investment portfolio. Although cash flow from operating activities is very good, the debt portfolio will grow further. We strive to achieve relevant disclosure with high transparency to enable financiers and rating agencies to find support for their credit assessments of Akademiska Hus.

300
THOUSAND

RESEARCHERS AND STUDENTS
IN OUR PREMISES EACH DAY

3.2
MILLION

SQUARE METRES
RENTABLE SPACE

TOTAL
PROPERTY PORTFOLIO

66.6

SEK BILLION

PROJECT PORTFOLIO

17.5
SEK
BILLION

IN APPROVED AND
PLANNED PROJECTS





OUR MISSION –to contribute to strengthening Sweden as a nation of knowledge

“Akademiska Hus Aktiebolag will own, develop and manage properties for universities and colleges where the primary focus is on education and research and it will carry on operations compatible therewith. Operations will be run on a commercial basis and generate a yield that is in line with the market by setting rents that take into account the operating risk. Akademiska Hus Aktiebolag will work to bring about long-term sustainable development of university and college campuses.”

“Akademiska Hus will contribute to the creation of more student housing by making clear that the company's focus includes the construction and management of student housing.”

AKADEMISKA HUS' MISSION IS DECIDED BY THE RIKSDAG

Our contribution to Sweden as a nation of knowledge

Our mission is to contribute to strengthening Sweden as a nation of knowledge. We have built up unique expertise over the more than 20 years that we have been in business. Our commitment and our ability to effectively leverage our own and our customers' expertise is the key to succeeding with our mission.

INTEGRATED APPROACH AND DIGITALISATION

Attracting successful students and researchers from all over the world is crucial for Sweden's centres of education and research to be counted among the top-ranked institutions worldwide in the future. Students and researchers are moving increasingly across geographical boundaries and are active in various collaborations with industry. In addition to high quality teaching and research, they look for efficient, accessible interfaces that enable inspiring encounters and interaction with industry and the city. Housing, services, jobs and active recreation opportunities are other influential factors. Sustainability today has evolved from its initial focus on the green perspective to permeating everything. Taking the big picture into account is perhaps the most important future trend of all.

Digitalisation is, of course, also an important trend that affects us and our customers. The accelerating digitalisation of teaching methods means that this aspect needs to be integrated into all construction planning.

UNIQUE ABILITY TO DEVELOP LEARNING ENVIRONMENTS OF THE FUTURE

Akademiska Hus has the experience and expertise necessary to accept full responsibility and be an important partner in the development of tomorrow's campus and knowledge environments. We have the knowledge to build and manage everything from classrooms and offices to advanced research facilities. Our talented and dedicated employees have a thorough understanding of the activities of our tenants.

CONTINUE WORKING BASED ON A LONG-TERM STRATEGY

A long-term perspective, sustainability and collaboration are key concepts that permeate our strategy. Constant development is crucial for success. In 2015, we further developed our campus planning procedures, to ensure that improvements to the physical environment support the long-term vision and strategy of the centres of education.

OUR AIM IS TO HELP ACHIEVE NOT ONLY OUR OWN SUSTAINABILITY GOALS, BUT ALSO THOSE OF OUR CUSTOMERS

One successful example is the campus plan for our customer the Royal Institute of Technology in Stockholm (KTH), where we worked in close collaboration with the customer and many other stakeholders to develop a campus plan with a focus on sustainability. In 2015 the campus plan garnered the prestigious International Sustainable Campus Network Award.

The method also includes an analytical model for sustainable campus development, in order to integrate issues related to vibrant and attractive campuses with innovative and sustainable environments. In 2015, we also adopted an innovation strategy and an energy strategy, to intensify our efforts to achieve our ambitious goals. We support and operate our business in accordance with the corporate responsibility principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises.

BREAKTHROUGH YEAR FOR UNIVERSITY CAPITAL

2015 was an important year in many ways. After a 13-year long planning process, a groundbreaking ceremony was finally held for the Albano Campus in November. The Albano Campus will be completed in 2022 as one of Sweden's premier education and research environments, with university facilities, housing and space for commercial services. The area, which is being built for 15,000 students and researchers, links Stockholm University, KTH, Karolinska Institutet and the city of Stockholm. With this project we take sustainable urban design to a new level since we will build an entire neighbourhood that not only takes nature into account, but also helps to develop it through its design. During the planning process we collaborated with a research group at Stockholm Resilience Centre and KTH Architecture, where researchers contributed valuable comments and suggestions, based on socioecological urban design. The Albano Campus is also a pilot project within Citylab where the aim is to develop a certification system for entire neighbourhoods.

In 2015 we also continued construction of Biomedicum for Karolinska Institutet in Solna, which in 2018 will be one of the largest experimental research laboratories in Europe. Yet another important collaboration is the Green Innovation Park joint initiative between Akademiska Hus and the Swedish University of Agricultural Sciences – an initiative that will position the Ultuna Campus in Uppsala as the centre of green business in Sweden.

STRONG MARKET GROWTH

The property market continued to demonstrate strong growth in 2015. Interest in our property segment, community properties, is stronger than ever. As a result of strong market growth, the value of our property portfolio continued to improve and this year's change in value was SEK 2,655 million. In October 2015 Akademiska Hus held an Extra-

ordinary General Meeting, which resolved to pay an additional distribution of SEK 6,500 million to its owner, the Swedish state. The additional distribution was a measure in response to rising fair value of properties, to adjust the capital structure to the owner's objective of an equity ratio between 30 and 40 per cent. The equity ratio at year-end was 40.7 per cent.

One issue that has arisen in connection with the additional distribution relates to Akademiska Hus' rent levels. Since the centres of education are government agencies, they are unable to own properties; instead, they must rent premises on an open market.

Akademiska Hus' mission includes offering premises at market rent. One reason is that Akademiska Hus should not distort competition in the property market, nor should it favour individual universities, thereby offering different conditions to Sweden's centres of education. Transparency in our rent-setting model is important to us. You can read more about it on page 31. The dividend does not affect our ability to perform our obligations or to implement future investments. The additional distribution has no connection with the level of rental revenue.

INVESTMENTS IN KNOWLEDGE ENVIRONMENTS OF THE FUTURE

We have a project portfolio with approved and planned projects of SEK 17.5 billion. In 2015 we invested approximately SEK 2.5 billion in new construction and redevelopment. We expect



STUDENT HOUSING – A KEY ISSUE FOR UNIVERSITY CITIES

We are contributing to the construction of more than 10,000 student housing units on our own campuses, through measures such as selling or leasing out land, assisting with detail planning and incorporating housing in our campus plans. Since 2015, when the owner clarified our mission, we have also had the ability to provide our own construction services. At the KTH Campus in Stockholm and the Solna Campus we are currently planning construction of 570 housing units with room for about 840 students and visiting researchers.

this investment volume to increase over the next few years to an average of SEK 3.5 billion annually. All projects are developed to permit long-term management, which provides us with excellent opportunities to invest in sustainable and innovative solutions. Strong market growth and an internal focus on efficiency and energy savings have provided resources enabling us to undertake important major investments in the future. As a major purchaser, Akademiska Hus also has a positive impact on the industry by setting high standards in areas such as the environment, quality and safety.

The expertise and dedication of Akademiska Hus employees along with everyone who participates in our projects form the core of a successful construction project. Good leadership, effective project management and a safe working environment are our cornerstones. I am proud that Akademiska Hus has succeeded in gathering the industry leaders in the network that will work for an Accident-Free Workplace. In the current economic boom, with tight schedules, all companies in the industry have a great responsibility to work proactively with workplace environment and occupational safety issues. Such initiatives drive our industry forward.

Our talented employees possess the operational expertise that enables us to provide stable and efficient management. Our building maintenance technicians play an important role in reducing environmental and climate impact and thus energy costs.

WE CONTRIBUTE TO A NATION OF KNOWLEDGE

Everything that my colleagues and I do helps to increase the attractiveness of Sweden's centres of education. It is my firm conviction that by working in close collaboration and promoting constructive dialogue with the universities, we also help to strengthen Sweden as a nation of knowledge.

“Continual development is crucial for success with our long-term strategy.”

Kerstin Lindberg Göransson, President

How we create and enhance value

Akademiska Hus creates value in a variety of dimensions. Most important is our contribution to strengthening the fundamentals for higher education and research in Sweden. We also create sustainable campuses, increase integration with the surrounding community and generate a good return for our owner, the Swedish state.

A variety of driving forces affect our development

A variety of **external factors**, internationally and in Sweden, **affect the conditions** under which Akademiska Hus conducts business. Such factors range from changing educational needs to property value growth trends.

These driving forces are key factors that serve as the foundation of value creation for Akademiska Hus.

page 6

Our stakeholders have high expectations

Insight into the issues that are relevant to both internal and external stakeholders is **crucial for our ability to prioritise the right** activities. Through our insight, we can act in good time on issues that Akademiska Hus stakeholders consider to be urgent.

Our ongoing dialogue with stakeholders is particularly important now, when conditions in both our industry and the higher education sector are rapidly changing.

page 9

The materiality analysis lays the foundation for our goals

By **analysing** the issues that are **most essential for our long-term value creation**, we become aware of how we can add value for our customers, owner and other stakeholders.

The materiality analysis forms the basis for setting specific targets to ensure that we guide the business in the right direction.

page 11

Long-term strategy guides our work

A long-term perspective, sustainability and collaboration are key concepts that permeate Akademiska Hus' strategy.

Our strategy can be broken down into **business and operational plans** so that each employee can **apply the strategy in their daily work** and help us to create value.

Leveraging our expertise in collaboration with our customers is crucial if we are to achieve our goals.

page 12

Assessing fulfilment of objectives ensures that we are on the right path

Short-term and long-term objectives **ensure continual development**. By measuring our performance we can **adapt and adjust** our activities so we remain on course towards our long-term goals.

The road may have its twists and turns, but by listening to and pursuing a dialogue with our customers, we improve our opportunities to strengthen Sweden as a nation of knowledge.

page 14



Sweden as a nation of knowledge: driving forces and influential factors

The internationalisation of education and research, digitalisation of learning environments and the increased integration of campus and community, are key components that affect our business in the ongoing development. Several trends create exciting opportunities for Akademiska Hus, at the same time that they raise expectations regarding our promise.

INTEGRATION OF CAMPUS AND COMMUNITY – CRUCIAL FOR GROWTH

The interaction between the campus environment and business incubators, nearby industry and the local city centre is important from a growth perspective. As more companies choose to interact with activities on campus, central growth hubs in regional and urban development are created. A long-term

approach and collaboration when planning and designing campuses will therefore become even more important in the future. Active integration of campus and community is increasingly encouraged by regional policy makers who see the value of a strong link between academia, industry and community.

INTEREST IN COMMUNITY PROPERTIES

INTENSIFIES COMPETITION

Community properties are properties that are predominantly used and leased by tax-funded activities that are tailored for community services, which include Swedish colleges and universities. Market interest in community properties has grown in recent years since demand remains high, leases are long, and counterparty risk is low. More and more privately owned property companies are looking for stable investments and therefore want to round off their property portfolios with an expanded portfolio that includes community properties.

The community property sector is a knowledge-intensive area that requires specialist expertise. As interest from more market participants intensifies, so too does the competition for both skilled employees and tenants.

INCREASED DIGITALISATION OF

LEARNING ENVIRONMENTS

Right now a number of strategic initiatives are under way, aimed at increasing digitalisation of Swedish centres of education. When planning for new construction, expansion and renovation projects, digitalisation of the learning environment is a central starting point. As students pursue increasingly mobile and individualised educations, we see a greater degree of digital laboratories, as well as integrated physical and virtual teaching emerge.

At the same time, digitalisation of administration and operations management support systems is under development at the centres of education.

Competitive knowledge environments must satisfy today's needs for flexibility and multi-functionality for various teaching methods with an adaptable design that can meet the changing needs of the future.



Campus Albano

SWEDISH CENTRES OF EDUCATION ACT IN A GLOBAL ARENA

Swedish colleges and universities depend on students, researchers and staff. Increased opportunities for mobility and strong interest in internationalisation are associated with growing competition among centres of education in the international arena. The need for competitive knowledge environments that appeal to both students and researchers is therefore constantly present. Since the target groups of the colleges and universities prioritise centres of education with attractive and highly functional knowledge environments, both dedicated research facilities and the appeal of campuses as a whole are important from a competitive perspective.

Research in collaboration with industry is an important international development trend. Commercialisation of research is an important aspect for profiling the university and for attracting researchers. Knowledge environments that encourage successful research projects in collaboration with the private sector are therefore extremely important.

GOOD GRANT TREND, SOMEWHAT LOWER COST OF PREMISES

Sweden's colleges and universities are financed by both government grants and external funding. The level of grants for education purposes is based on the number of students and their accomplishments. Grants are also awarded for research and education at the postgraduate level. In recent years research grant levels in particular have gradually increased. Between 2013 and 2014 resource allocation increased by 4.2 per cent. Sweden invests the equivalent of 3.3 per cent of GDP in research, which proportionally is one of the largest investments in the world.

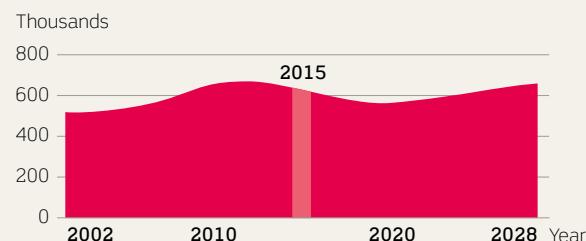
At the same time that grant levels have increased in recent years, the centres of education have undergone a shift in total costs incurred. The proportion of costs for Sweden's colleges and universities that are attributable to premises has fallen during the period, compared with personnel costs, which have risen. Read more on page 31.

STUDENT BASE GROWTH – UNCERTAIN LONG-TERM PROGNOSIS

Swedish colleges and universities have had a record number of applicants in recent years, partly because of the relatively weak employment situation, and partly because of continued large cohorts in the education system. This situation may change, but the uncertainty is great and the prognosis difficult to assess. According to the demographic forecast, the age group that mainly applies to higher education is declining, but the curve has flattened. It will flatten further due to the extremely high level of immigration in recent years. The new arrivals are mainly younger individuals. Political decisions, such as support measures for adult education, can affect both the number of openings and the number of applicants with respect to older age groups.

Offering attractive knowledge environments, which attract international students and researchers, is a good way to expand the applicant pool and become less sensitive to domestic demographics and the economic situation. Another good policy is to work with elasticity and generality when planning premises, which means that occasionally more people have to be accommodated in a smaller area. We always aim to design premises so they will be as general and useful as possible, to leverage our ability to rent to others when demand declines.

19-23-YEAR-OLDS IN THE POPULATION 2002-2015, FORECAST 2016-2028



Source: Statistics Sweden, May 2015

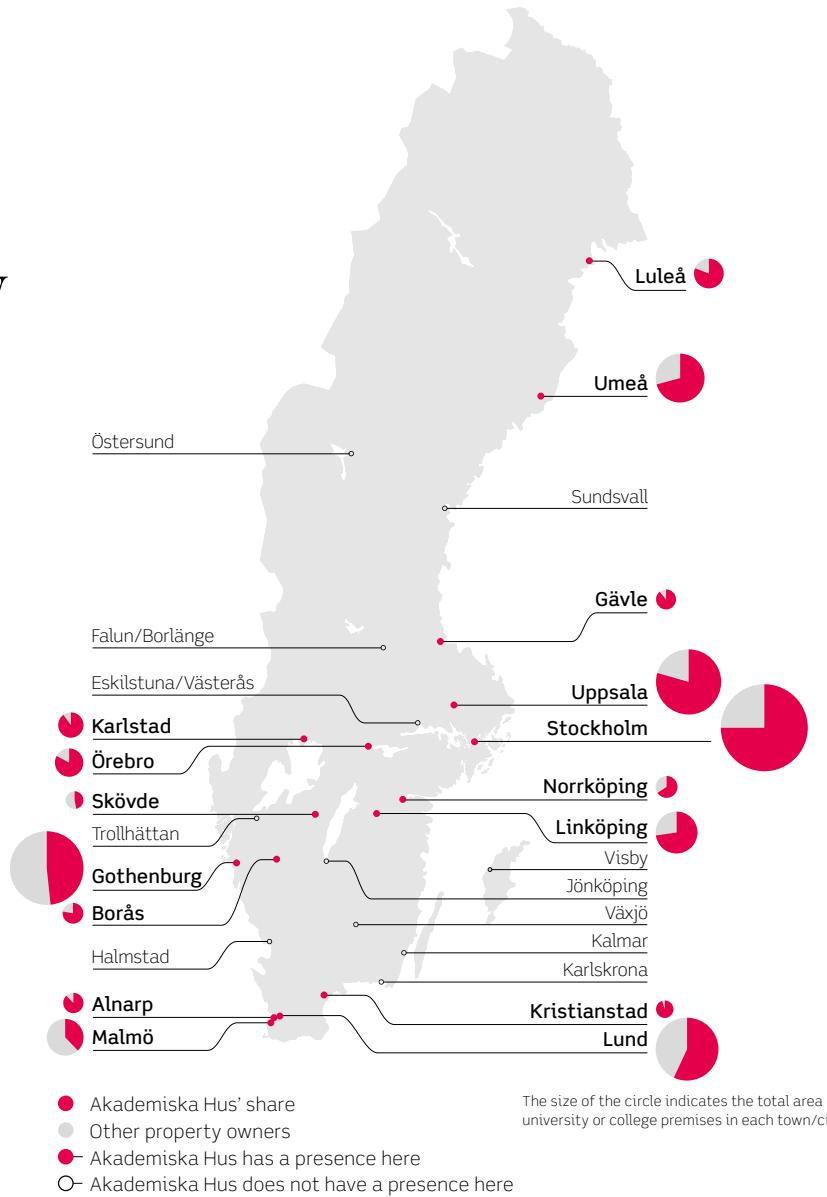
Market overview and our stance

The Swedish economy is steadily improving. The lack of inflation represents a challenge, however, accompanied by a continued loose monetary policy. Overall, growth and low interest rates have resulted in strong growth in the property market in 2015.

Given the strong demand for premises and rising rental prices, the property market has become extremely attractive in recent years. Investors have had good access to capital at low interest rates and properties have provided good risk-adjusted return compared with other assets. Strong demand continues to apply upward pressure on prices and make investors increasingly willing to invest in more secondary cities and locations.

The buyer side continues to be dominated by Swedish stakeholders, who account for the majority of invested capital. In 2015, however, the proportion of foreign investors sharply increased and now accounts for about 28 per cent of the acquisitions. Pension funds and other institutions that have historically had low exposure to property have become important players who are dedicating more and more capital to the property market.

There is strong interest in housing and modern office space with efficient design, though community properties are also attractive. Community properties are characterised by stable returns in relation to risk, long leases and state or municipal tenants. Buyers of community properties are primarily Swedish stakeholders backed by pension capital. Several of these stakeholders have declared their intention to expand in



this segment. Transaction volume for community properties declined during the year compared with 2014 due to the lack of supply rather than the lack of interested buyers.

Akademiska Hus has a market share of about 60 per cent in the segment of premises for higher education and research. Viewed across the country, Akademiska Hus has a broad geographic presence with properties in good locations in attractive cities. A large proportion of specially adapted premises

entails an increased risk, particularly in small communities with fewer potential tenants. The risk taken by Akademiska Hus in these locations is limited by access to a very efficient and active rental market. There are also university cities in which Akademiska Hus does not have a presence. Market share calculated based on the total number of college and university cities in Sweden is about 65 per cent of university cities, while it is around 30 per cent in college cities.

MARKET SHARES BY REGION AND LARGER CENTRES OF EDUCATION, %

	South	44 West	49 East	66 Uppsala	71 Stockholm	75 North	68
Lund University	57	University of Gothenburg	52	Linköping University ¹	Uppsala University	Stockholm University	Umeå University
Malmö University	38	Chalmers University of Technology	45	Örebro University	Swedish University of Agricultural Sciences, Ultuna	Karolinska Institutet	Luleå University of Technology
Kristianstad University	95	Karlstad University	90		University of Gävle	Royal Institute of Technology	Swedish University of Agricultural Sciences, Umeå
Swedish University of Agricultural Sciences, Alnarp	88	University of Borås	78			91	72
University of Skövde			47				

1) Including Norrköping

Source: Swedish National Financial Management Authority

Dialogue and collaboration with our stakeholders

Conducting a dialogue with our stakeholders and creating opportunities for cooperation are fundamental strategies for us to be able to develop Sweden's most attractive campus and knowledge environments.

Together with our customers, we want to develop the knowledge environments of the future. Dialogues with customers and other stakeholders affecting our business help us to understand each other's objectives and challenges. Such understanding is vital if we are to assume long-term responsibility that is in line with the expectations of the outside world.

AKADEMISKA HUS' KEY STAKEHOLDERS

The key stakeholders for Akademiska Hus are customers, the owner, financiers, employees, suppliers and politicians, as well as the local and business communities (see page 10). Our customers and employees constantly share their knowledge and experiences, thereby contributing to the development of Sweden's knowledge environments. During the year we strengthened and clarified our process for conducting dialogues and interacting with our custom-

ers and other stakeholders. Through a planned meeting structure, we strengthen our relationships and create an important basis for developing new offerings and further developing the business.

Through customer and employee surveys, we increase our understanding of which issues to prioritise. During the year a decision was made to redesign the customer survey, which targets property departments at the centres of education, known as the Customer Satisfaction Index (CSI). The new survey will be conducted in 2016. Akademiska Hus also meets regularly with the Association of Swedish Higher Education at different levels and in different groups, and try to build up a collective picture of the needs of our customers through collaboration and dialogue.

IN-DEPTH DIALOGUE WITH FOCUS ON SUSTAINABILITY

Akademiska Hus conducted an internal risk inventory in 2014 to ensure consensus on the major sustainability-related risk areas. The inventory served as the basis for an in-depth stakeholder dialogue, where interviews were conducted with stakeholder representatives. In addition to sustainability-related challenges and risks, Akademiska Hus' objectives were also discussed. After the dialogues, Akademiska Hus drew the conclusion that the objectives were deemed relevant and balanced. Stakeholders noted a few areas – other than those with targets – that were important: supplier management, transparency, clarity in communication and sustainable campuses.

CREDIT MARKET TRUST

Akademiska Hus continues to maintain a substantial investment portfolio. Although cash flow from operating activities is stable, the debt portfolio will grow further. We

**LEIF LJUNGQVIST,
STATE-OWNED
COMPANIES UNIT
AT THE MINISTRY
OF ENTERPRISE
AND INNOVATION.**



"We believe that corporate social responsibility is a prerequisite for long-term value creation. We encourage our companies to be pioneers in their industries. Akademiska Hus has an important and unique position in the property industry that few other property companies have – a status that offers the opportunity to shape and develop entire neighbourhoods. By proactively developing and streamlining inspiring campuses Akademiska Hus can strengthen the competitiveness of the centres of education. This role is important in the development of Sweden as a nation of knowledge."

**JOHANNA SENNMARK,
ENVIRONMENTAL
MANAGER, SLU**



"The Swedish University of Agricultural Sciences (SLU) operates in several locations in Sweden. The university has a strong focus and knowledge about the sustainable use of biological natural resources, the environment and the life sciences. We have high ambitions for the University's sustainability efforts, where a nationwide collaboration with Akademiska Hus is an important success factor. We consider it to be crucial to have a dedicated and knowledgeable partner in our work towards a sustainable campus in all of our locations."

strive to achieve relevant disclosure with high transparency to enable financiers, rating agencies and banks to find support for their credit assessments of Akademiska Hus.

In addition to the published information, we hold personal meetings, telephone conferences and video meetings.

RELATIONSHIP WITH RATING AGENCIES

Akademiska Hus has had a rating from Standard & Poor's since 1996. We meet them annually for a comprehensive update on our development, investment plans and financing activities. The President, CFO and Treasurer participate at these meetings. In addition to these meetings, Standard & Poor's is informed about issues that are important for their analyses and assessment. In connection with the additional distribution to adjust the capital structure, Standard & Poor's carried out an extra risk exposure analysis and subsequently confirmed Akademiska Hus' rating of AA / A-1+ in a research update.

The table below shows our major stakeholders, how we conduct a dialogue with them and the issues on which each one focuses.

STAKEHOLDERS & DIALOGUE VENUE	ISSUES IN FOCUS
CUSTOMERS (AND THEIR EMPLOYEES) <ul style="list-style-type: none"> • Regular customer dialogue through meetings with various executives. • Development of the campus plans. • Error reporting and dialogue as well as follow-up measures. • Customer Satisfaction Survey (not 2015). 	<ul style="list-style-type: none"> • Provide attractive knowledge environments and campuses that enable the customer to compete in national and international arenas. • High resource efficiency and proactive sustainability efforts. • Contribute to increased construction of student housing. • Clarity of the Akademiska Hus business model and rent setting. • Contribute to the customer's long-term sustainability efforts.
OWNER <ul style="list-style-type: none"> • Board meetings. • Annual strategy seminar. • Meetings with owner representatives with a focus on corporate governance. 	<ul style="list-style-type: none"> • To contribute to the Government's objective of reinforcing Sweden as a nation of knowledge. • Increased customer benefit through collaboration with centres of education. • Act as a forerunner in corporate social responsibility. • High resource efficiency. • Contribute to increased construction of student housing.
FINANCIERS, BANKS AND RATING AGENCIES <ul style="list-style-type: none"> • Financial statements. • Presentations at personal meetings. 	<ul style="list-style-type: none"> • Capital structure. • Professional risk exposure management. • Stable, long-term operations with profitability and yield in accordance with objectives and strategies. • Clear financial communication.
EMPLOYEES <ul style="list-style-type: none"> • Staff meetings. • Annual performance reviews and goal-setting process. • Employee survey. • Akademiska Hus-days during which all employees meet to share knowledge and information. 	<ul style="list-style-type: none"> • An attractive employer that offers good working conditions. • A safe and healthy working environment. • Good opportunities for competence development. • Understanding one's own role in the operations of Akademiska Hus.
SUPPLIERS <ul style="list-style-type: none"> • Meetings related to procurement of framework contracts, purchase orders and supplier meetings. • Audits. 	<ul style="list-style-type: none"> • Clear and relevant procurement terms and conditions. • Clear and ambitious requirements for the environment, health and safety, quality and social responsibility. • Long-term relationships.
LOCAL AND BUSINESS COMMUNITIES <ul style="list-style-type: none"> • Commitment and active participation in urban and regional planning and development. • Contribute at meetings with interest groups, trade organisations and other forums. • Dialogue meetings to discuss future establishment plans. 	<ul style="list-style-type: none"> • Active participation in dialogue on how society and the region can be developed, e.g. in urban development projects. • Possibility of including businesses on campus. • Contribute to increased construction of student housing.
POLITICIANS <ul style="list-style-type: none"> • Active participation and dialogue about urban and regional development. 	<ul style="list-style-type: none"> • Contribute to the development of Sweden as a nation of knowledge, both nationally and regionally. • Contribute to the long-term sustainable development of knowledge environments. • Contribute to increased construction of student housing.

Issues underpinning our business

The materiality analysis combines our views with those of external stakeholders to identify the aspects that are most crucial for Akademiska Hus. The analysis lends support to the priorities of our continued efforts and provides a base for the company's strategy and business.

ISSUES THAT ADD VALUE

Every year Akademiska Hus arranges a strategy day during which the Board of Directors and management work in close collaboration to identify the issues of greatest strategic significance to the company's future role and long-term value creation. The initiative is based on an analysis that includes everything from trends to market and skills issues, as well as the insights and lessons extracted from dialogues with our stakeholders. The end result is a business plan for the next three years.

In 2014 we conducted a large number of interviews with our stakeholders focusing on the essential aspects of sustainability. The dialogues addressed Akademiska Hus' challenges, risks and objectives. Key issues were prioritised based partly on their effect on Akademiska Hus and partly on how important they are to the stakeholders' assessment of the company.

Akademiska Hus engages in a dialogue with customers to clarify one of the most important issues for tenants: the model used to set rental prices. Gaining and maintaining the trust of our customers requires clear, transparent communication, an area where we have focused in recent years.

VERIFICATION OF MATERIALITY ANALYSIS

For the most part, the key issues that were identified in last year's analysis are still relevant, as was confirmed in conversations with our stakeholders. We continue to work hard to develop and improve our offering to our customers. The key issues therefore serve as an important basis for the company's planning. Read more about how we handle strategic, operational and financial risks on pages 39–43.

OUR OBJECTIVES

During the year, we further developed our strategic sustainability goals. Great emphasis has been placed on formulating strategic positions in the energy sector in order to take a value-adding approach that promotes energy efficiency in our operations; read more on page 28. In addition, Akademiska Hus' initiative to establish an industry-wide alliance to promote an accident-free workplace also made progress, read more on page 15. The details of the alliance are being hammered out, but interest and commitment in the industry is strong, which is perceived as very positive. We also adopted an innovation strategy during the year. The objective is to develop sustainable products, services and practices through structured innovation partnerships, thereby adding value for our customers and contributing to sustainable development in the community.

ESSENTIAL QUESTIONS

- Closer collaboration with customers
- Exceptional ability to deliver premises and knowledge environments
- Maintaining excellence in campus development
- Student housing
- Efficient use of resources
- A safe working environment
- Good supplier management
- High transparency
- Diversity
- Effective anti-corruption programme

OWNER'S FINANCIAL OBJECTIVES:

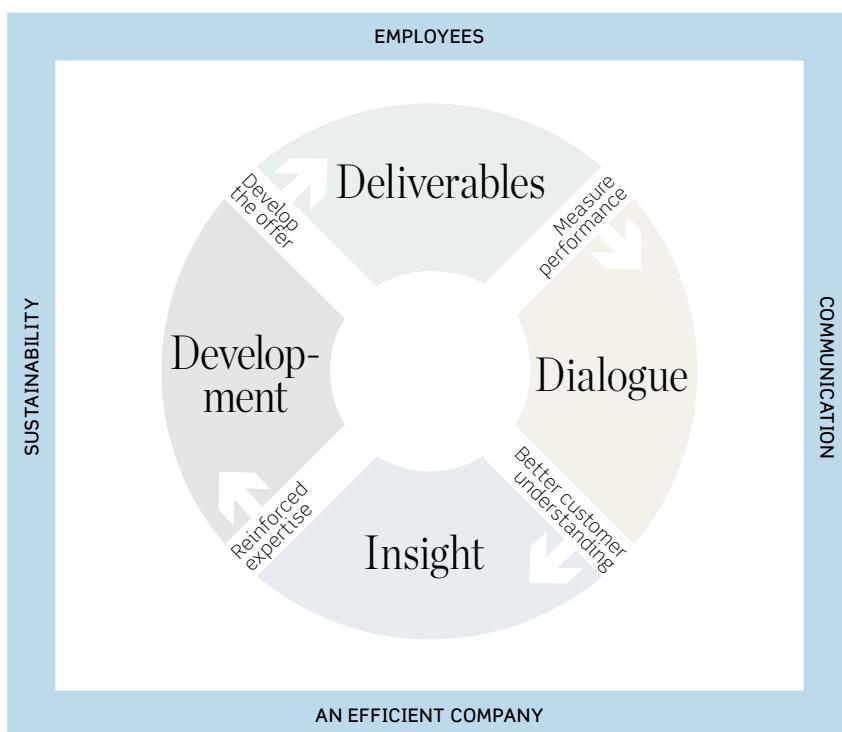
- Return on operating capital should be at least 6.5 per cent (excluding change in value).
- Dividend should be between 40 and 60 per cent of the profit for the year after tax, after reversal of changes in value and with related deferred tax.
- Equity ratio should be between 30 and 40 per cent.

STRATEGIC SUSTAINABILITY GOALS:

- Energy purchased each year, in kWh/m², will decrease at such a rate that there will be a 50 per cent reduction by 2025 compared with 2000
- Eliminate CO₂ footprint from operations
- Initiate sustainability initiatives with customers
- Accident-free workplaces.

Strategy for increased value creation

Our well-established long-term strategy extends to 2025 and focuses primarily on constant development. Through cooperation and dialogue with our customers, we create attractive campus environments that contribute to our common goal – to strengthen Sweden as a nation of knowledge.



The primary focus of our strategy is cooperation with our customers. Through dialogue with customers we promote insight and consensus on important issues such as sustainability and campus development. Consequently, even in the future we will be able to provide modern knowledge environments that help to make the centres of education attractive. Our strategic model comprises a 'development wheel' that drives us forward toward our vision and an operational platform that serves as the foundation for everything we do.

Akademiska Hus' strategy includes not only the development of our business processes for increased customer value, but also a financial strategy aimed at ensuring favourable long-term financing; read more on page 45.

Each year Akademiska Hus' Board of Directors addresses the company's long-term strategy and decides on a new business plan. The company manages risks and opportunities by continuously monitoring external developments and by incorporating short-term and long-term objectives and activities in the business plan. Implementation and outcomes are continuously monitored.

INNOVATION STRATEGY FOR INCREASED CUSTOMER VALUE
 Our ability to provide cutting edge premises and knowledge environments and maintain our expertise in campus development is important. In order for Akademiska Hus to be able to create customer value and contribute to sustainable development in the community, a proactive systematic approach to innovation is crucial. During the year, a clear innovation strategy was adopted that focuses on three areas of great strategic significance:

- Knowledge and learning environments of the future

- Campus and urban development
- Building and energy technology

FUTURE-ORIENTED ENERGY STRATEGY

Climate change adaptation and good resource efficiency are the key to the future. To achieve our overarching sustainability goals for energy reduction and CO₂ elimination, we work in the following main areas:

- Reduce energy consumption in our current property holdings and build energy efficient projects.
- Influence the production of the energy we use.
- Create new renewable electrical energy in cooperation with suppliers.

Akademiska Hus has adopted an energy strategy to ensure progress towards the company's overarching sustainability goals. Annual targets are set and activities are designed based on the long-term sustainability goals.

Risks and opportunities

Akademiska Hus must have both the strategic and operational ability to manage both risks and opportunities if profitability is to achieve the owner's requirement of a 6.5 per cent return on operating capital. The business plan is based on Akademiska Hus' long-term strategy. The company carries out its overarching risk identification process as part of the business planning process. Read more about how the company handles its strategic, operational and financial risks on pages 39-43.

IMPROVED Deliverables

Our main focus is to enhance customer value by constantly improving our products and services. Measuring performance along the entire value chain and in the processes that support the work provides a basis for dialogue with customers. The goal is to achieve better deliverables for our customers than our competitors do.

PRIORITIES:

- **Analyse property holdings** to identify development opportunities and to ensure long-term customer value.
- **Secure cutting edge expertise** within property and campus development.
- Promote **flexible floor space solutions** that can adapt to changes in demand.
- Make our knowledge environments more attractive by aiming for **greater overall responsibility** and a coordinating role.
- Ensure **effective and sustainable resource management**.
- Continuously **streamline, improve and coordinate** internal processes.

FACT-BASED Dialogue

The customer dialogue will provide mutual knowledge and clarify Akademiska Hus deliverables, enabling us to work with customers to develop attractive campus and knowledge environments. Our ambition is for us and our customers to have a common view of our business and rental model. In order to increase customer value and to take an approach that addresses the big picture, we also involve industry, city and region in the dialogue.

PRIORITIES:

- Further develop the **dialogue process for customers and other stakeholders**.
- Ensure that we conduct **dialogues on all appropriate levels**, especially in customer organisations, but also among business and community stakeholders, politicians and others.
- **Increase transparency** relating to our market-based rent setting.

DEEP Insight

Through dialogue, trend analysis, and collaboration with customers and other stakeholders, create insight into how future leading campus and knowledge environments can be developed. This leads to more ideas and collaborative projects.

PRIORITIES:

- **Effectively transfer experiences** and best practice.
- Always have an **updated overview of customers' visions** and goals as a base for development and innovation.
- Develop and **use our expert channels**, such as our national and international expertise network.

CONTINUAL Development

Development of products and services is crucial if we are to be able to offer the most attractive campus and knowledge environments. We create development and demonstration projects through a structured innovation process and based on dialogue with customers.

PRIORITIES:

- **Collaborative projects** for new learning environments/ efficient design and **further development of effective forms of collaboration**.
- **Increased internal efficiency**.
- **Joint sustainability initiatives** with customers.
- Continued work for an **innovation-friendly corporate culture** and a learning organisation.
- Continuous **review and further development of the risk management process** so that opportunities are used and material risks are managed.
- **Systematic innovation efforts** in three areas: Knowledge and learning environments of the future, campus and urban development, as well as building and energy technology.

OPERATIONAL PLATFORM

EMPLOYEES

Our employees are our most important asset - we work continuously to develop our expertise as an active, future-oriented partner and with a focus on constantly improving customer value.

COMMUNICATION

We have open, effective communication with all stakeholders - we communicate openly and frequently and we are good at listening.

AN EFFICIENT COMPANY

We improve the efficiency of our working routines, we make our processes and development programmes as consistent as possible and we quickly pass on our best practices and the lessons we have learned.

SUSTAINABILITY

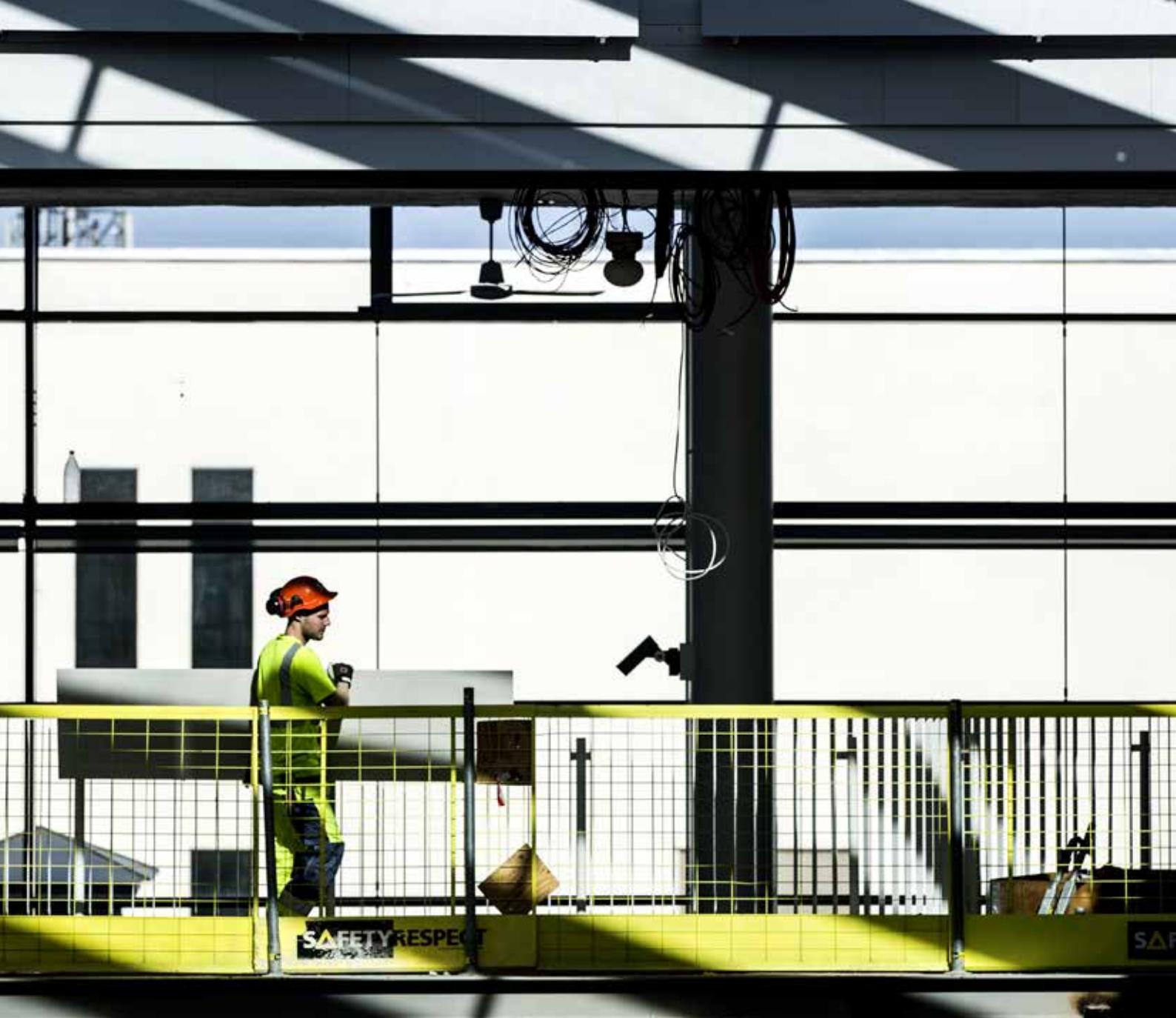
We incorporate sustainability in everything we do - we aim to work sustainably and cooperate on sustainability with our customers, who also value it highly.

Management by objectives towards our vision

Our mission is to own, develop and manage properties with a focus on higher education and research. Operations will be run on a commercial basis and generate a yield in line with the market. Several overarching goals guide us towards our vision – to create leading knowledge environments.

DESCRIPTION	FULFILMENT OF OBJECTIVES 2015	COMMENT
OWNER OBJECTIVES		
RETURN ON OPERATING CAPITAL At least 6.5 per cent (excluding change in value). ¹	6.9 per cent	See the sensitivity analysis in Note 2 on page 69.
DIVIDEND Between 40 and 60 per cent of profit for the year after tax, after reversal of changes in value and with related deferred tax.	The proposed dividend will amount to SEK 1,290 million, corresponding to 50 per cent of profit available for the payment of a dividend.	For more information about the allocation of profit see page 57.
EQUITY RATIO The equity ratio should be between 30 and 40 per cent.	40.7 per cent.	Additional distribution of SEK 6,500 million paid to adapt to owner's goal.
BUSINESS GOALS		
ENERGY Energy purchased each year, kWh/m ² , will decrease at such a rate that there will be a 50 per cent reduction by 2025 compared with 2000.	The amount of purchased energy fell during the year by 4.8 per cent.	Energy strategy adopted. Major investments in energy efficiency measures.
ELIMINATE CO₂ FOOTPRINT FROM OPERATIONS Refers to CO ₂ footprint for heating, cooling and electricity.	This objective is under development and progress is described mainly through the activities that support the objective and are carried out during the year.	Energy strategy adopted with high level of ambition regarding renewable energy.
SUSTAINABILITY INITIATIVES Initiate 16 sustainability initiatives jointly with our customers.	19 joint sustainability initiatives have been implemented.	Innovation strategy adopted.
ACCIDENT-FREE WORKPLACES The objective applies both to our own employees and to those whom we hire for our projects.	This objective is under development and progress is described mainly through activities that support the objective and are carried out during the year.	Focus on reporting of accidents and incidents. Statistics guide improvement efforts and provide a base for future measurements. Initiated an industry-wide network to work on occupational safety challenges.
EMPLOYEE SATISFACTION INDEX (ESI) Increase Employee Satisfaction Index (ESI) to 72.	The Employee Satisfaction Index was 61.	Common values formulated and implemented.
CSI Increase Customer Satisfaction Index (CSI).	No measurement carried out in 2015 following decision to revise the survey questions and method.	Customer relationship process implemented. Dialogue with customers regarding rental model.

1) Earnings before financial items, excluding changes in value in relation to average operating capital



case
#1

Initiator of industry network for accident-free workplaces

The construction industry is accident-prone. In the current economic boom, with tight schedules, all companies in the industry have a great responsibility to work proactively with workplace environment and occupational safety issues. One of the objectives of Akademiska Hus is to provide an accident-free workplace for our own employees and for those we engage on our projects.

In our role as a State-owned company, besides setting a good example, we also want to help to improve the industry as a whole. In 2015, we therefore initiated an industry-wide network that focuses on key issues in certain construction work environments. The network, which includes several leaders in construction and contracting, merged the common

ambitions into a formal alliance with an established project organisation during the year.

Top priorities include common standards and uniform reporting methods, better definition of requirements in the purchasing process and comparable measurement points for monitoring. In 2016, the project organisation will propose clearly defined plans for how network members and the industry as a whole will integrate improved safety initiatives into existing work processes.

Improving the working environment and employee safety are areas that are important for collaboration within the entire industry. In this case we are not competitors, but partners.



case
#2

Visible construction for the future of learning

In September, the Education Building project kicked off. This building is designed to contribute to a new, future-oriented model for tomorrow's learning at the KTH Campus in Stockholm. The building is scheduled for completion in the autumn of 2016 and the design and installation technology will be fully visible to the user. This educational tool will offer new educational methods for aspiring community builders and

architects. The Education Building will be in the vanguard from a sustainability perspective, where Akademiska Hus and KTH share the goal of having the building certified to comply with the standards set for the Swedish Miljöbyggnad gold certification level. Students and teachers participated in the planning of the building to capture the latest advances in pedagogy and knowledge environments.

We develop, build and manage for colleges and universities

We take a long-term strategic approach to continually create attractive and sustainable campus plans with our customers. We take full responsibility for the development of campuses at colleges and universities, where student housing plays an important role.

Akademiska Hus owns and manages several of Sweden's most sophisticated knowledge environments for education, research and innovation. As a stable, long-term partner for universities and colleges, we are helping

to build Sweden as a nation of knowledge. For many of our customers, who conduct research and work in our premises, years of work could be wasted in moments if there was a breakdown in operations. Akademiska

Hus has broad expertise and extensive experience that is crucial not only for planning and construction, but also for constantly improving our management.

Property and campus planning

Campuses that are vibrant during all the hours of the day and interact with the surrounding community are crucial for Sweden's higher education institutions to be competitive. Consequently we formulate campus plans to develop entire campuses in close cooperation with our customers. With our collective knowledge we create campuses that provide, in addition to education and research, other services such as cafés, sport facilities, restaurants and supermarkets. Our campus plans always include the issue of student housing.

Read more on pages 18-21

Construction process

The construction process represents a substantial portion of Akademiska Hus' business. The construction projects vary in nature, from small-scale renovations to new advanced research facilities. Akademiska Hus has a large project portfolio that evolves in close cooperation with our customers and other players. One of our strengths is the ability to coordinate and run the extensive and complex collaborative processes that are the key to a successful result. The purchasing process and strategic sourcing are also important aspects of the construction process. The ability to build sustainably is a key competitive advantage.

Read more on pages 22-26

Management and leasing

We work strategically in the management of our facilities and properties. The focus is on continually delivering high-quality maintenance services, while taking a long-term approach to efficient resource management. Proactivity in collaboration with our tenants is essential for increasing business benefits and value for our customers. Close collaboration and an open dialogue with our customers are therefore top priorities for the entire management organization at Akademiska Hus.

Read more on pages 28-31

Collaboration to develop tomorrow's campuses and learning environments

Our development of knowledge environments is based on the needs of the centres of education. With over 20 years of experience and a broad geographic presence, we have both the ability and unique expertise to develop sustainable and efficient environments, while achieving economies of scale.

Akademiska Hus contributes to strengthening Sweden as a nation of knowledge. Developing the campuses of tomorrow, with room for all aspects of life, is part of the job. Campuses become more attractive with increased accessibility and integration with the surrounding urban environment. Opportunities for meetings and collaboration with others are further examples of

how centres of education are profiled to appeal to an increasingly international target group of researchers and masters students. Akademiska Hus has employees with extensive experience and cutting edge expertise and the key to success is to leverage the joint knowledge we share with our customers and convert it into clearly defined development plans.

CAMPUS ENVIRONMENTS WHERE PEOPLE LIVE LIFE

The campus environment is an extension of the place where people work or study. It is a venue for knowledge transfer, where researchers and students spend more and more of their time. But the campus is also a venue for encounters with the business community and the interface for encoun-



case
#3

Albano – a key element in the university capital

Just a stone's throw from Stockholm, right at the intersection of Stockholm's three largest universities, is Albano, an area that will be transformed into an attractive research and education environment with 100,000 square metres of college and university facilities. The area is being built for 15,000 students and researchers. In November 2015, ground was broken and the Albano Campus is expected to be completed in 2022. About 1,000 undergraduate and graduate student housing units, along with premises for commercial services, will be built adjacent to the campus. The campus will be developed in harmony with nature, giving great consideration to biodiversity. The goal is to be at the forefront of sustainable urban devel-

opment and to achieve it Akademiska Hus, in a unique collaboration with various researchers, has formulated solutions based on socioecological urban design.

"Albano will be a modern university environment, a place for research and higher education with excellent conditions for meetings and collaborations across disciplines and institutional boundaries," says Astrid Söderbergh Widding, Vice-Chancellor of Stockholm University.

"The area is crucial for the development of the Greater Stockholm region, as a motor for innovation, pioneering research and expertise," says Peter Gudmundson, Vice-Chancellor of KTH.

24

centres of education

40

campuses

7,200m² solar cell surface

ters with the community at large. In addition to developing efficient and inspiring learning environments, we promote growth by working in collaboration with other stakeholders to ensure an attractive range of services. Restaurants, opportunities for cultural and sports activities and access to child care and preschools in close proximity to campus are examples of services that make life easier and increasingly integrated into and around the campus. Sustainable transport services and access to accommodation are other important issues that are necessary to take into account.

STRATEGIC INNOVATION

Akademiska Hus established a structured innovation process during the year. We have a long history of establishing partnerships with our customers, but see potential in focusing on innovation efforts to increase customer value. We will develop sustainable products, services and practices through structured innovation partnerships, thereby contributing to sustainable development in the community. Knowledge and learning environments of the future, along with campus and urban development, are two areas in which we have prioritised innovation.

ESTABLISHMENTS THAT INCREASE THE APPEAL OF CENTRES OF EDUCATION

College and university cities are attractive, and our properties are often in very good locations. To increase this appeal we participate in projects that enhance the campus environment even when Akademiska Hus is not a principal stakeholder. In addition to the range of services that contribute to a simpler and more inspiring lifestyle, student housing is also a key issue. Student housing is often in short supply in attractive cities. We are contributing to the con-

struction of more than 10,000 student housing units on our own campuses, through measures such as selling or leasing out land, assisting with local planning and incorporating accommodation for undergraduate students and researchers in our campus plans. Since 2015, when the owner clarified our mission, we have also had the ability to provide our own construction services to build student housing. At the KTH Campus in Stockholm and the Solna Campus we are currently planning to build 570 flats for about 840 students and visiting researchers.

SUSTAINABILITY IN FOCUS

Many centres of education have their own sustainability goals. We strive to integrate sustainability throughout our business to help achieve our own sustainability goals as well as those of our customers. One example is the campus plan for the Royal Institute of Technology in Stockholm (KTH), where we worked in close collaboration with the customer and many other stakeholders to develop a campus plan with a focus on sustainability. In 2015 the campus plan garnered the prestigious International Sustainable Campus Network Award.

PREMISES FOR EFFECTIVE LEARNING

Premises and rooms in the buildings need to be adaptable and functional to optimise use in both the short term and the long term. The flexibility of the premises to allow different learning methods is important. During the year, Akademiska Hus continued to work on the “Learning Space” network, which was initiated by Akademiska Hus and three centres of education in 2014. Through this network, educators, local planners, IT managers and other stakeholders share their experiences on how the physical environment impacts learning.

One example of facilities that support learning is the Active Learning Classroom (ALC), which promotes effective teaching in interactive classrooms using digital tools. We have been working since 2014 with Umeå University, where we are building interactive learning environments that will be completed in 2018. In addition to learning environments, we are also creating focus environments where students, researchers and business representatives can engage in common activities. In order to leverage the knowledge gained from these projects, Akademiska Hus is funding two research projects to effectively evaluate the new learning environments.

CURRENT CAMPUS PLANS ENSURE SUSTAINABLE URBAN DEVELOPMENT

The campus plan provides a framework for future changes in the physical environment. The plan ensures that the physical environment sustainably supports the university’s long-term vision and strategy. Akademiska Hus works actively and methodically with campus plans throughout Sweden. The campus plan is always developed in close collaboration with our customers, based on the situation of the individual centre of education. Our role is usually to lead and coordinate the process. Plans may involve both the development and modification of existing environments, as well as new construction. Developing a campus plan is a comprehensive dialogue process in which all stakeholders who can influence and be influenced by the campus development should be represented. Akademiska Hus has a total of around 40 campuses. In 2015 Akademiska Hus developed a structured approach to campus planning aimed at ensuring a process and a methodology with the focus on sustainability and a long-term approach.

**case
#4**

Structured approach to campus planning

For us at Akademiska Hus, the development of tomorrow's attractive campuses, where there is room for life, is a crucial issue. Campuses are integrated and interact more and more with the community. Environments designed for natural meetings that encourage collaboration and the transfer of knowledge are becoming increasingly important, as is access to, for example, services, culture and sport.

The campus plan is always based on the vision of the individual university or college, and is developed in close cooperation with our customers. We follow a structured approach with a focus on the long-term and sustainability. Formulating a campus plan is an extensive dialogue process involving many parties, which we view as a factor for success.



The vision for the University of Gävle is to "have a leading position in education and research for a sustainable human living environment".

Campus plan for the University of Gävle (HiG)

Startup

→ Analysis

→ Vision

→

Key internal and external stakeholders were identified, who subsequently contributed in the project group at a series of workshops and meetings.

At the start-up meeting, the stakeholders presented their main issues, after which the project plan was adapted to their needs and expectations. The geographic boundaries of the campus plan were set, along with the level of ambition for certification of the area and buildings.

The analysis identified a number of strengths worth encouraging and enhancing, such as green spaces on campus and in the surrounding area, aesthetically appealing buildings and proximity to the Technology Park and city centre. The analysis also identified a number of challenges, such as a main entrance that is perceived as unclear, classrooms that need to be designed more flexibly and the need for more student housing near campus.

The vision describes an open campus, for those working at the Gävle University College as well as for stakeholders from industry, the city and the region.

The campus is a living environment where, alongside the academic journey, people learn to function in a sustainable context - socially, economically and ecologically. Those who are active on campus are encouraged to behave sustainably and the students, the decision-makers of the future, are provided with the foundation for and knowledge about a sustainable lifestyle. A campus that shapes the future.

Communication →

To encourage participation and understanding of all the steps in the process, great emphasis was placed on communication. During the process conclusions and suggestions were communicated back to the project

Akademiska Hus' campus development process

Project requirements and mandates are clarified. Decisions are taken regarding goals, boundaries, organisation, schedule, deliverables and budget. The groups that are affected most and have the greatest interest in campus development are identified in this phase. It is also important to consider sustainability certification from the start to meet the implementation requirements of the various certifications.

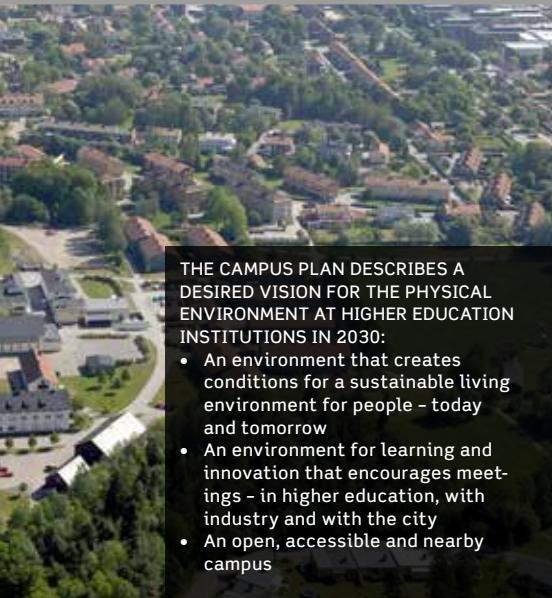
This dynamic phase analyses needs, the current status and external factors, while generating ideas - all at the same time. Identifying the requirements that the physical environment must meet is crucial. Stakeholders are invited to discuss how it can contribute to their activities. Parameters that affect development are identified, such as those found in general and local zoning plans. The analysis of external factors identifies trends and good ideas that influence the process and provide inspiration. The ideas take shape and become plans as project conditions are clarified.

Now it is time for long-term thinking. A good sustainable campus plan has a clear link to the University's vision, strategies and goals. The ideas that have been identified are evaluated in light of the University's vision to facilitate a well-supported and sustainable vision for the physical environment.

The campus plan should capture the unique traits of the higher education institution, with a link to its identity and strengths. Measurable objectives are now also identified to allow monitoring of the effect of the campus plan over time.

Communication →

Through ongoing communication with stakeholders, valuable feedback is captured and the campus plan gains



Model for sustainability issues



To ensure that the campus offers a sustainable environment, Akademiska Hus has developed a model that addresses a series of issues related to living and attractive campuses, as well as innovative financially and ecologically sustainable environments. The model is designed with a special focus on the needs of centres of education and its activities.

Design

The campus plan describes a future campus that is integrated with the surrounding area through clear paths, enhanced communication and new construction. The Technology Park is connected to the Gävle University College premises to stimulate exchanges between academia and industry. Accommodation, expanded trade, and a broader range of services create life and movement during more hours of the day. A new entrance will open up the campus for more people and clarify the Gävle University College's presence in the area, at the same time that new venues will pave the way for meetings within the campus.

group and revised as needed. An electronic suggestion box was also open throughout the process, where anyone who wanted to could leave suggestions.

→ Popular support

When the project group finished the campus plan report, it was sent out for comments. During this period, the campus plan was available on the University's website and a summary was posted. The plan was presented during an information meeting where project group representatives were available for discussion. The campus plan was then modified based on the comments and the people who commented received feedback.

→ Implementation

The recently adopted campus plan is already a key policy document. Several proposed projects have already been completed and additional projects have been initiated.

For example, two student housing projects were recently completed and the municipality initiated a project to review how the entire neighbourhood adjacent to the campus should be developed. The campus plan will be an important tool in this process.

Once the vision for the physical environment of the campus is formulated, a proposal is produced for the physical design. The design can be developed by a previously appointed architect, or through a parallel assignment. All design proposals are tested against the vision for the campus plan and adjustments and adaptations are made, both to the design proposal and to the vision, so that consensus is reached in the working group.

→ A campus plan affects many activities and individuals, and arouses great interest. Encouraging participation and gaining strong support for the plan is therefore crucial to how well it is received and how effective it will be as a campus development tool. It is important to consider who should be included in the support process and how to organise a system for dealing with change proposals before efforts are made to gain support.

→ The campus plan should be viewed as a guiding document for any changes in the physical environment on campus. Practical projects are checked against the campus plan to ensure that they support the vision, strategies and goals for the physical environment. The goals that were defined as part of the campus plan are then monitored periodically to ensure that the effect of the campus plan is achieved.

support over the course of the project. This approach lays the foundation for a better reception when the campus plan is completed.

Long-term investments – we build for the future

We are one of Sweden's largest property developers with a project portfolio worth SEK 17.5 billion. One large project involves the Albano neighbourhood, which will link Stockholm's three largest centres of education into a single common university campus.

Based on possibilities identified in the long-term campus plans for the centres of education, our customers' needs for premises are translated into planning and design studies. Possibilities are discussed in cooperation with the customer and other relevant stakeholders before projects are planned and approved. Our strength lies in coordinating and running these comprehensive and often complex, collaborative processes required for construction to increase customer value.

The project portfolio with decided and planned projects totalled SEK 17,500 million, of which SEK 3,500 million has already been invested in ongoing projects. The focus of investments is primarily in Stockholm, where new construction projects for Karolinska Institutet are the largest element. We also have a series of concept projects worth SEK 5,300 million. Akademiska Hus' experience and expertise are essential for security in all construction processes. All projects are developed to permit long-term management, which provides us with excellent opportunities to invest in sustainable and innovative solutions. Wherever possible, we also build so that over time buildings can be used in different ways, which is accomplished through flexible premises and solutions that can be tailored to customer needs.



Biomedicum will be one of the largest research laboratories in Europe, with an area of about 80,000 square metres.

EXPERTISE TO BUILD COMPLEX RESEARCH FACILITIES

We have great diversity in our construction projects. The nature of the projects vary from minor renovations and car parks to high-tech research facilities and entire urban development projects. In addition to extensive experience and expertise, construction of this kind of specialised building requires a very good understanding of the type of activities in which the tenants will engage.

INVESTMENTS FOR THE FUTURE

Akademiska Hus' investment operations are pursued in accordance with a systematic evaluation process from project concept to approved investment, please see the illustration on page 24. Investments exceeding SEK 30 million are decided by Akademiska Hus' Board of Directors. Leases are signed before construction begins, which limits the risk of vacant space. Our project portfolio largely consists of research facilities and learning environments for higher education.

PROJECT PORTFOLIO

SEK m	31-12-2015	31-12-2014
Decided projects	9,600	11,800
Planned projects	7,900	9,200
DECIDED AND PLANNED PROJECTS	17,500	21,000
of which already invested in current projects	-3,500	-5,400
REMINDER OF DECIDED AND PLANNED PROJECTS	14,000	15,600
Concept projects	5,300	4,200
TOTAL REMAINING PROJECTS	19,300	19,800

The different investments are categorised as:

- Decided projects.
- Planned projects - have an inquiry or planning framework, where some form of agreement exists between the Company and the tenant.
- Concept projects - projects likely to be carried out within five years.

Our largest projects

COMPLETED PROJECTS, DECEMBER 31, 2015 > SEK 100 MILLION

Project name	Location	New construction/ redevelopment	Total investment, SEK m	Customer	Lease, years	Annual rent, SEK m
Centre for Veterinary Medicine and Animal Science	Uppsala - Ultuna	New construction	1,416	Swedish University of Agricultural Sciences	20	104
Niagara	Malmö	New construction	751	Malmö University	10	52
Ull Building	Uppsala - Ultuna	New construction and redevelopment	618	Swedish University of Agricultural Sciences	20	52
Arrhenius NPQ	Stockholm	New construction	561	Stockholm University	10	38
New architecture	Stockholm	New construction	405	Royal Institute of Technology	10	29
Constructional Engineering and Design	Stockholm	Redevelopment	117	Royal Institute of Technology	10	7

COMMISSIONED PROJECTS, DECEMBER 31, 2015 > SEK 100 MILLION

Project name	Location	New construction/ redevelopment	Total investment, SEK m	Customer	Lease, years	Annual rent, SEK m
Biomedicum	Stockholm	New construction	2,795	Karolinska Institutet	25	184
Biomedicum - Comparative Medicine	Stockholm	New construction	989	Karolinska Institutet	25	51
Royal College of Music	Stockholm	New construction and redevelopment	848	Royal College of Music	20	45
Segerstedt Building	Uppsala	New construction	716	Uppsala University	20	42
Valla Student Building	Linköping	New construction	394	Linköping University	10	39
Built Environment Project	Gothenburg	New construction and redevelopment	345	Chalmersfastigheter AB	10/15	33
V-Building	Lund	New construction and redevelopment	284	Lund University	10	26
Police programme, Södertörn	Stockholm	New construction and redevelopment	282	Södertörn University	10	21
MBC	Umeå	New construction and redevelopment	277	Umeå University	20	16
Albano Development costs	Stockholm	New construction	258	Stockholm University	— ¹	— ¹
ÖM 54:4 A House	Stockholm	Redevelopment	238	Karolinska Institutet	5	15
Luleå A-house Renov for ETS and SRT	Luleå	New construction and redevelopment	195	Luleå University of Technology	10	15
43:25 KTH	Stockholm	New construction	185	Royal Institute of Technology	10	13
Police training programme Umeå University	Umeå	New construction	165	Umeå University	10	14
Education Building	Stockholm	New construction	128	Royal Institute of Technology	10	9
Humanities Theatre	Uppsala	New construction	126	Uppsala University	10	8
GIH swimming centre	Stockholm	Redevelopment	118	Idrottsförvaltningen (Sports Administration)	20	6
Parking level, Solna Campus	Stockholm	New construction	115	Karolinska Institutet	10	6

1) No rental period or annual rent since it is part of the total Albano project - see planned projects.

PLANNED PROJECTS, DECEMBER 31, 2015 > SEK 100 MILLION

Project name	Location	New construction/ redevelopment	Total investment, SEK m	Customer	Lease, years	Annual rent, SEK m
FR Albano expanded construction scheme	Stockholm	New construction	3,794	Stockholm University	20	188
Ångström Phase 4	Uppsala	New construction and redevelopment	1,170	Uppsala University	20	72
Humanisten Project	Gothenburg	New construction and redevelopment	662	University of Gothenburg	10	55
KAR New construction accommodation for researchers	Solna	New construction	384	Karolinska Institutet	10	31
ÖM Student housing teknikringen	Stockholm	New construction	311	Akademiska Hus	1	22
JSE-Johanneberg södra phase II	Gothenburg	New construction	290	Several, though not completed	10	20
KAR 1981 Lab of the future	Huddinge	Redevelopment	276	Karolinska Institutet	10	28
KTH EES school	Stockholm	Redevelopment	121	Royal Institute of Technology	10	10.5

Our construction process – from idea to investment



PROCESSES IN COLLABORATION

GENERATE HIGH QUALITY

Akademiska Hus has a well-developed construction process where planning is based in part on customer requirements and in part on the complexity and size of the buildings. The main process was developed in cooperation with our customers over many years to leverage the potential of structured collaboration and the exchange of expertise. The process is adapted depending on the type of project and contract. Collaborative contracting is a process that provides high efficiency and good opportunity to take advantage of the knowledge and experience of the contractors. Project briefings ensure quality, con-

trol and monitoring, while reducing project risk. With advanced process methods and increased digitalisation, we can achieve efficient construction by optimising material usage and processes in the projects. Impact assessments and risk analyses that include management aspects, life cycle cost analysis, design and functionality, are carried out as early as possible to achieve the highest possible quality in the project.

SUSTAINABILITY AS A COMPETITIVE ADVANTAGE

As one of Sweden's largest property developers, we can and will make a difference. Building with a long-term and sustainable approach is not only essential for the prop-

erties to maintain good quality for a long time, but also a competitive advantage.

Many of our customers have their own sustainability goals and strive to reduce both their energy costs and their environmental impact. Akademiska Hus is in the vanguard, building properties of high architectural and technical quality. We keep ourselves constantly updated on new technology, both on the installation side and from a purely construction engineering perspective. Akademiska Hus strives to build flexibly, sustainably and energy-smart both when we build new and rebuild, which is in line with our ambition to provide long-term management. For example, we analyse how climate change could affect our property

case
#5

Focus on improved supplier monitoring

Our largest purchase volumes are in construction, architectural and construction engineering services, as well as in the energy sector. This is where we focus our supplier monitoring and development. Through continuous dialogue with suppliers we work proactively to improve the quality of our deliverables both economically and in terms of sustainability.

The procurement policy of Akademiska Hus describes the fundamental values that underlie purchasing and procurement. We require suppliers to meet criteria, including environmental, quality and safety standards, and conduct audits on a sample of them. In 2016, we plan to implement a dedicated code of conduct for suppliers, to further clarify our requirements and expectations.

In 2015 we also improved the methodology for project monitoring during the construction process in an effort to correct deficiencies more rapidly and to work with our suppliers to find development opportunities.





case #6

Sweden's foremost hub for green business

Akademiska Hus and the Swedish University of Agricultural Sciences are working together on the Green Innovation Park – an initiative that will position the Ultuna Campus in Uppsala as the leading centre of green business in Sweden. The area will be a brand new neighbourhood for innovation and entrepreneurship that will be integrated into the city of Uppsala. The development plans for the area include the potential to build over 100,000 square metres of new premises and approximately 1,500 residential units, as well as strengthening the communications infrastructure.

"An important factor for success in the Green Innovation Park project is that the Swedish University of Agricultural Sciences (SLU) and Akademiska Hus are working together. Through our collaboration, we can create an attractive offering for businesses that includes both appropriate facilities, state of the art research infrastructure, venues and a number of forms of collaboration with SLU researchers and students," says Martin Melkersson, University Director at SLU.

Accident-free workplaces

Since 2014 we have had a goal of achieving a completely accidentfree workplace for our own employees and for everyone we engage on our projects. Read more on page 15.

portfolio in order to proactively adapt our planning guidelines and existing buildings.

We are also working to increase accessibility to ensure that everyone can use our facilities. We always meet current legal accessibility requirements, but we want to do more; therefore, for some time we have complied with directives formulated by the Swedish Agency for Participation. We also have a clear focus on sustainability in relation to the working environment, where a strong safety culture is crucial for increased security and efficient construction, as well as a requirement for attracting qualified staff.

Akademiska Hus is one of the founders of Sweden Green Building Council, where we engage in spreading knowledge, developing industry-wide systems and addressing issues

in the real estate industry regarding sustainability certification and energy efficiency.

ENVIRONMENTAL ASSESSMENT OF CONSTRUCTION PRODUCTS

We set sustainability standards in all of our procurement and one of the requirements is the environmental assessment of construction products according to what is known as Byggvarubedömningen (BVB). Akademiska Hus is one of several partners in BVB, which aims to influence product development of construction products in order to achieve a non-toxic and good built environment. The evaluations of materials are relatively extensive and provide a good overall picture of the total environmental impact that a material or product generates during its life cycle. Akademiska Hus requires BVB to be used both internally and by all of our externally engaged suppliers. The basic premise is that products that are assessed as 'To be avoided' must not be used unless there are particular reasons or arguments for doing so. In 2015, a project was carried out in collaboration with other partners in BVB to include social responsibility requirements. This initiative resulted in a number of new evaluation criteria that include requirements that suppliers must meet regarding human rights.

CERTIFICATION OF BUILDINGS AND NEIGHBOURHOODS

All new construction and major renovation projects must qualify, at a minimum, for a silver rating in the Swedish 'Miljöbyggnad' certification system. 'Miljöbyggnad' is a certification based on Swedish construction and official rules, as well as on accepted Swedish construction practices. The system provides confirmation of important qualities in a building in terms of energy, indoor environment and materials. The Miljöbyggnad system ranks buildings for bronze, silver or gold level certification. Achieving maximum sustainability benefits, as well as the highest score in the certification system, requires good cooperation and a common goal between property owner and customer. The Miljöbyggnad system also requires a high proportion of energy from renewable sources. This applies pressure on several district energy suppliers to gradually increase the proportion of renewables, because otherwise entire communities and cities would lose the potential to have buildings certified. Akademiska Hus has a total of 25 certified buildings, of which 23 qualify for a silver rating and 2 qualify for a gold rating.

Forecast – investments for the future

Investments during the past five years have resulted in a significant expansion in Akademiska Hus' property holdings.

Demand for new premises is greatest in those centres of education that focus on research. The investment portfolio includes new construction, redevelopment and refurbishment of existing properties. The majority of the project portfolio can be found in Stockholm and Uppsala, with examples like Biomedicum for about SEK 3,800 million and the Segerstedt Building for about SEK 700 million. As the investment portfolio is gradually completed, it is expected that the average remaining lease

term will increase, since the properties that are being added to our property holdings have long leases.

In the project portfolio, it is the approved projects, at a value of almost SEK 10,000 million, that will affect the financial statements over the next few years. At the year-end, about SEK 3,500 million had already been invested. The annual investment rate moving forward is expected to continue to be about SEK 3,500 million per year.

FORECASTING

Akademiska Hus makes annual long-term forecasts to ensure that our property oper-

ations are pursued with a high degree of efficiency and cost awareness. We take into account factors such as projects that are gradually being completed. No changes in the value of properties are forecast and nor are acquisitions or sales.

Future yield is also expected to remain stable at around six per cent. During the construction period, the large project portfolio will result in a charge on the cash flow. Despite this, the interest coverage ratio is strong and will increase as the new properties begin generating rental revenue.

FORECAST ASSUMPTIONS

%	2015	2016	2017	2018
Increase in cost	1.0	2.0	2.0	
October index, CPI	314.3	0.5	2.0	2.0
Salary increase	2.5	2.5	2.5	
Cost of capital	1.8	1.8	1.8	

FORECAST

	2015	Forecast 2016	Forecast 2017	Forecast 2018
PROPERTY HOLDINGS				
Average rentable floor space, 1,000 m ²	3,186	3,221	3,227	3,290
Assessed property values, SEK m	66,575	69,975	73,975	76,975
Net investment in properties, SEK m	2,466	3,500	4,000	3,000
KEY FIGURES				
Net operating income, SEK/m ²	1,162	1,242	1,286	1,337
Yield, properties, %	6.3	6.0	5.8	5.8
FINANCIAL KEY FIGURES				
Rental revenue, SEK m	5,505	5,700	5,800	6,050
Net operating income, SEK m	3,703	4,000	4,150	4,400
Profit before tax, SEK m	6,141	3,600	3,700	3,950
Interest-bearing net loan liability, SEK m	24,385	28,500	31,000	32,500
Equity ratio, %	40.7	41	41	41
Return on equity, %	15.0	9.0	8.9	9.0
Interest coverage ratio, %	743	796	768	776



Key Building, Linköping University

Active ownership and long-term management

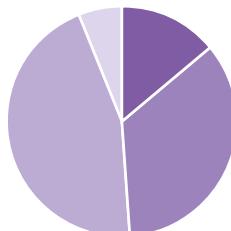
Akademiska Hus' property management organisation focuses on high quality and sustainable development. We work together with our customers to find the most effective and resource-efficient solutions for each individual property.

With a property portfolio with an estimated fair value of SEK 66.6 billion, we are one of Sweden's largest property owners. We manage 3.2 million square metres of rentable space. Around 300,000 people work, study and carry out research in our buildings every day. The majority of the property portfolio focuses on higher education and research; classrooms and advanced laboratory facilities occupy the majority of the space.

LONG-TERM PROPERTY MANAGEMENT
 Our facilities must maintain a high standard for a long time. Property management includes all of the technical and financial measures carried out during the life of a building. With our long-term property ownership, we have a unique opportunity to take responsibility to ensure that our property holdings are of good quality and resource efficient for a long time moving forward. Dialogue and collaboration with our tenants promote proactive and long-term property management. To increase customer value, we need to change in pace with the customers so that the premises are continually adapted.

Akademiska Hus has its own property

DISTRIBUTION PREMISE CATEGORY



- Office building, 14%
- Laboratory building, 35%
- Education building, 45%
- Other building, 6%

management team with experienced and talented managers and operating technicians. We work together with our customers and share our experience and knowledge in order to find the most effective and resource-efficient solutions for each individual property.

OPERATING AND MAINTENANCE COSTS
 Heating, cooling, water and electricity costs account for 36 per cent of our operating and maintenance costs. The costs are thus largely directly linked to energy consumption. Electricity is the single largest cost component. In addition to reducing electricity costs through reduced power consumption, we also hedge price risk, for the next four years, through a hedging strategy for electricity. This strategy provides a high level of predictability in our future electricity costs.

Through foresighted and long-term maintenance, our buildings can maintain a high standard for a long time. Carefully planned maintenance reduces the risk of accidental damage and disruption and provides a high level of operational reliability.

COLLABORATION TO REACH A LONG-TERM GOAL

Improved energy efficiency of all kinds serves as the basis for reducing the environmental impact of the properties. Akademiska Hus has ambitious goals in the energy sector: to reduce the amount of energy delivered by 50 per cent by 2025 and to eliminate the CO₂ footprint from operations in our buildings. Our statistics and goals cover all the energy that is used in our buildings, including that used by tenants. One way to reduce energy consumption and thus operating costs, is to distribute the energy between Akademiska Hus and the customers in a way that provides incentives for both parties to save the energy that we can also influence.

Since 2014 we have had specific sustainability goals under which we engage in cooperation initiatives with a focus on sustainability with our customers every year. Examples of sustainability initiatives include the development of activity-based offices, deployment of land inventory, installation of charging stations for electric cars and an evaluation of the climate impact of climate change.

About one third of our facilities are laboratories. In advanced laboratories, standards are set for parameters such as noise, vibrations and electromagnetic fields. A laboratory also generally has higher energy consumption, since the need for air volumes is larger and the buildings are generally more energy-intensive.

ENERGY STRATEGY INCREASES FOCUS
 Through our energy strategy, which was adopted in 2015, we continue to work towards our goals by reducing energy consumption, influencing our suppliers and producing renewable energy.

We reduce energy consumption in our current property holdings and build energy efficient projects. Regardless of the type of energy, we always strive to design each building to use as little energy as possible. Ensuring that a building design is durable and energy efficient is the first step. After that we continually ensure throughout the lifetime of each building that it has well-adapted and energy-efficient systems and solutions.

In order to achieve our sustainability goals, we need to focus on our existing portfolio at the same time that we continue to meet cutting edge demands on new buildings. We accomplish this through carefully planned maintenance schedules and by optimising operations. Knowledgeable building maintenance technicians with a good understanding of customers' energy consumption contribute greatly to the work

by optimally controlling operating times, temperatures and flows so that as little energy as possible is used.

Our campuses are also designed so that the proximity of several buildings enables excess energy in the area to be used. This strategy enables us to reduce the need for energy delivered.

We influence suppliers' production of the energy we use. We consider minimising environmental impact when we choose energy sources. Wherever possible, we require energy suppliers to reduce produc-

tion based on fossil fuels in favour of renewables. Purchasing electricity with its origin labelled is one way to have an impact. We also collaborate with our suppliers to find ways to customise and streamline their production patterns with our energy consumption.

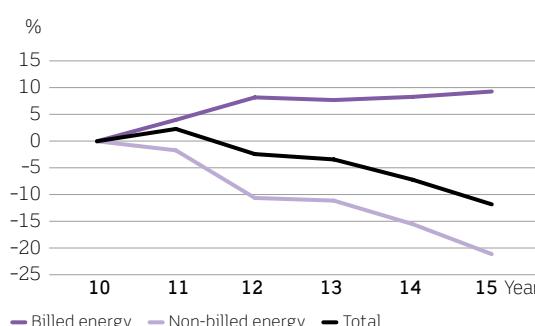
We produce renewable energy. In some buildings, we also have the opportunity to take advantage of local renewable energy sources that can be connected to the building. With this strategy they can become self-sufficient. Solar cells, geothermal energy and small-scale wind power are examples.

Energy Portal gives an overview

Our Energy Portal is an IT system for collation, monitoring and analysis that provides a clear overview of energy use in the buildings. Automated energy readings provide opportunities to effectively address and measure the impact of investments.



DISTRIBUTION OF ENERGY COSTS



Our aggressive energy targets are based in part on a partnership with our tenants on energy issues. For this initiative to be effective, the party that actually uses the energy must have the incentive to act. In our existing buildings investments are required to reduce energy consumption and sometimes this involves maintenance to replace equipment that is still functional but wastes energy. An incentive model is needed that is based on the principle that the party that makes the investment

should also benefit financially from the reduction in energy use. The aim is to allocate energy costs between Akademiska Hus and our customers so that both parties have an incentive to improve energy efficiency for the aspects over which each party has control. In practice this means that as property owner, in most cases, Akademiska Hus has the greatest control over the building's utilities (heating, cooling and some of the electricity).

Long-term contracts with creditworthy tenants

Colleges and universities, which are essentially government agencies and therefore have the highest credit rating, are the source of 89 per cent of our revenue. The terms of our contracts are long, and the occupancy rate is high, which contributes to operating stability. The average lease term for educational facilities is 10.5 years, while for special buildings the average term is 11.4 years. Because these buildings require major investments, long leases are required to repay a large part of the investment within the term of the lease. Lease terms that are 10 years or longer require Government approval. At the end of 2015,

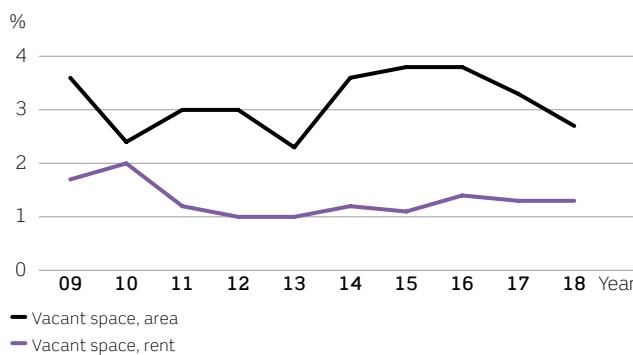
the average remaining lease term for all properties was 5.8 years (6.0).

HIGH LEASING LEVEL

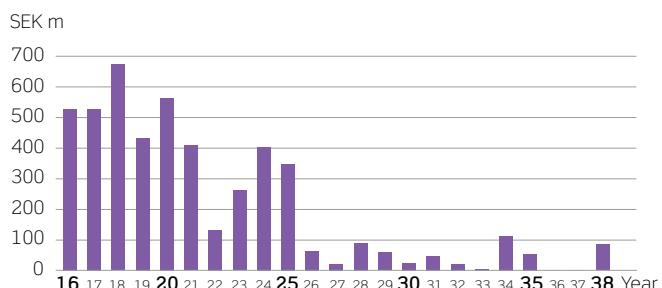
At the turn of the year the rentable area of the property portfolio was 3.2 million square metres. In all, 122,000 square metres of this space was vacant, for a vacancy rate of 3.8 per cent. The vacant space has a distinctly lower rental value than the average for the holdings. A large proportion of the vacant space is in simpler premises with a lower than average rental value. In terms of value, the vacant space amounts to SEK 64 million or just 1.1 per

cent of rental value. The largest individual blocks of vacant space can be found on the Ultuna Campus outside Uppsala and amount to about 75,000 square metres. One reason is that Klinikcentrum (the Clinical Centre, KC) is almost vacant after tenants moved to the Centre for Veterinary Medicine and Animal Science (VHC). The occupancy rate is high compared with the sector at large. One reason is that when decisions are taken on new projects the leases are already signed.

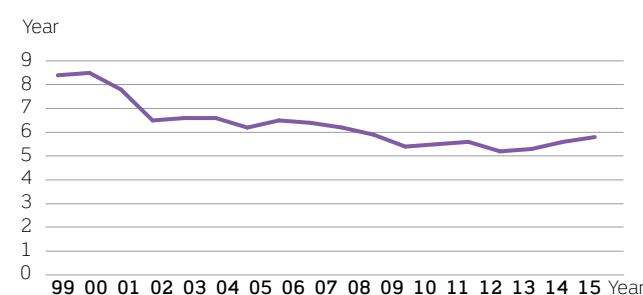
LEVEL OF VACANT SPACE



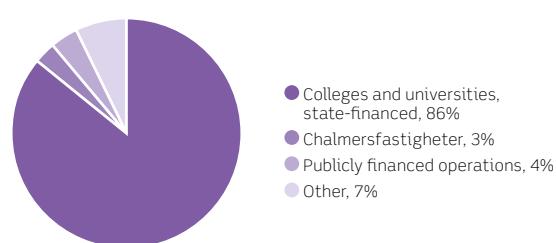
MATURITY STRUCTURE, PROPORTION OF LEASE VALUE



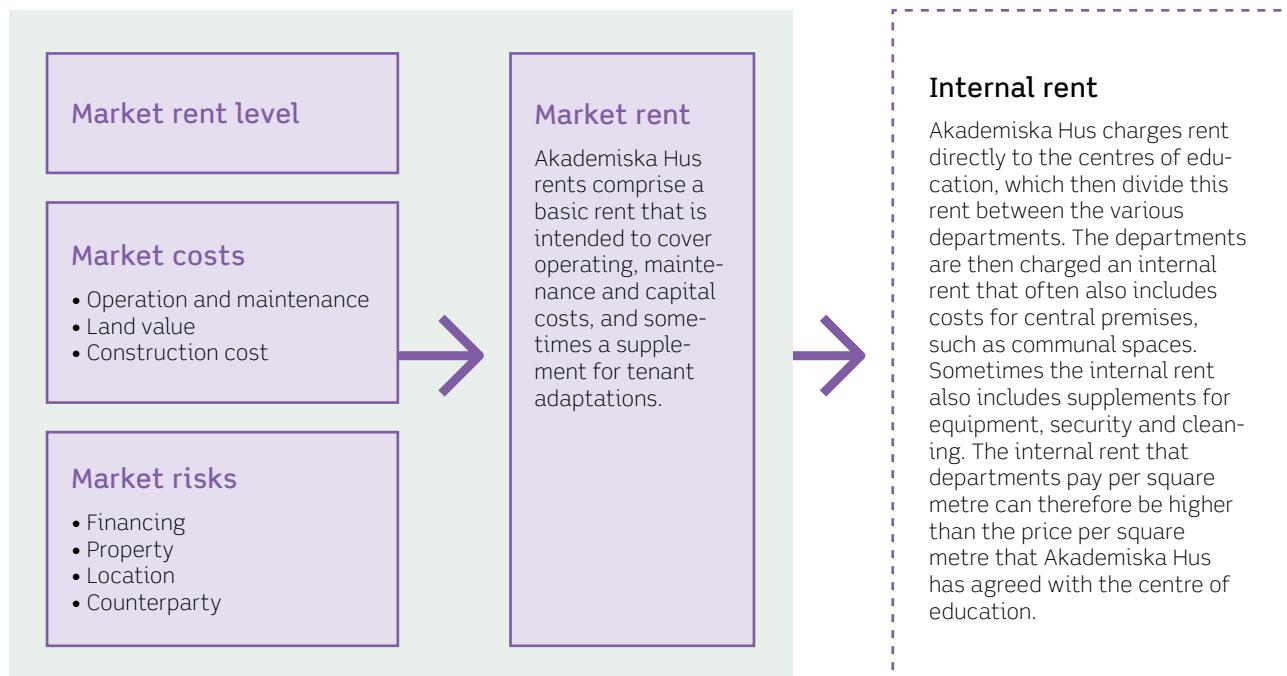
AVERAGE REMAINING LEASE TERM



TENANT CATEGORIES



How Akademiska Hus sets rents



MARKET RENT LEVELS

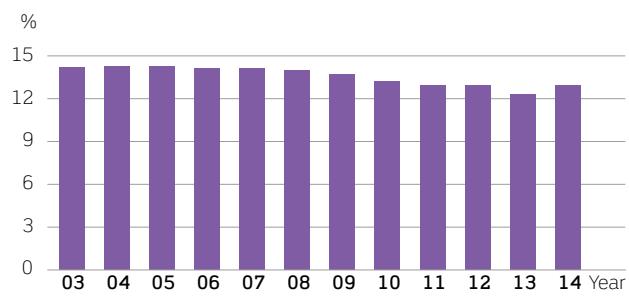
Our rent setting reflects market risks and the cost of construction and management. Consideration is also taken to the type of property, lease term and the general market rent level for the city and location. Increased operating and maintenance costs as well as the risk of vacant space when agreements expire are also taken into account. To earn the trust of our customers it is important for our rent-setting model to be transparent. During the year we continued our dialogue with customer representatives in order to transparently demonstrate how rental prices are set. We regularly review the parameters included in the rent-setting model. To compare rental prices charged by Akademiska Hus in relation to those charged by other property owners in a comparable portfolio, comparisons are carried out regularly with assistance from an external valuation company.

Market conditions and local composition vary between our regions, with higher rents in metropolitan regions and regions with research and laboratory facilities. For example, the average rent level in Stockholm is SEK 2,292/m², while in the Northern region it is SEK 1,271/m².

Detailed information about rent levels per building can be found in our property specification at www.akademiskahus.se



PROPORTION OF COST OF PREMISES FOR SWEDEN'S CENTRES OF EDUCATION



We customise plans on customer request regularly, at the same time that we do our utmost to reduce operating costs and save energy in the properties. Our size presents us with considerable coordination opportunities and we measure our efficiency through, among other things, the net operating income ratio. Rent costs as part of our customers' total cost mass have held steady at 13–14 per cent since 1993.

Committed employees

We must continuously improve our skills and expertise in collaboration with our customers. We work with our customers to develop knowledge environments for the future. Commitment and the ability to transform experience and lessons learned into practical customer benefit create value.

CUTTING EDGE EXPERTISE FOR THE FUTURE

Akademiska Hus' long-term success depends on our ability to contribute to campus and knowledge environments that successfully attract students and researchers under international competition. A focus on the long-term and sustainability are crucial in everything we plan and implement. In order to succeed, we need cutting edge expertise in campus development, together with an ability to work closely with our customers to effectively take development concepts from design to final construction. Our talented employees possess the operational expertise that enables us to provide stable and efficient management in technologically advanced premises.

VALUES AND CORPORATE CULTURE

Common values were anchored in the organisation through a series of activities throughout 2015. Our corporate culture is based on these values, where we strive to be attentive and committed in order to add

value in all of our relationships and contacts. Efforts to develop our joint customer offerings will continue as they strengthen our offering and our ability to deliver customer benefit.

The Employee Satisfaction Index (ESI) declined and the result for the year was 61 compared with 66 the previous year. The Motivated Employee Index (MEI) was 63, compared with 69. From having had extremely high ESI ratings we are now at the level of public organisations and somewhat below the private sector. In 2016, we will divide the questions so that we measure the situation on more occasions, but with fewer questions. The areas we are monitoring are primarily the working environment, expertise and leadership.

KNOWLEDGE TRANSFER

As a major player in the market, Akademiska Hus has a responsibility to contribute to the development of the industry. We have chosen to become involved in several ways. Our commitments can mainly be found within the Property Industry education committee, "Tekniksprång" (Technology Leap) and Higher Vocational Education programmes, but we also have student and trainee programmes for college and university students, as well as a strategic partnership with KTH. Within the Property Industry education committee, an NGO, we contribute actively to skills assurance, with representation in the National Industry Council and the Education Council. Through "Tekniksprång", a long-term national initiative run by the Royal Swedish Academy of Engineering Sciences (IVA) aimed at convincing more high school students to study to become engineers, we offer upper secondary school students a chance to try out a job in engineering for four months. Our commitment to Higher Vocational

Education is expressed through our involvement at vocational colleges in several cities around Sweden through internships, job fairs, field trips, lectures and opportunities for summer jobs.

EMPLOYEE COMMITMENT TO INDUSTRY DEVELOPMENT

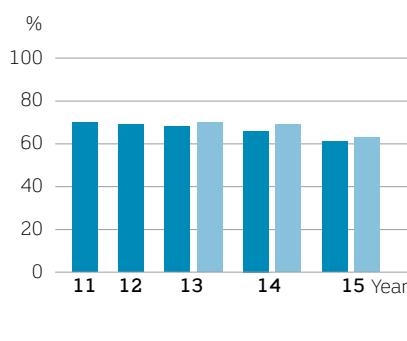
Our employees take great responsibility for contributing to the development of the property industry and the construction sector. This commitment includes active participation in the framework of the IQ Built Environment, which can be described as a catalyst for research, innovation and quality improvement. A better built environment is also the goal of our involvement in the BIM Alliance, which focuses on structured digital information management. As members of Byggherrarna, an association of property developers, we work to advance the industry and the built environment primarily in the areas of the environment, occupational safety, technology and quality. We are one of the co-founders of Sweden Green Building Council, which promotes green construction while developing and influencing environmental and sustainability initiatives in the industry.

SOCIAL RESPONSIBILITY

Social responsibility is important to our commitment and daily work. Our employees have conducted a collection in response to the global refugee disaster by collecting points within the framework of our wellness programme.

Equality and diversity are central components of our social responsibility. During Akademiska Hus Days 2015 all employees attended a mandatory workshop – aimed at highlighting our own prejudices and what we can do to actively promote diversity.

EMPLOYEE SATISFACTION INDEX (ESI) AND MOTIVATED EMPLOYEE INDEX (MEI)



2013 was the first year for the MEI.



case
#7

Focus on values jointly strengthens Akademiska Hus

In 2015 Akademiska Hus continued working on the important values initiative that began in the autumn of 2014. The values serve as the professional compass of our employees and serve as an aid to achieve our business goals and steer us towards the correct decisions and action in our daily business.

In recent years Akademiska Hus has had a strong focus on finding working methods based on common processes, common products and common values. By being attentive and committed, our work can increase value for our customers, our owner and for each other.

Akademiska Hus holds regularly scheduled leadership forums during which our managers work with case studies based on how we should practice what we preach in everyday life. The principles of our values are also part of the analysis and management of the results of the Employee Survey.

In 2016 we will continue to work with our values and the theme for the spring is issues related to diversity.

OCCUPATIONAL HEALTH AND SAFETY

Job satisfaction and a safe and healthy workplace are factors for success that are given high priority throughout our operations and in all projects we manage. We work with identified risks and to improve operations through safety committees and work environment networks. Akademiska Hus has been certified in systematic work environment management, AFS 2001:1, for many years.

In 2014 Akademiska Hus set the goal of achieving a completely accident-free workplace. The goal applies to both our own employees and everyone who works with us on projects. An action plan is being developed to address both internal and external perspectives, where the major focus going forward will be on raising safety awareness and eliminating ambiguities in processes and responsibilities. In 2015, efforts to improve the incident reporting process continued as part of our work towards this

goal. We also continued to work on building our safety culture during the year. We conducted workshops with our project managers to improve our procedures and planned a training package to strengthen knowledge and understanding of occupational safety within the organisation. We also started to measure our progress. We can see that our goal of increasing reporting of both incidents and accidents has yielded results. This is encouraging since incident reporting provides important knowledge about areas that need improvement – a prerequisite for working preventively.

Absenteeism due to illness during the year was 3.7 per cent, compared with 3.1 the previous year. Preventive work in 2015 occurred in many ways, including through formal health and safety committees in which 49 employees (11 per cent) are involved. Each region has wellness coaches who plan and carry out activities for our employees. In our wellness initiative,

Attendance 96.3 per cent

Absenteeism due to illness during the year was 3.7 per cent (3.1), of which long-term absenteeism due to illness was 2.0 (1.6) percentage points. Akademiska Hus works actively with health issues.

AkaFrisk, with over 70 per cent participation, the theme was Motivation.

In 2016, we will continue to develop sustainable employee and leadership skills, including by continuing to work with our values, diversity and wellness.

Our performance

GENERAL INFORMATION

Akademiska Hus AB (publ), registration number 556459-9156, is a limited liability company registered in Sweden. The Company's registered office is in Gothenburg. Akademiska Hus is wholly owned by the Swedish state.

The Company is the parent company in the Akademiska Hus Group, the principal task of which is to own and manage university and college properties.

The Parent Company's functional currency is SEK. All amounts are in SEK 1,000 unless stated otherwise. Figures in parentheses refer to the previous financial year. A corporate governance report has been prepared and can be found on pages 47–55.

INCOME FROM PROPERTY

MANAGEMENT

Rental revenue was SEK 5,505 million (5,495). Completion of new buildings increased revenues by SEK 247 million, while the loss of rental revenue due to properties that were sold in 2014 amounted to SEK 136 million. Rental revenue per square metre increased somewhat compared with the same period the previous year, mainly because of completion of new buildings.

PROPERTY MANAGEMENT EXPENSES

Operating costs for the year amounted to SEK 771 million (808), equivalent to SEK 242/m² (252). Of the operating costs, media provision amounted to SEK 519 million (567), equivalent to SEK 163/m² (177). The decrease is mainly attributable to lower costs due to our systematic energy work, as well as to somewhat lower energy prices.

Maintenance costs amounted to SEK 673 million (621). The increase can be attributed mainly to maintenance within projects. The cost amounts to SEK 211/m² (194). We continue to invest in maintenance in order to maintain a good standard in our property holdings. Costs for property administration for the year amounted to SEK 353 million (326). The increase is attributable to our decision to co-finance SEK 40 million for an expansion of the underground from Odenplan to Arenastaden over the next five years. The project will be carried out with others, including the City of Stockholm and the City of Solna.

NET OPERATING INCOME

Management has generated a positive net operating income of SEK 3,703 million, which is the same level as the previous year.

CHANGES IN VALUE

The changes in property values for the year in the income statement amounted to SEK 2,655 million (3,529), of which SEK 1,245 million (3,070) is a result of reduced yield requirements and cost of capital.

NET INTEREST INCOME AND EXPENSE

Net interest income and expense totalled SEK –182 million (–939), of which SEK 165 million (–548) relates to changes in value of financial derivatives. SEK 297 million (–383) of the change in value is unrealised and SEK –132 million is realised (–165). The changes in value are attributable to somewhat rising market interest rates and steeper return curves.

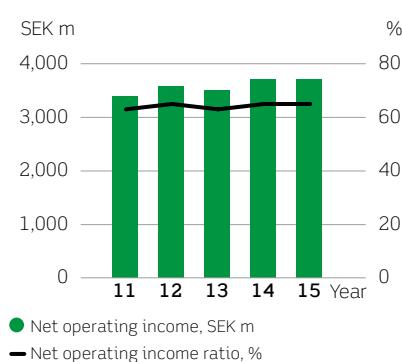
PROFIT BEFORE TAX

Pre-tax profit was SEK 6,141 million (6,261).

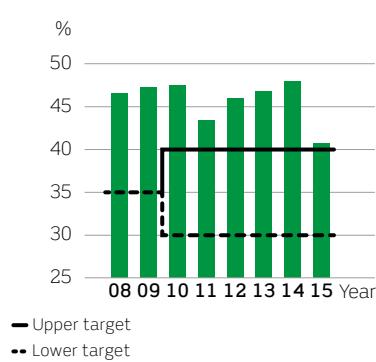
INVESTMENTS AND SALES

Net investments in properties totalled SEK 2,466 million (252) in 2015. The change is attributable to the sales that occurred in 2014. Properties worth SEK 33 million (2,752) on the balance sheet were sold in 2015.

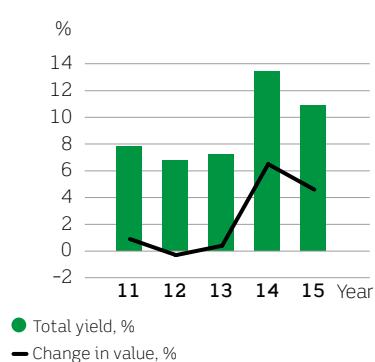
NET OPERATING INCOME



EQUITY RATIO



TOTAL YIELD



CASH FLOW

The Group's cash flow from current operations amounted to SEK 2,845 million (3,161). Cash flow from investing activities totalled SEK -2,204 million (-439). The decline is attributable in its entirety to sales of properties in 2014. Dividend paid amounted to SEK 5,945 million. The dividend is primarily debt-financed.

PARENT COMPANY

The Company's revenue totalled SEK 5,805 million (7,227). Of this amount, revenue from subsidiaries accounted for SEK 0 million (0). The profit before financial items was SEK 2,192 million (4,044) and net financial income/expense was SEK -290 million (-1,073). The profit after financial items was SEK 1,902 million (2,971).

CAPITAL STRUCTURE

During 2015, the equity ratio in the Group, as a result of the decision on the additional distribution of SEK 6.5 billion, was adjusted to the owner's goals and at year-end amounted to 40.7 per cent (48.0). The stable result from management, along with unrealised changes in the value of properties, helped to maintain the equity

ratio at a satisfactory level. Return on equity remains steady and amounted to 15.0 per cent (15.5), which was largely due to the unrealised changes in the value of the properties.

YIELD AND TOTAL YIELD

The yield (excluding properties under construction) was 6.3 per cent (6.9) on assessed fair value. Yield targets in the market dropped in 2015 and properties have provided good risk-adjusted return compared with other assets. Total yield for 2015 was 10.9 per cent (13.4), where the difference compared with the direct yield is 4.6 percentage points (6.5) and comprises the change in value of the properties.

RETURN ON OPERATING CAPITAL

The yield on operating capital in 2015 was 6.9 per cent (7.3). The lower return on operating capital is due to the somewhat lower profit before financial items, but mainly because equity and borrowed capital together are larger than last year.

The owner's yield target is that the return on operating capital, excluding changes in value should be at least 6.5 per cent.

Owner objectives

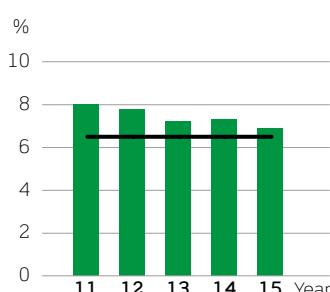


Return on operating capital should be at least 6.5 per cent (excluding change in value).

Dividend should be between 40 and 60 per cent of the profit for the year after tax, after reversal of changes in value and with related deferred tax.

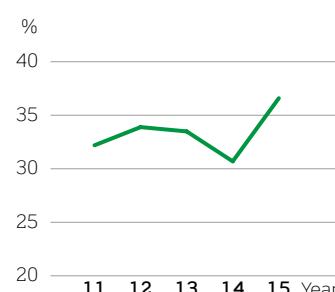
Equity ratio should be between 30 and 40 per cent.

RETURN ON OPERATING CAPITAL

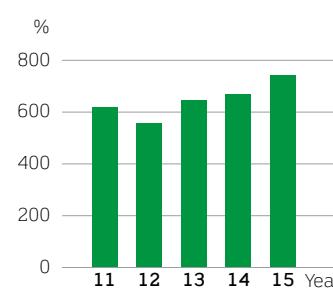


- Return on operating capital, %
- Target, %

LOAN-TO-VALUE RATIO



INTEREST COVERAGE RATIO



Five-year summary

	2015	2014	2013	2012 ⁴	2011
Income statements, SEK m					
Property management income	5,701	5,681	5,588	5,511	5,378
Operating costs	-771	-808	-889	-870	-885
Maintenance costs	-673	-621	-668	-564	-603
Property administration	-353	-326	-272	-278	-268
Net operating income	3,703	3,717	3,506	3,588	3,389
Change in value, properties	2,655	3,529	232	-291	361
Central administration costs	-35	-46	-73	-66	-45
Profit before financial items	6,323	7,200	3,665	3,231	3,704
Net financial income/expense	-182	-939	-390	-682	-452
Profit before tax	6,141	6,261	3,275	2,549	3,252
Profit for the year	4,780	5,215	2,568	3,149	2,394
Statement of financial position, SEK m					
Fair value, properties	66,575	61,437	57,557	54,677	52,071
Other assets	7,858	8,282	5,785	6,955	9,002
Equity	30,271	33,432	29,614	28,336	26,521
Interest-bearing liabilities	30,831	26,082	23,860	24,212	24,693
Other liabilities and provisions	13,331	10,205	9,868	9,084	9,859
Cash flow, SEK m					
Cash flow from current operations	2,485	3,161	3,060	2,126	2,017
Cash flow from investments	-2,204	-439	-2,459	-2,388	-1,898
Cash flow before financing	281	2,722	601	-262	119
Cash flow from financing	-534	-853	-1,159	-1,081	3,779
Cash flow for the year	-253	1,869	-558	-1,343	3,898
Property-related key figures					
Total yield, properties, %	10.9	13.4	7.2	6.8	7.8
of which direct yield, % ¹	6.3	6.9	6.8	7.1	6.9
of which change in value, %	4.6	6.5	0.4	-0.3	0.9
Rental revenue, SEK/sq. m.	1,728	1,715	1,664	1,644	1,599
Operating costs, SEK/sq. m.	242	252	276	272	277
Maintenance costs, SEK/sq. m. (including tenant adaptations)	211	194	208	176	189
Net operating income in relation to administration income, %	65	65	63	65	63
Net operating income, SEK/sq. m.	1,162	1,160	1,089	1,120	1,059
Level of vacant space, area, %	3.8	3.6	2.1	2.6	2.6
Level of vacant space, rent, %	1.1	1.2	0.9	1.0	1.2
Fair value, properties, SEK/sq. m. ²	19,238	17,471	16,188	15,504	15,220
Energy use, kWh/sq. m.	223	224	231	235	239
CO ₂ , kg/sq. m.	8	11	12	12	9
Financial key figures					
Return on equity after standard tax, %	15.0	15.5	8.8	6.9	9.2
Return on operating capital, % ³	6.9	7.3	7.2	7.8	8.0
Return on total assets, %	10.7	10.9	6.1	5.6	7.0
Interest-bearing net loan liability, SEK m	24,385	18,871	19,278	18,528	16,778
Equity ratio, %	40.7	48.0	46.8	46.0	43.4
Interest coverage ratio, %	743	671	647	558	619
Interest cost in relation to average capital in interest-bearing liabilities, %	1.2	5.0	2.6	4.2	3.0
Loan-to-value ratio, %	36.6	30.7	33.5	33.9	32.2
Internal financing level, %	132	278	124	93	112
Dividend, SEK m	1,290	1,445	1,374	1,355	1,245
Additional distribution, SEK m ⁵		6,500	—	—	—
Personnel					
Average number of employees	409	408	407	403	396
Employee Satisfaction Index, ESI	61	66	68	69	70

1) Excluding properties under construction.

2) Excluding the value of properties under construction and expansion reserves.

3) The owner's yield target is that the return on operating capital, excluding changes in value should be at least 6.5 per cent.

4) 2012 recalculated according to IAS 19R.

5) Decision at Extraordinary General Meeting on 19 October 2015.

Property valuation

As a result of the favourable property market and major investments, the assessed fair value of Akademiska Hus properties increased in 2015 by SEK 5,138 million to SEK 66,575 million as of 31 December 2015.

The value of Akademiska Hus' property holdings has grown in recent years, largely because it now provides its own construction services, but also because of the unrealised change in value due to the general market trend, as well as new and renegotiated agreements in connection with projects. Construction relates largely to improvements of existing space and the total fair value has increased in recent years, even though the number of square metres decreased or remained at even.

The fair value has been calculated by means of an internal property valuation covering all the Company's properties. The yield requirement is a key figure in the property industry and is used as a measure of risk. The risk exposure in Akademiska Hus' property portfolio has primarily been handled by variations in yield targets.

The property market remained positive during the year and interest in objects with long leases is strong. Around 89 per cent of Akademiska Hus' income derives from the

dominant customer group: colleges and universities. All centres of education, apart from Chalmers University of Technology, have the Swedish state as principal and thus have the highest credit rating. Akademiska Hus has a good geographical spread, though it is strongest in large cities and growth areas. Because the supply of community properties is relatively low, investors are also increasingly interested in more secondary objects and locations. The broadening of the market, in line with increased demand for community properties, will have a positive effect on the value of Akademiska Hus' property portfolio.

VALUATION METHODS

Akademiska Hus valuation models comply with good market practice in the property industry and the cash flows and yield targets that are used are justified based on both property-specific conditions and industry-specific conditions. The properties have been valued individually without any

account being taken of portfolio effects.

The estimated property value is composed of three types of valuation consisting of: properties valued according to an internal cash flow valuation (91 per cent), expansion reserves (2 per cent) and properties with uncertain future cash flows (7 per cent). Read Note 15 for more detailed information.

All property valuation involves estimation elements, which customarily is associated with some uncertainty. A normal uncertainty range in property valuation is +/- 5 to 10 per cent, which in Akademiska Hus' portfolio would be equivalent to approximately +/- SEK 3,300 million to SEK 6,600 million.

RESIDUAL VALUE RISK

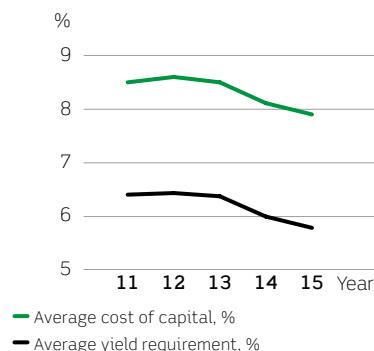
Akademiska Hus operates in a specific segment of the property market, which means that several of our properties are more adapted to specialist uses and consequently they have a slightly more uncertain residual

PROPERTIES

Change in property holdings, SEK m	31-12-2015	31-12-2014
Opening fair value	61,437	57,557
+ Investment in new construction and redevelopment	2,497	2,904
+ Acquisitions	2	100
+ Capitalised interest expense	108	134
- Sales	-33	-2,752
+/- Change in value, unrealised	2,564	3,494
Of which change in value due to a change in the cost of capital and yield requirement	1,245	3,070
Of which change in value due to adjusted value index (valuation status, average remaining term, property type)	256	-172
Of which capitalised interest expense	-108	-134
Of which other change in value	1,171	730
Closing fair value	66,575	61,437

SEK 60,660 million (91 per cent) of the fair value has been set by means of an internal cash flow valuation. Other properties have been valued individually using the most appropriate valuation method, see Note 15.

YIELD REQUIREMENTS AND COST OF CAPITAL



value than for more general properties, such as office buildings and residential buildings. Residual risk for our customised properties is quantified mainly in the form of charges to cash flow and in the direct yield target.

CHANGE IN VALUE 2015

Total change in value for the year was SEK 5,138 million (3,880), for a closing fair value, including construction in progress, of SEK 66,575 million (61,437). The unrealised change in value in the balance sheet was SEK 2,564 million (3,494).

INVESTMENTS, PURCHASES AND SALES

In 2015 several major projects were commissioned, including the Centre for Veterinary Medicine and Animal Science (VHC) in Ultuna outside Uppsala, Niagara in Malmö, the Ull Building in Ultuna and the School of Architecture at the Royal Institute of Technology (KTH) in Stockholm. Projects in progress at year-end include Biomedicum in Solna, which is one of Akademiska Hus' largest projects ever with a project framework of SEK 3.8 billion. Investments in new construction and redevelopment totalled SEK 2,497 million (2,904).

Only minor land acquisitions took place during the year.

VALUATION CONDITIONS AND CHANGED VALUE INDEX

To reflect the general rise in prices and demand for community properties, the yield targets and cost of capital in the internal valuation were lowered by between 0.05 and 0.35 percentage points in 2015. The average cost of capital was 7.9 per cent (8.1) and the average yield target was 5.8 per cent (6.0) after adjustment for stamp duty. The positive change in value due to the reduction amounted to SEK 1,245 million (3,070) in 2015.

In Akademiska Hus' valuation model, the cost of capital and yield targets are adjusted for each valuation building based on rental period, city, location, type of building, collectively referred to as the value index. The change in value for the year attributable to the changed value

index is SEK 256 million (-172). It is mainly the rental period that changes from year to year as contracts gradually expire and new leases are signed.

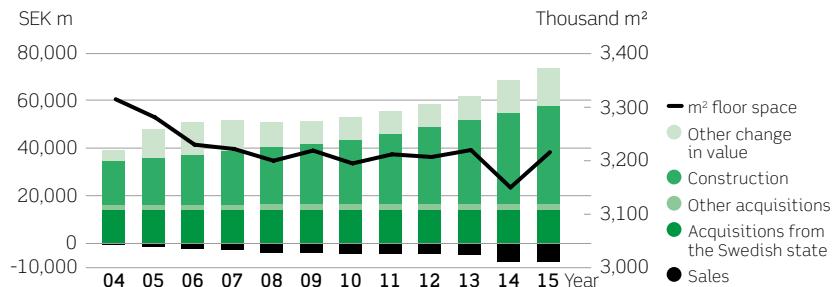
OTHER CHANGES IN VALUE

The post 'Other changes in value' refers to cash-flow related changes that derive from a change in net operating income. Change for the year amounted to SEK 1,171 million (730) and largely depends on new leases signed or renewed after renegotiation. Impairment losses arise when premises are vacated or when costs such as operation and maintenance increase.

EXTERNAL VALUATION

To assure the internal valuation, selected properties are also valued each year by external valuation companies. As of 30 September 2015, 74 valuation buildings and 25 building rights at a fair value of SEK 18,069 million were valued externally, corresponding to approximately 28 per cent of Akademiska Hus' total fair value. The valuations in 2015 were carried out by Cushman & Wakefield, as well as NAI Svefa, both of which are authorised by the Swedish Society of Real Estate Economics. The external valuations confirm the reliability of the internal valuation model.

PROPERTY PORTFOLIO'S ACCUMULATED VALUE GROWTH AND NUMBER OF SQUARE METRES FLOOR SPACE



SENSITIVITY ANALYSIS, PROPERTY VALUE

Change	Impact on fair value, SEK m ¹	Impact on fair value, percentage points
Rental revenue, +/- one percentage point	386	0.6
Vacant space, +/- one percentage point	398	0.6
Operating costs, +/- one percentage point	81	0.1
of which media provision	41	0.1
Cost of capital, + one percentage point	-4,112	-6.2
Cost of capital, - one percentage point	4,523	6.8
Yield target, + one percentage point	-5,084	-7.6
Yield target, - one percentage point	7,346	11.0

1) Refers only to properties subjected to discounted cash flow analysis.

Risks and risk management

Akademiska Hus is one of Sweden's largest property companies with a focus on knowledge environments designed for higher education and research. The company can strategically and operationally manage risks and opportunities, which is a requirement for continuing to create value and develop its role in society.

'Risk' in this case refers to a possible impact due to external events. Risk generally is not unequivocally negative with cost-driving effects, but rather is an expression of uncertainty. There is also a dimension of potential and opportunities that can be exploited.

The mandate from the owner stipulates that operations will be run on a commercial basis by setting rents that take operating risk into account. The yield targets will be achieved over time by leveraging opportunities and managing exposure to significant risks.

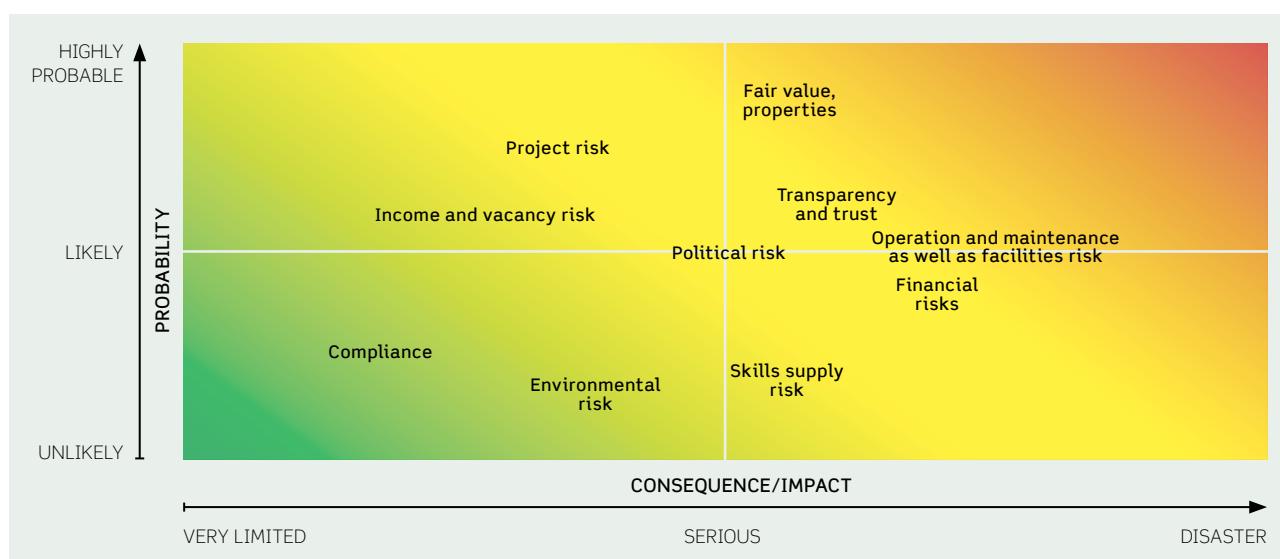
ANNUAL BUSINESS PLAN PROCESS
The risks identified in the business plan will be managed by applying Akademiska Hus' long-term strategy as the base, which

guides the company towards its established goals. Each year the Board of Directors addresses the strategy and decides on a new business plan. This work includes assessments of long-term trends, the competitive situation and the overall risk exposure of the Company's activities. Each year the Board Of Directors also adopts policy documents such as the sustainability policy, Code of Conduct, financial policy and procurement policy. Implementation and outcomes of the business plan are continuously monitored during the year to ensure compliance with planned activities and objectives.

FOCUS ON TRANSPARENCY IN PROCESSES AND RESPONSIBILITIES
In 2014 an internal risk inventory was conducted with representatives from all

business areas. The purpose was to ensure consensus on the major sustainability-related risks.

To further develop and expand the company's risk management a project was initiated in 2015 aimed at both shaping and implementing a company-wide process for managing risks, and at providing a risk management tool to clarify substantial risks and responsibilities in the organisation. The project included a comprehensive risk inventory in which risks were identified. The analysis included the probability of occurrence, possible consequence and the company's ability to manage the risk. One result of the inventory was a risk matrix that identifies the most important areas of risk on a comprehensive level.



Description of the most significant risks

Strategic risks

consist of external market factors that cannot be controlled, but whose negative impact could be limited.

Akademiska Hus' strategic risks are linked to property holdings on the Swedish market. Economic conditions, industry trends and education policy are examples of external factors that affect the company's ability to develop and manage the property portfolio.

Operating risks

mainly refer to the risks of financial consequences and consequences related to trust which ensue from shortcomings in internal procedures and systems.

As one of Sweden's largest property developers, Akademiska Hus has a large responsibility to formulate efficient processes, systems and controls.

Legal risks

encompass both ethical positions for our employees and our stakeholders, as well as good knowledge of the rules and laws that apply in construction and management.

Legal risks can usually be managed and limited through proactive risk management and clear procedures and instructions to employees and other stakeholders.

Financial risks

Exposure to financial risks derives from Akademiska Hus' capital structure. Financing activities mainly involve exposure to interest rate and refinancing risk.

Changes in the estimated fair value of Akademiska Hus' property portfolio constitute a risk that could affect the Group's financial performance. However, change in value does not affect cash flow, since it is an estimate and is not something that is realised. Fair

value is affected by both property-specific and macroeconomic factors, where changes in the cost of capital or yield targets are factors that affect the valuation most.

SENSITIVITY ANALYSIS, IMPACT ON PROFIT

Change	Impact on pre-tax profit, SEK m
Rental revenue, +/- one percentage point	55
Vacant space, +/- one percentage point	51
Operating costs, +/- one percentage point	8
of which media provision	5
Cost of capital, + one percentage point	-4,112
Cost of capital, - one percentage point	4,523
Yield target, + one percentage point	-5,084
Yield target, - one percentage point	7,346

A more detailed sensitivity analysis can be found in Note 2 on page 69 and Note 15 on page 79.

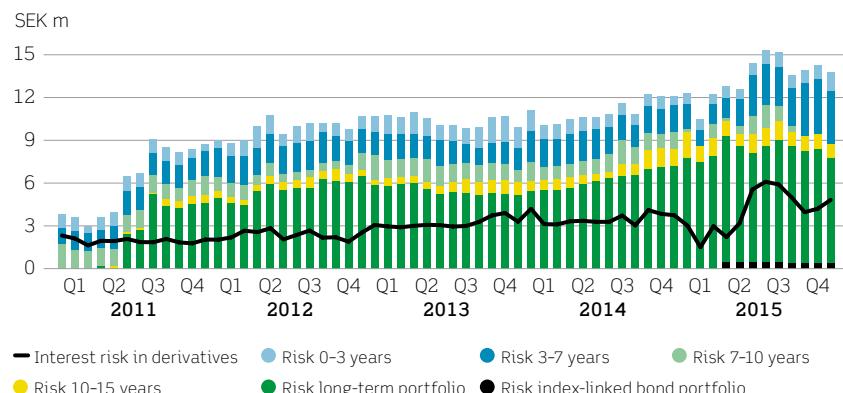
STRATEGIC RISKS	DESCRIPTION	MANAGEMENT
FAIR VALUE OF BUILDINGS	A change in the fair value of the properties affects the company's financial performance, but also serves as an unrealised profit that does not affect cash flow. Fair value is influenced by market trends, yield targets, rent trends and vacancy rates, as well as new construction, additions and renovations. The cost of capital and the yield targets used to calculate fair value are affected by factors such as city, location, rental period and type of premise for each property.	Our core business of properties for higher education and research has been established for many years. A large share of the property portfolio is located in cohesive campuses that are intended for educational and research purposes. The buildings often have long lease terms with a high probability of renewal. Akademiska Hus engages in continuous business development, updating and modifying the property portfolio through purchases, sales and investments in new construction and redevelopment. The risk profile and business opportunities of the property portfolio are analysed regularly. A presence primarily in university cities entails a concentration of the property portfolio to markets with development potential and good sales opportunities. Because lease terms are long, changes in value demonstrate less variation when yield targets change. The properties are insured for their full value.
TRANSPARENCY AND TRUST	Akademiska Hus is a state-owned company. Gaining the trust of the owner and the public places demands on exemplary conduct and transparency in matters such as rent setting, planning and development of campuses and the company's sustainability efforts. By acting transparently, good relations can be achieved, with a positive impact on the company's financial performance.	We conduct a continuous dialogue with our stakeholders, on many different levels, to identify and understand the needs and expectations placed on Akademiska Hus and the projects we deliver, and to provide the information that is required in a clear and credible way. We also work continuously with understanding and insight relating to our values and corporate culture, both internally and with our suppliers.
INCOME AND VACANCY RISK	Cash flow from the property business is an expression of how efficient the business is given certain conditions. Ultimately, it is the expectations of future cash flows, in terms of net operating income that determines growth in value of the property portfolio. Future cash flow from operations is affected by the design of the properties and the ability to adapt to meet future needs of both existing and new customers. In recent years, the interest of private property companies in community properties, strong regional players and increased client demands have contributed to intensified competition.	Akademiska Hus strives to achieve generally designed facilities that can be redesigned for alternative usage. The specially adapted buildings for research and development often have long lease terms with a high probability of renewal. Colleges and universities, which are essentially government-financed, are the source of 89 per cent of our revenue. The risk of reduced income over time and non-payment is therefore low. There is also a good spread of renewal dates on lease agreements. Investing in properties requires leases to be signed before construction begins. Taken together, this gives a low risk of vacancy. To respond to increased competition, we must be able to quickly meet customer needs for premises with attractive locations and design. At the same time Akademiska Hus' efficiency and expertise are challenged. To meet this challenge we conduct market analyses and engage in dialogue with customers and the surrounding community. A major focus has also been placed on developing internal procedures and working methods.
POLITICAL RISK	The operation is affected by Government policies in general and education policy in particular. A change in this brief from the owner, the Swedish state, could entail both risks and opportunities. Changes in national and international energy policy could have an impact on the Company as a major energy user.	The risk scenario can be kept up to date through a systematic business intelligence analysis. From a short-term perspective, our ability to manage such exposure is limited, but a long-term perspective usually allows scope for action and opportunities to make a difference. We engage in continuous dialogue with our owner to ensure consensus on goals and strategies.

OPERATING RISKS	DESCRIPTION	MANAGEMENT
PROJECT RISK	<p>Each year Akademiska Hus invests billions of SEK to build new and develop existing properties.</p> <p>In order to staff and run all construction projects, with both our own and external employees, project activities need to be conducted efficiently in a safe and secure working environment.</p> <p>In light of its role as a major developer, Akademiska Hus has a great responsibility in the purchasing area. The actions of our suppliers affect both our company and society.</p>	<p>Investments begin only after we have agreements with tenants that justify the investment. Construction cost risk is limited to the greatest extent possible contractually in relation to both entrepreneur and tenant.</p> <p>Risks linked to the physical design and implementation are minimised by project briefings, thereby contributing to good governance and monitoring. A high level of expertise and structured sustainability initiatives, including the objective of achieving an accident-free workplace, provide higher cost effectiveness and quality. Analysing scenarios resulting from the effects of future climate change are part of the plan to adapt planning guidelines and existing buildings.</p> <p>We encourage our suppliers to act in compliance with our Code of Conduct. By continuously following up on the work of suppliers, we can ensure that they comply with our requirements.</p>
OPERATION AND MAINTENANCE AS WELL AS FACILITIES RISK	<p>A focus on operation and maintenance costs is important for the net operating income ratio of the properties and thus their fair value. A large proportion of operating costs are energy costs, which have substantial seasonal variations and are affected by conditions at the global level. Neglected maintenance can lead to higher maintenance costs in the long term.</p> <p>Several of our customers have advanced and sensitive activities; consequently disruptions in operations, both temporary and long-term, can have serious consequences.</p> <p>There is a risk that the future price of electricity, including currency effects, will have a negative impact on the Company's operating costs.</p>	<p>To ensure high level of operational reliability, each building has a maintenance plan, which leads to cost-effective maintenance of the properties. We engage in dialogue with our customers to learn about their activities in order to achieve high operational reliability and prevent disruptions.</p> <p>Akademiska Hus works actively to hedge future electricity prices, providing greater security regarding future costs. There is a long-term price hedging strategy. The risk approach and mandate for handling the electricity price risk is governed by the guidelines for purchasing electricity. Trade in physical electric power (spot) and financial price-hedging instruments takes place through Nord Pool. To limit the counter-party risk, all financial trading is cleared through Nord Pool.</p>
SKILLS SUPPLY RISK	<p>Today there is strong competition and high demand for skills in property management as well as in construction and project management. Akademiska Hus builds and manages campuses, which places great demands on both scope and cutting edge expertise in several areas.</p>	<p>We cooperate with several vocational colleges and training programmes, participating in activities in the industry to encourage young people to find work in the property and built environment sector.</p> <p>We actively work to ensure attractive working conditions with good skills development and duties that encourage growth. Our safety culture is a high priority and we aspire to be the industry leader.</p>
ENVIRONMENTAL RISK	<p>When developing campuses, as well as in new construction and redevelopment, it is important to plan the change in such a way that responsibility is taken for ensuring that materials and resources are used in a responsible manner. Management of a property portfolio is associated with the risk of adverse environmental impact if it is not done wisely.</p>	<p>Akademiska Hus works with long-term strategic development of campuses by formulating campus plans with a strong focus on sustainability.</p> <p>All new construction and major renovations are environmentally certified according to the Miljöbyggnad system, for at least a silver rating. Materials are assessed with regard to their impact on the environment through the Byggvarubedömningen (BVB) scheme. Resource and energy efficiency initiatives are conducted throughout the operation.</p> <p>The company is certified to ISO 14001 for the environment and AFS 2001:1 for the working environment.</p>

LEGAL RISKS	DESCRIPTION	MANAGEMENT
COMPLIANCE	Compliance with applicable laws and regulations affecting our business is of great importance to Akademiska Hus to avoid unnecessary costs and to ensure that we set a good example as one of Sweden's largest property companies.	Akademiska Hus' Code of Conduct offers guidance on appropriate behaviour. Each year, managers and employees engage in a dialogue on compliance with the Code of Conduct. We also encourage our partners to act in compliance with the Code. The Company has established an ethical council and whistle-blower procedures. The Council addresses issues raised by employees related to the ethical guidelines. The whistle-blowing system is completely independent of the Company and both employees and external partners can use it to report suspected irregularities.
FINANCIAL RISKS	DESCRIPTION	MANAGEMENT
INTEREST RISK	Risk that profit will vary because of changes in market rates.	Fixed interest mandate for the basic portfolio: 2-6 years. Long-term bond portfolio: maximum of 20 per cent of total portfolio, index-linked bond portfolio maximum of 10 per cent.
REFINANCING RISK	The risk that the cost is higher or financing potential is limited when loans are due to be refinanced.	A maximum of 50 per cent of the total loan volume may fall due for renewal within a 12-month period.
CREDIT AND COUNTER-PARTY RISK	The risk of a loss because a counter-party does not meet its undertakings.	The credit limit is based on the rating and the term of the commitment. ISDA agreements are always signed before derivative transactions are carried out. CSA agreements are desirable.
CURRENCY EXPOSURE RISK	Risk that exchange rate changes affect the Income Statements and Balance Sheets.	When financing in a foreign currency, the exchange rate risk must be eliminated.

The exposure to financial risks derives from the capital structure; i.e., the distribution between loans and equity. Financing activities mainly involve exposure to interest rate and refinancing risk. In a normal situation, financial markets price in long-term fixed interest periods and maturities at higher risk premiums than short-term. The objective of risk management is therefore to balance the additional costs of long-term fixed interest periods and maturities, and thus limit the uncertainty, against savings of more short-term fixed interest periods and maturities, and accept greater uncertainty. The risk analysis also includes identifying and utilising opportunities that arise in financial markets. For a more detailed description of financial risk management, see the financing section on pages 44–46 and Note 33 on pages 87–89.

INTEREST RISK, NET LOAN LIABILITY, SEK MILLION PER BASIS POINT



The total interest rate risk of the debt portfolio is measured for both loans and interest rate derivatives. According to market practices, risk is expressed in terms of change in present value for an interest rate change of 0.01 per cent, or one basis point, with a parallel shift in the yield curve.

Financing

The lax monetary policy continued to influence financial markets in 2015. One result was upward pressure on risk premiums in credit markets. The increased need for financing led to a higher level of activity in the bond market. Twelve issues raised a total of SEK 8 billion during the year.

FINANCIAL MARKET IN 2015

Global growth continued to improve in 2015, particularly in the US and Europe. Emerging economies that previously contributed to the positive trend have begun to sputter as commodity prices have fallen and their wealth accumulation has slowed. Falling prices for key commodities that would normally be interpreted as promoting growth and a positive factor now appear to be challenges due to subduing inflation. The added uncertainty produces volatility in financial markets and the risk that this could have repercussions in the real economy and interfere with the continued stable recovery. The growing political uncertainty in oil-producing countries can be particularly destabilising.

The growing debt in the global economy represents a continued challenge with increasing vulnerability to economic downturns and rising interest rates. There is considerable uncertainty as to whether the growth rate is sustainable in the long term. Developments in China are becoming increasingly influential in financial markets and question marks were raised in 2015 about the Chinese economy, which with its lack of transparency is difficult to analyse. The devaluation of the Chinese currency has increased exposure to deflationary impulses through trade.

The central banks continued to pursue the extraordinarily loose monetary policy in 2015, with both extremely low policy rates and purchases of government bonds. The purpose has been to bring up inflation and inflation expectations. Although the US Federal Reserve raised interest rates in December, in line with expectations, the return to more normal interest rate levels will

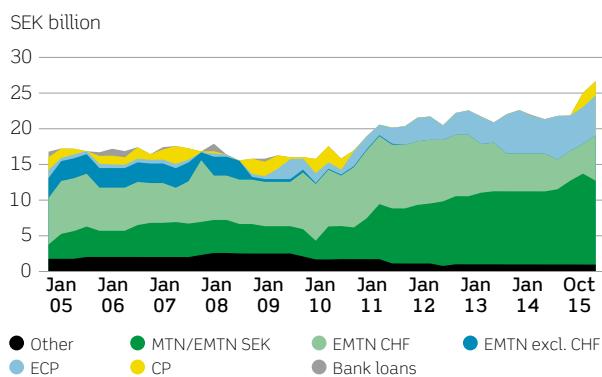
likely be gradual. In this environment with the underlying tendency towards disinflation, the potential for rising long-term interest rates is considered to be limited. Higher risk premiums and reduced liquidity have been noted in the fixed income markets.

The permanently too low inflation is still a problem for the Riksbank with the strict price stability objective. The continued joint focus among most of the central banks to promote increased inflation through the currency limits the Riksbank's ability to pursue an independent and more restrictive policy in this low-inflation environment. In 2015, the Riksbank surprised analysts by not only continuing to lower the repo rate down into negative territory, but also by initiating the purchase of government bonds.

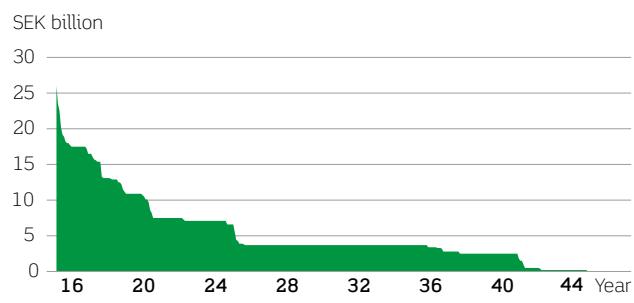
DEBT MANAGEMENT IN 2015

Conditions in the international fixed income market have continued to be uncertain with generally rising risk premiums, especially during the second half of the year. One important explanation is the extraordinary circumstances with negative interest rates in short- and medium-term maturities that require risk premiums to generate any return at all. At the same time that the central banks are pursuing a highly expansionary policy, however, regulatory changes in the financial system are having a restrictive and cost-driving effect. The time horizon for monetary tightening was gradually moved forward during the year and the negative repo rate reached a record low of minus 0.35 per cent in July. In the current market, availability of liquidity has been very good with favourable pricing for borrowers with good credit.

FINANCING SOURCES



DEBT MATURITY STRUCTURE



The adjustment of Akademiska Hus' capital structure approved by the owner and the financing of the additional distribution have been the dominant issues during the year. The change prompted a review and several adjustments to the risk mandate since this increase in indebtedness takes place in an extraordinary situation in the credit market with low interest rates and rising risk premiums. With good foresight it was possible to obtain financing within the established structure of the public financing programmes. The additional distribution of SEK 4,500 million was financed during the fourth quarter and SEK 2,000 million remains during the spring of 2016. The equity ratio at year-end was 40.7 per cent and SEK 2,000 million comprised a non-interest bearing debt to the owner. Additional committed credit facilities of SEK 2,000 million were arranged. Standard & Poor's confirmed that Akademiska Hus would retain its AA/A-1+ rating with stable outlook in conjunction with the change.

Activities in the financial market have been significant and Akademiska Hus was able to raise a total of approximately SEK 8,000 million through twelve bond issues in 2015, including SEK 4,100 million in refinancing and SEK 3,900 million new financing.

The issues represent an extremely broad spectrum in terms of maturity, from the shortest at 2.5 years to the longest at 30 years. The amounts have varied from SEK 220 million to about SEK 2,200 million. Of these issuances, SEK 2,600 million originate from non-Swedish markets. After a prolonged absence, a ten-year issue in the Swiss market raised CHF 250 million (around SEK 2,200 million). Diversification of interest risk exposure was also achieved through two index-linked bonds totalling SEK 900 million.

Once again, the ECP programme was the main short-term source of funding in 2015 and it was supplemented with some issues on the commercial paper programme. To ensure adequate liquidity prior to the autumn's additional distribution and refinancing of bonds, investments in cash and bank balances were maintained at a high level.

Prior to the planned increase in the debt portfolio the fixed interest period was extended to offset the somewhat asymmetric risk picture with medium-term rising long-term interest rates. The fixed interest period in the basic portfolio was thus maintained over the year. Unlike the clear downward trend in 2014, interest rates have been somewhat more stable in 2015. Interest rate deriv-

atives continue to serve as an important means to maintain the fixed interest period.

OUTLOOK FOR FINANCING ACTIVITIES IN 2016

The new year began with unexpected turbulence on financial markets. The reasons are multifaceted and derive in part from genuine uncertainty about actual developments in the Chinese economy and its continued economic policy. In addition, the falling trend from 2015 for commodity prices – and oil prices in particular – continues, accompanied by uncertainty. Consequently the world's central banks face continued challenges since the recovery and upturn in inflation and inflation expectations have yet to appear. The Riksbank cut the repo rate once again in February to minus 0.5 per cent. The period of extremely lax monetary policy, with the central banks jointly promoting continued expansionary conditions, will probably be considerably longer than was previously expected. Thus, the challenges in the financial markets persist and investors face continued trials in their efforts to find returns. Consequently there is a risk that the credit risk premiums which rose in the autumn of 2015 may persist.

The challenge for debt management in this environment involves dealing with continued growth of debt when credit risk premiums remain in place. Continued steep yield curves place demands on proactive interest rate risk management.

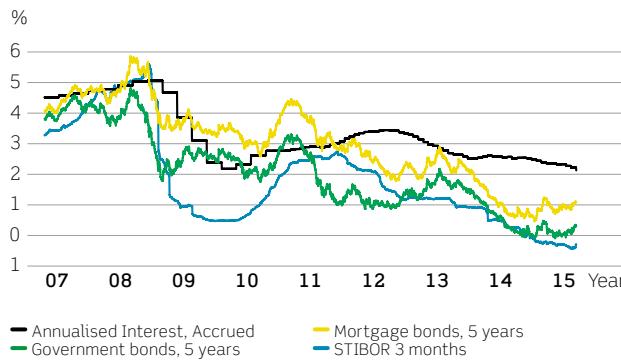
In 2016, the refinancing need consists of maturing bonds of SEK 2,100 million, as well as short-term financing in the ECP and certificate market of SEK 7,600 million. In addition, the final instalment of the additional distribution of SEK 2,000 million remains to be paid. Investments in the property projects portfolio are increasing and are estimated at about SEK 3,500 million. At year-end cash and cash equivalents amounted to SEK 4,300 million.

FINANCING POLICY, STRATEGIES AND OBJECTIVES

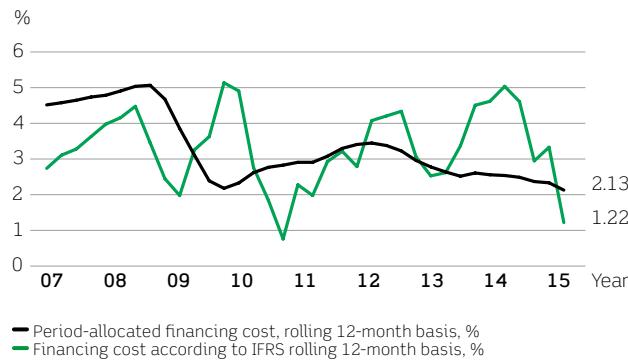
Akademiska Hus carries on active debt management where the strategy is to weigh up the financial risks against the desired low financing cost over time. The two key policy documents adopted by the Board are:

- Finance Policy: Describes the long-term strategic orientation, the Group's approach to financial risks and the mandate to handle these risks, as well as the allocation of liability.

INTEREST RATE TRENDS AND AKADEMISKA HUS' FINANCING COST



COMPARISONS, DIFFERENT CALCULATIONS OF FINANCING COST



- Plan for handling financial risks (risk plan): Justifies annual mandates for financial risk management in the light of the risk scenario and existing exposure. Also includes analysis of developments in financial markets, including both opportunities and challenges from the point of view of debt management.

The financing objectives are:

- Use centralised financial management to leverage economies of scale and facilitate efficient handling of exposure to financial risks within the Group.
- Use the strong financial position and good rating, within the framework of the risk mandate, to achieve as low a financing cost as possible.
- Use public financing programmes to maintain stable and continuous access to cost-effective financing in relevant markets.

FIXED INTEREST PERIOD AND MATURITY IN SUPPORTFOLIOS

In order to structure debt management and to distinguish three different mandates for managing interest rate risk, the debt portfolio is divided into three portfolios:

- Long-term portfolio – bonds with fixed interest and maturity terms in excess of 15 years.
- Index-linked bond portfolio – bonds linked to the real interest rate.
- Basic portfolio – remaining portion of commercial paper, loans, bonds and interest rate derivatives.

This division allows effective interest rate risk management, where different motives for fixed interest period and maturity can be leveraged more systematically.

FIXED INTEREST PERIOD AND MATURITY

	Fixed interest, years, Dec. 2015	Fixed interest, years, Dec. 2014	Maturity, years, Dec. 2015	Maturity, years, Dec. 2014
SEK m	2015	2014	2015	2014
Long-term portfolio	3,619	24.7	25.6	24.7
Basic portfolio	19,475	3.6	3.4	2.6
Index-linked bond portfolio	900	6.8	—	6.8
Total portfolio	6.9	7.1	6.1	5.8

MATURITY STRUCTURE FOR FIXED INTEREST PERIODS AND NET DEBT MATURITY AS OF 31 DECEMBER 2015

Year	Maturity, SEK m	Fixed interest, SEK m
2016	6,847	7,896
2017	1,000	1,364
2018	3,408	1,600
2019	2,120	2,120
2020	870	2,250
2021	2,579	2,750
2022	0	1,200
2023 and later	7,561	5,205
TOTAL	24,385	24,385

FORMS OF FINANCING AND RATING

Exposure to the various financial risks is managed within each mandate adopted annually in the risk plan. The choice of fixed interest period and the percentage of the long bond portfolio has a large impact on net interest income and expense.

FINANCING PROGRAMMES AND RATING

	Rating Standard & Poor's	Framework 2015	Utilised 2015	Material contractual terms and conditions
Committed credit facilities in bank		SEK 4,000 m	0	—
Commercial paper	A1+/K1	SEK 4,000 m	SEK 2,000 m	—
ECP (Euro Commercial Paper)	A1+	EUR 1,000 m	EUR 605 m	—
MTN (Medium Term Note) ¹⁾	AA	SEK 8,000 m	SEK 1,120 m	Owner clause
EMTN (Euro Medium Term Note)	AA/A1+	EUR 3,000 m	EUR 1886 m	Owner clause

1) Not updated since 2009.

FINANCING COST

Net interest income and expense amounted to SEK -182 million (-939) during the period, of which SEK 165 (-548) relates to changes in value of financial derivatives. SEK 297 million (-383) of the change in value is unrealised and SEK -132 million is realised (-165). The changes in value can be explained by somewhat rising market interest rates and steeper return curves. Net interest income and expense is equivalent to an interest cost of 1.2 per cent (5.0) during the period, in which the changes in value correspond to a reduction in interest expense of 0.7 percentage points (increase 2.6). Interest-bearing net loan liability increased by SEK 5,514 million during the year and amounted to SEK 24,385 million. The interest coverage ratio, calculated on the cash flow impact of net interest income and expense, amounted to 743 per cent (671).

FINANCING COST, BREAKDOWN

	2015	2014	2013	2012	2011	2010
Loan financing cost, including charges, %	1.38	2.01	2.24	2.75	2.78	1.21
Interest swaps, net interest, %	0.58	0.42	0.39	0.40	0.44	0.96
Financing cost, %	1.96	2.43	2.63	3.15	3.22	2.17
Changes in value, financial derivatives, %	-0.74	2.61	-0.01	1.06	-0.23	-0.33
Total financing cost, %	1.22	5.04	2.62	4.21	2.99	1.84

Since derivative financial instruments account for a significant proportion of the fixed interest period, variations in the outcome of net interest income and expense will become noticeable during periods of major interest rate changes. The diagram on page 45 presents a comparative calculation in which the present value effect of changes in value, both realised and unrealised, is placed against the remaining term of the instruments.

Corporate Governance Report

Akademiska Hus AB (publ) is a property company that is wholly owned by the Swedish state. The Company applies the Swedish Code of Corporate Governance and the State's ownership policy and guidelines for companies with state ownership. This corporate governance report describes the structure and processes for governance, management and control.

FOUNDATIONS OF CORPORATE GOVERNANCE AT AKADEMISKA HUS

Akademiska Hus AB applies the Swedish Code of Corporate Governance (the Code) which aims to strengthen confidence in Swedish companies by promoting positive development of corporate governance in these companies. In the spirit of the Code, Akademiska Hus formulates policy documents and procedures to ensure transparency, a clear allocation of responsibility between different Company bodies and that the Board discharges its duties effi-

ciently. Since the company is wholly owned by the Swedish state, certain provisions of the Code do not apply, as it is primarily written for companies with diversified ownership. See the deviations from the Code on page 48.

Akademiska Hus' remit is to own, develop and manage properties for colleges and universities, where the primary focus is on education and research, as well as activities compatible therewith. Long-term and sustainable development permeate Akademiska Hus and its efforts to contrib-

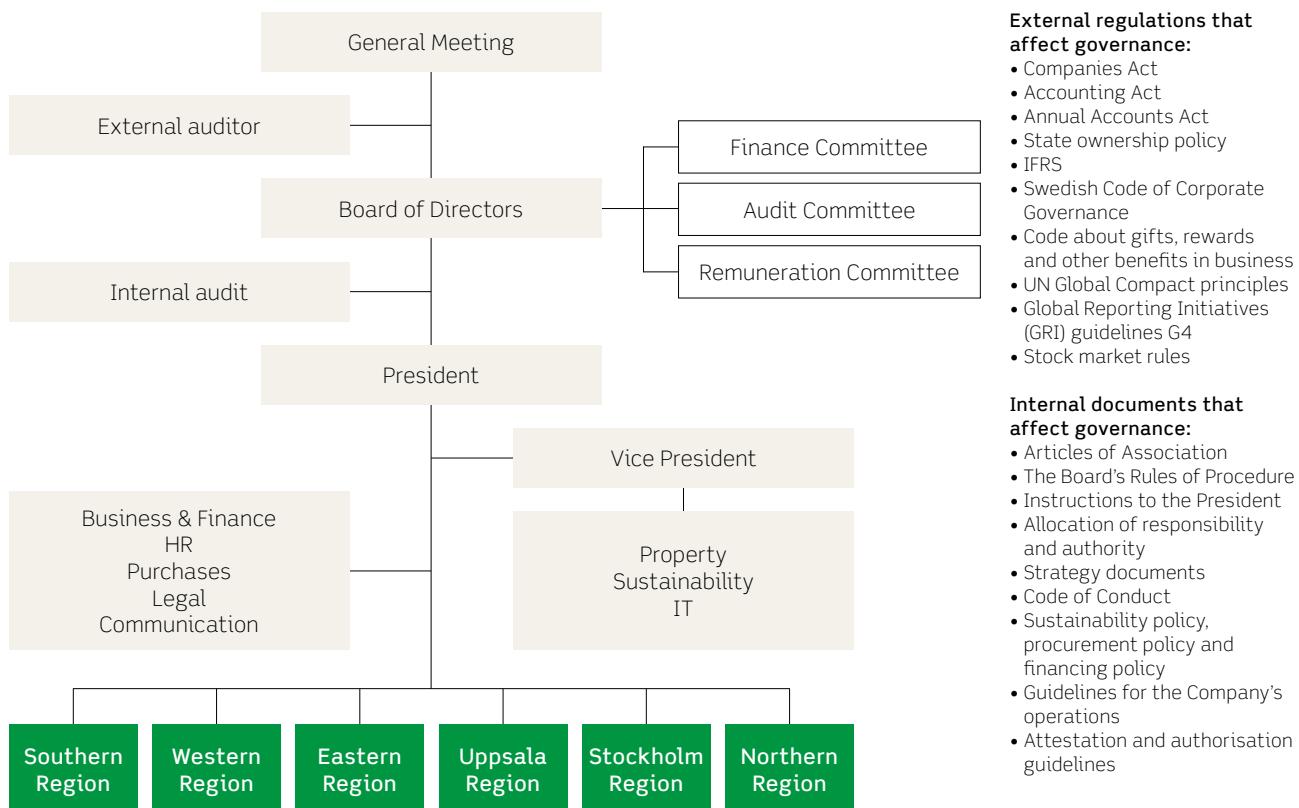
ute to strengthening Sweden as a nation of knowledge.

Owner objectives

The owner has three financial objectives for Akademiska Hus; read more on page 35.



Governance and organisational chart



GENERAL MEETING

The General Meeting is the highest decision-making body at Akademiska Hus. The shareholder exercises its influence at the General Meeting. Members of the Riksdag and the public have the right to participate. Members of the Riksdag must report their intention to participate at the AGM to the Company.

Annual General Meeting 2015

According to the State's ownership policy, Akademiska Hus must hold its Annual General Meeting before 30 April each year. The notice is published on the Company's website. The Annual General Meeting was held on 28 April 2015. The Chairman of the Board of Akademiska Hus, Eva-Britt Gustafsson, convened the meeting and was appointed to run it. Also present were Malin Fries, shareholder representative, Kerstin Lindberg Göransson, President, Michael Walmerud, Vice President, Björn Flink, authorised public accountant, KPMG, and Carolin Åberg Sjöqvist, secretary. In addition, all members of the board were present.

Decisions at the 2015 Annual General Meeting

First, the meeting adopted the income statement and balance sheet for the Parent Company and the Group for the 2014 financial year.

In addition, the AGM approved the Board's proposal for profit distribution, which entails a dividend of SEK 1,445,000,000 to the owner. The principles for remuneration and other terms of employment for senior executives were adopted. These principles and terms are in line with the 'Guidelines for terms and conditions of employment for senior executives in state-owned companies', which the Government passed on 20 April 2009. The AGM also resolved to amend the Articles of Association to add the location in which the general meeting can be held. The Annual General Meeting also resolved to reduce the Parent Company's share capital by a total of SEK 5,000,000,000 for allocation to non-restricted equity. In addition, the Annual General Meeting approved bonus issues of a total of SEK 5,000,000,000 by raising the value of properties.

Extraordinary General Meeting 2015

The Company held an Extraordinary General Meeting on 19 October 2015. The Meeting resolved that Akademiska Hus AB would pay an additional distribution of SEK 6,500,000,000.

Annual General Meeting 2016

The Annual General Meeting will be held in Stockholm on 28 April 2016.

AUDITORS

Procurement of auditors took place in 2013/2014. At the 2015

Annual General Meeting it was decided to elect KPMG AB as auditors for the period up to the end of the 2016 Annual General Meeting, which appointed authorised public accountant Björn Flink to serve as auditor in charge. The fee to the auditors during the year was paid as billed.

INTERNAL AUDITOR

Akademiska Hus has an internal audit function comprising an employed internal auditor. The internal auditor reports directly to the Company's Board of Directors.

The work of the internal audit function is based on a risk analysis that is made at least once a year and which is updated as necessary. An internal audit plan is adopted by the Board of Directors prior to each financial year.

BOARD OF DIRECTORS

The Board of Directors is responsible for the organisation and for management of the affairs of the company. The Board of Directors convenes the Annual General Meeting. The work of the Board is governed by the Rules of Procedure adopted by the Board of Directors each year. The Rules of Procedure lay down the Board's working methods and instructions for the Board's committees.

Nomination process

Akademiska Hus applies a structured nomination process in conjunction with the appointment of Board members and auditors. The nomination process for board members is conducted and co-ordinated by the state ownership unit at the Ministry of Enterprise and Innovation. Members are selected from a broad recruitment base.

The nomination process is presented in the Government's ownership policy. Board membership requires a high level of expertise within relevant current business operations, business development, industry know-how, financial issues, or in other relevant areas. In addition, there should be a strong sense of integrity and a capacity to act in the Company's best interests.

Composition of the Board of Directors

The Board of Directors for Akademiska Hus consists of eight members elected by the General Meeting, as well as two members who represent the employees of the Company. The composition of the Board should be such that the Board always has knowledge of the industry or other know-how relevant to the Company. The composition should also be such that a balance is achieved in terms of background, age and gender. The Articles of Association do not contain any stipulations regarding appointment or dismissal of Board members.

DEVIATIONS FROM THE CODE

NOMINATION (CODE RULES 1.3-1.4, 2.1-2.7, 4.6, 8.1 AND 10.2)

The Code has mainly been prepared for companies with a spread of ownership. At such companies, the election committee is in the first instance a body for shareholders to prepare decisions regarding appointments. For state-owned companies, the rules regarding an election committee are replaced by principles governing a structured nomination process according to the Government's ownership policy.

REPORTING OF THE INDEPENDENCE OF BOARD MEMBERS (CODE RULE 4.5)

The purpose of this code rule is to protect minority shareholders in limited liability companies, which is not applicable to wholly state-owned companies.

Board of Directors

**EVA-BRITT GUSTAFSSON**

Chair since 2007. Chair of the Audit and Remuneration Committee.

Year of birth: 1950.

Other positions: Board member of Svenska Spel AB.

Previous positions: President of Apoteksgruppen i Sverige Holding AB and Apoteksgruppen i Sverige AB, Bank Director, Nordbanken; Vice President Securum Finans AB, President of Venantius AB; President of Apoteket Omstrukturering AB.

Education: MBA.

**BRITTA BUREAU**

Member since 2014. Chair of the Finance Committee

Year of birth: 1964.

Position: President of Nordea Liv since 2004.

Other positions: Board member of Svensk Försäkring and Nordea Liv Fastighet Holding AB.

Previous positions: Accenture 1992-2004.

Education: MSc and MBA.

**OLOF EHRLÉN**

Member since 2011.

Year of birth: 1949.

Other positions: Board member of Wingroup AG and Instalco Holding AB, Chair of Svevia AB and advisor to FSN Capital.

Previous positions: President and CEO of NCC AB.

Education: MSc Eng.

**THOMAS JENNLINGER**

Employee representative (Ledarna union) since 2008.

Year of birth: 1956.

Position: Operating manager at Akademiska Hus Uppsala.

Education: Production engineering studies.

**ANDERS LARSSON**

Employee representative (SEKO) since 2009.

Year of birth: 1963.

Position: Operating engineer at Akademiska Hus Stockholm.

Previous positions: Employee representative (SEKO) Akademiska Hus Stockholm AB, 1998-2009.

Education: Production engineering studies.

**INGE LA LINDH**

Member since 2014.

Year of birth: 1959.

Position: Deputy city manager and CEO of Stockholm Stadshus AB.

Other positions: Board member of the Royal College of Music, Board member of Sweden Green Building Council.

Previous positions: Director of City Planning, Stockholm. President of AB Stockholmshem.

Education: Architect MSA.

**LEIF LJUNGQVIST**

Member since 2012.

Year of birth: 1971.

Position: Company manager at the State Ownership Unit at the Ministry of Enterprise and Innovation.

Other positions: Board member of Apoteket AB, Samhall AB and Statens Bostadsomvandling AB.

Previous positions: Board member of AB Svensk Bilprovning, Vasallen AB and AB Bostadsgaranti. Stock market analyst Kaupling Bank, Nordiska Fondkommission and Hagströmer & Qviberg.

Education: MBA.

**PIA SANDVIK**

Member since 2011.

Year of birth: 1964.

Position: President of Länsförsäkringar Jämtland.

Other positions: Chair of RISE AB. Member of the board of the Strategic Research Council, Länsförsäkringar AB and the IVA Industry Council. Member of the board of IVA.

Previous positions: Vice-Chancellor of Luleå University of Technology and Pro Vice-Chancellor of Mid Sweden University.

Education: PhD. in engineering

**GUNNAR SVEDBERG**

Member since 2009.

Year of birth: 1947.

Other positions: Member of the board of Kemakta Konsult AB and the Göran Gustafsson Foundation for Scientific and Medical Research. Member of the board of IVA and KVVS in Gothenburg.

Previous positions: President of Innventia AB, Vice-Chancellor of University of Gothenburg and Mid Sweden University and Deputy Vice-Chancellor of the Royal Institute of Technology.

Education: PhD. in engineering Professor of Energy Technology.

**INGEMAR ZIEGLER**

Member since 2007.

Year of birth: 1947.

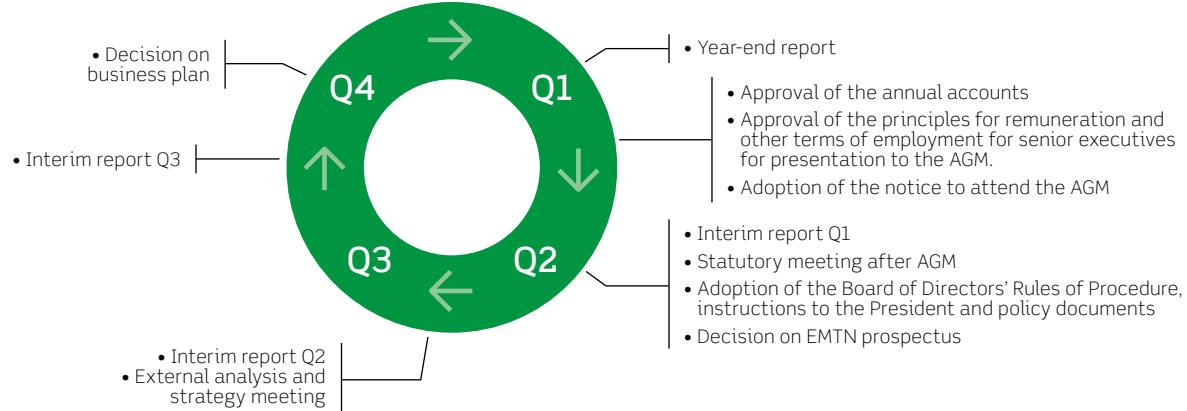
Other positions: Stockholm Concert Hall and the Clara Foundation.

Previous positions: President of AB Storstockholms Lokaltrafik, Locum AB, Diösforvaltning, Stockholms Mark- och Lokaliseringssbolag. Finance Secretary, City of Stockholm.

Education: BA.

AUDITORS, KPMG AB, BJÖRN FLINK, LEAD AUDITOR

Born 1959. MBA. Lead auditor at Akademiska Hus since 2014. Authorised public accountant. Other audit assignments, selection: Hemfosa Fastigheter, Axfast and Stenvälvet. Directorships: Member of the board of KPMG AB, FAR, the trade association for auditors, accounting consultants, and advisers.

BOARD OF DIRECTORS – WORKING CYCLE

Work of the Board of Directors in 2015

The work of the Board of Directors follows the above cycle each year, with Board meetings scheduled at specific times. The Board's working year begins at the statutory meeting in the spring. The agenda for that meeting includes appointing members to the Board committees and adoption of important policy documents.

- April – Statutory meeting is held following the AGM, usually in late April.
- May – International bond programme (EMTN prospectus).
- June – Strategy meeting.
- June – Investment matters.
- July – Interim report January–June.
- September – Investment matters.
- October – Interim report January–September and investment matters.
- December – Adoption of business plan and investment matters.
- February – Year-end report and investment matters.
- March – Adoption of annual report and sustainability report, as well as agenda for the Annual General Meeting.
- April – Interim report January–March and investment matters.

In 2015 the Board held fourteen (14) meetings at which minutes were taken. In addition to regular meetings, extra meetings are scheduled when necessary, such as occasions when investment decisions require Board approval. The attendance by the members of the Board of Directors is presented in the tables below. At regular meetings the President presents a report on significant events involving the Company and the committee chairs present reports from the committee meetings that were held between Board meetings. Several of the Board meetings in 2015 were held on site at the centres of education and were combined, as far as possible, with meetings with the management of these centres. The Board of Directors visited the following centres of education: the Lund Campus, Frescati in Stockholm, Medicinareberget in Gothenburg and the Solna Campus. Extra meetings are held at the request of a Board member or the President. In 2015 one extra meeting was held in February regarding the decision to submit a bid for a public contract and one in September when the Board Of Directors decided to recommend that the General Meeting approve an additional distribution of SEK 6,500,000,000.

Evaluation of the work of the Board and the President in 2015

According to the Code, the Board of Directors evaluates the work of the Board and the President using a structured, systematic process. Evaluation takes place once a year with the aim of developing the working forms and efficiency of the Board of Directors. The chairman leads the evaluation, which is carried out by all members of the Board. The owner, through the Government Offices, is informed about the results of the evaluation. The work of the Government Offices related to the Board nomination process also includes an ongoing evaluation of the boards of all state-owned companies, which includes their work, the composition of the Board and their skills.

**ATTENDANCE OF THE BOARD OF DIRECTORS
- FINANCIAL YEAR 2015**

	Number of Board meetings	Number of meetings of the Finance Committee	Number of meetings of the Audit Committee	Number of meetings of the Remuneration Committee
Eva-Britt Gustafsson	14/14	2/2	3/3	1/1
Britta Burreau	14/14	5/5		
Olof Ehrlén	11/14		3/3	
Thomas Jennlinger	12/14			
Anders Larsson	12/14			
Ingela Lindh	12/14			
Leif Ljungqvist	13/14	2/3	6/6	1/1
Pia Sandvik	10/14	5/5	3/3	
Gunnar Svedberg	12/14			1/1
Ingemar Ziegler	14/14		5/6	

Board committees

The Board shall, without otherwise affecting the responsibility and duties of the Board Directors, appoint committees. The Board of Directors has appointed three committees from within its number.

- The tasks of the Finance Committee are to:
 - represent the Board of Directors in ongoing issues related to financing,
 - support and follow up financing activities,

- annually evaluate and propose changes to the Finance Policy,
- evaluate, prepare and report on matters to be decided by the Board.
- The Audit Committee will supervise the Company's financial reporting and:
 - with regard to the financial statements, monitor the efficiency of the Company's internal control systems and risk management.
 - remain informed about the audit of the annual accounts and the consolidated accounts.
 - examine and monitor the impartiality and independence of the auditor and in doing so be particularly attentive if the auditor provides the Company with services other than auditing services.
 - assist in the preparation of proposals for the election of auditors at the Annual General Meeting.
- The tasks of the Remuneration Committee are to:
 - prepare decisions regarding terms and conditions for salaries and employment for the President and the Executive Management.
 - monitor and evaluate the application of the guidelines for remuneration to senior executives, which will be decided at the Annual General Meeting, along with the applicable remuneration structure and remuneration levels within the Company.

The Group's President, Vice President, CFO, and Treasurer can attend the meetings in the capacity of presenters.

GOVERNANCE OF AKADEMISKA HUS

The Board of Directors is ultimately responsible for ensuring that the company is managed in an exemplary manner. As part of this work, the Board formulates relevant policies and guidelines based on the State ownership policy and ownership directives. Akademiska Hus' strategy is the basis of the annual process of formulating a business plan. The Business Plan, together with policy documents, comprises the overall basis for control of the Company, built on the Company's values: attentiveness, commitment and value creation.

President, management and common support functions

The Business Plan describes the way Akademiska Hus deals with customers, manages assets and addresses the future. It also describes how Akademiska Hus is working to achieve the owner's objectives through the strategic control parameters that are monitored internally, linked to a long-term economic plan. Business planning begins with strategy days held by the Board and management in the spring and ends when the Board adopts the plan at its December meeting. The strategy process includes an external analysis of customers, locations, market segments, financing and so on. The business plan is formulated for the Company as a whole and broken down into clear operational plans in the regions and support functions to the President, with operational objectives and activities to meet them.

The business plan is continuously monitored with quarterly feedback sessions between management and the respective regions and functions during which the operational objectives and operational control parameters are addressed. The Executive Management comprises the President, Vice President, the six Regional Directors, the CFO, the Corporate Communications Director, the Purchasing Director, the General Counsel and the Human Resources Director, all of whom report directly to the President.

Executive Management is a forum for information, discussion and decisions regarding joint strategic Company matters. Executive Management is also the steering committee for the prioritised processes. The Company's common support functions are presented in the organisational chart on page 47.

Regions

Each region has a regional management team. Investment matters are initiated and prepared by the regional management and are then reviewed by the Executive Management. In the case of major investments, a matter, after receiving the support of the Executive Management, passes to the Board of Directors for a decision.

Ethical Council and whistle-blowers

Akademiska Hus has an Ethical Council that provides support to employees. The Council addresses issues raised by employees related to the ethical guidelines in the Company. Employees can also report suspected deviations from the guidelines or other irregularities to the Council. The Ethical Council consist of the General Counsel, Human Resources Director, Corporate Communications Director, a Property Manager, a Project Manager, and an Administrative Manager. The Company has established a system for whistle-blowing that is completely independent of the Company. Employees within Akademiska Hus as well as external partners can anonymously report suspected irregularities through the whistle-blower function.

REMUNERATION

Remuneration and other terms and conditions of employment for persons in an executive position are in accordance with the Government's 'Guidelines for terms and conditions of employment for senior executives'.

Principles for remuneration to the Board of Directors and senior executives

- A fee is paid to the members of the Board of Directors according to a decision reached at the Annual General Meeting. The members of the Board of Directors who are employed within Akademiska Hus and the Government Offices do not receive any fee for this work.
- Remuneration for committee work was set at the 2015 Annual General Meeting.
- Payment to the President and other senior executives comprises a basic salary and a pension. Payment to the President is decided by the Board of Directors following a recommendation from the Remuneration Committee. Payments to other senior executives are decided by the President following consultation with the Remuneration Committee. Remuneration comprises a basic salary and a defined contribution pension based on the ITP premiums according to a collective agreement. No variable or bonus-based remuneration is paid. Salary surveys are conducted to make a comparison with other property companies. No changes will be made regarding the principles for remuneration to the Board of Directors and senior executives for 2016.

For a detailed description of remuneration, pensions, periods of notice, severance pay and fees to auditors, see the administration report on page 56 and Notes 9 and 10.

Executive Management



KERSTIN LINDBERG GÖRANSSON

President
Employed 2011

Year of birth: 1956

Other assignments: Board member of Jernhusen AB, Board member of Byggherrarna, Board member of K2 National Knowledge Centre for Public Transport.

Previous positions: Airport Director, Stockholm-Arlanda Airport; Accounting and Finance Director and Vice President of the Scandic Group.

Education: MBA.



MICHAEL WALMERUD

Vice President
Employed 2012

Year of birth: 1967

Other assignments: Board member of BIM Alliance and Board member of Smart Built Environment.

Previous positions: President, Projektgarant AB; Head of transactions, Catella Swedebroker AB; Property Manager, Postfastigheter AB; Project Manager, NCC Fastigheter AB. Board member of BIM Alliance and Board member of Smart Built Environment.

Education: MSc Civil Engineering.



PETER BOHMAN

Regional Director, Uppsala
Employed 2013

Year of birth: 1972

Other assignments: Board member of Realus AB and IFU Arena AB.

Previous positions: Terminal Manager and on-call Airport Director, Stockholm-Arlanda Airport. Various management positions within Swedavia. Business developer/property developer.

Education: BSc. in Business Administration with focus on real estate.



DAVID CARLSSON

Regional Director, North
Employed 2003

Year of birth: 1976

Previous positions: Regional Director, Uppsala, Head of Property Management and Property Manager, Akademiska Hus Uppsala; Business Developer, SP Production AB.

Education: MSc and MBA.



BIRGITTA VAN DALEN

Regional Director, Western Region
Employed 2005

Year of birth: 1958

Previous positions: Planning adviser, Akademiska Hus Head Office; Head of property supply and operating manager, Karlstad University; Planning Manager, Property Department, Karlstad Municipal Authority.

Education: BA Soc. Admin.



ULF DÄVERSJÖ

Purchasing Director
Employed 2014

Year of birth: 1979

Previous positions: Management consultant, Capgemini Consulting, Global Purchaser, Arla Foods, Business Analyst, Arla Foods.

Education: MSc Business Administration.



LARS HAGMAN

Regional Director, Eastern Region
Employed 2012

Year of birth: 1953

Other assignments: Board member at Linköpings Expo AB.

Previous positions: Business developer, JM AB; President of a subsidiary of Vattenfall AB. Regional Manager, Partena Security AB.

Education: MBA.

**KRISTINA KORSGREN**

Human Resources Director
Employed 2010

Year of birth: 1969

Other assignments: Board member Almega Fastighetsarbets-givarna.

Previous positions: HR positions within the Volvo Car Corporation and Volvo Truck Corporation.

Education: Human resources specialist.

**CECILIA NIELSEN**

CIO
Employed 2012

Year of birth: 1969

Previous positions: Head of Corporate Communications, SP Sveriges Tekniska Forsknings-institut AB.

Education: BA.

**JONAS RAGNARSSON**

CFO
Employed 2014

Year of birth: 1962

Previous positions: CFO at Tradedoubler, CFO at EQT Partners AB, acting CFO at Swedish Space Corporation (SSC). Accounting and Finance Manager, Radisson SAS Hotels & Resorts, Administrative Manager and Vice President, Grand Hotel Holdings AB.

Education: MBA.

**TOMAS RINGDAHL**

Regional Director, South
Employed 2013

Year of birth: 1960

Previous positions: Division Director for Residential Construction, Skanska Sverige AB; Vice President, Skanska Sverige AB; Chair of Myresjöhus, Chair of Boklok AB, Head of Development, Nordic Region, Skanska AB; President, LB Hus.

Education: MSc Eng.

**STEN WETTERBLAD**

Regional Director, Stockholm Region
Employed 2008

Year of birth: 1957

Other assignments: Board member, Stockholm Construction Association; Chair, Sthlm6000+ (Student Housing Fair 2017).

Previous positions: Property Director, City of Stockholm; Market Hall Director, City of Stockholm; Vice President, Stockholm Parkerings; Property Manager, Kullenberg Fastigheter i Stockholm AB; Site Manager/Project Manager, Platzer Bygg AB.

Education: MSc Eng.

**CAROLIN ÅBERG SJÖQVIST**

General Counsel (Secretary to the Executive Management and the Board of Directors)
Employed 2004

Year of birth: 1968

Previous positions: Lawyer, Advokatfirman Glimstedt; Associate Judge of Appeal, Court of Appeal for Western Sweden.

Education: LLM.

CHANGES IN GROUP MANAGEMENT

Jonas Ragnarsson left his position on 12 February 2016. Anders Ruth took up the position of acting CFO on 13 February 2016.

Kristina Korsgren left the position of Human Resources Director on 29 February 2016. Fredrik Färm took up the position of acting Human Resources Director on 1 March 2016.

Internal control of financial reporting

The responsibility of the Board of Directors for internal control is governed by the Swedish Companies Act and the Swedish Code of Corporate Governance. This report has been prepared in accordance with the Annual Accounts Act and the Swedish Code of Corporate Governance and is thus limited to internal control of financial reporting.

The purpose of internal control of financial reporting is to provide reasonable assurance regarding the reliability of external financial reporting in the form of interim reports and annual reports, and to ensure that external financial reporting complies with the relevant laws, regulations, accounting standards and the specific guidelines for external reporting that apply to state-owned companies.

The description of internal control of financial reporting at Akademiska Hus is based on the five components of internal management and control as defined by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) in its framework for internal management and control.

CONTROL ENVIRONMENT

The basis for internal control comprises the control environment with the organisation, decision procedures and responsibility. Akademiska Hus has a number of policy documents such as Rules of Procedure for the Board of Directors, instructions to the President, allocation of responsibility and authority, attestation and authorisation guidelines and financing policy that state how responsibility shall be distributed and authorities delegated. The control environment also encompasses the culture and the values based on which the Board of Directors and management communicate and act and thereby influence employee awareness of internal control issues.

The Board of Directors has overall responsibility for internal control of financial reporting. The Board of Directors has established an Audit Committee which has tasks that include preparing the Board's work with quality assurance of the Company's reporting. The responsibility of the Board of Directors and the internal allocation of work within the Board and its committees are clarified in the Rules of Procedure.

Akademiska Hus' business is conducted in six regions, but all accounting is handled by a common department for accounting and reporting. In addition to internal accounting guidelines, the Company has designed a structure for reporting and follow-up that includes an analysis and review of financial statements by managers of each region at each closing date. Guidelines for financial reporting are updated in the event of a change in legal requirements, stock exchange listing requirements or accounting standards.

RISK ASSESSMENT

Risk assessment regarding financial reporting aims to identify and evaluate the business areas and processes where there is the greatest risk of errors that could have a material impact on financial reporting. Akademiska Hus identifies and evaluates ongoing risk areas in order to ensure that reliable controls aimed at avoiding errors in financial reporting are in place in the relevant processes. Generally speaking, there is an increased risk of material misstatements in financial reporting when items in the balance sheet and income statement contain a large element of judgment, where the values of transactions are high or where the process involves great complexity. Risk analysis and risks relating to financial reporting are regularly discussed with the external auditors.

CONTROL ACTIVITIES

Control activities that are designed to prevent, detect and correct errors and deviations are incorporated in the financial reporting process used by Akademiska Hus. These controls have been designed to deal with the most significant risks that can arise in financial reporting, and include both general and detailed checks. Control activities take place at several different levels in the company and include approval of transactions, account reconciliations and analytical follow-up.

All IT systems that are used for financial reporting include built-in automatic controls to ensure reliable financial reporting. Control measures also take place in the general IT environment, in the form of well-developed regulations that govern system permissions, system updates and backup procedures.

INFORMATION AND COMMUNICATION

Akademiska Hus have formalised and well-established procedures for both internal and external information and communication.

Executive Management receives information about results and financial position through financial briefings conducted with all regions and support functions at each closing date. The Board receives financial information from Executive Management at each balance sheet date.

All financial reports are published on the Company's website in direct connection with the Board meeting for the relevant financial period. The Annual Report is also produced as a printed publication.

Internal information channels include regular meetings of Executive Management and regional information meetings for all staff.

The Company's governing documents are available to all employees on the intranet.

Guidelines and other instructions relating to final account events are distributed to all concerned employees through a shared files area.

The Audit Committee receives regular updates from both the Company's internal auditor and external auditors and is thereby kept up to date on current findings in internal management and control.

FOLLOW-UP AND EVALUATION

Internal management and control of financial reporting are monitored and evaluated continuously by the Board of Directors, President, Executive Management and the accounting and finance department to ensure that procedures are appropriate and efficient. Opportunities for improvement are identified through controls and analyses. Any shortcomings in the system are reported to the relevant person to ensure that improvements can be made.

Each quarter the Board receives financial information and an analysis, as well as a report from the most recent meetings of the different committees. The Audit Committee has a specific responsibility to follow up audit matters and more extensive matters of principle with regard to financial reporting, including property valuation.

The internal audit unit is instructed by the Board of Directors to independently review and evaluate the company's internal management and control procedures, including internal control over financial reporting.

Akademiska Hus continuously reviews and updates internal management and control procedures within the company, for example, to take into account and implement measures regarding recommendations from both the internal audit and the company's external auditors.

Other information

REMUNERATION OF SENIOR EXECUTIVES

Principles for remuneration to the Board of Directors and senior executives

Akademiska Hus follows the owner's guidelines governing terms and conditions of employment for senior executives. Payment to the President and other senior executives comprises a basic salary and a pension. Pension expenses refer to the cost charged to the profit for the year. Payment to the President is decided by the Board of Directors following a recommendation from the Remuneration Committee. Remuneration to other senior executives is decided by the President of the Parent Company following consultation with the Remuneration Committee. Remuneration comprises a basic salary and a defined contribution pension based on the ITP premiums according to a collective agreement. No changes are proposed regarding the principles for remuneration to the Board of Directors and senior executives for 2016.

A fee is paid to the members of the Board of Directors according to a decision reached at the Annual General Meeting. Board members who are employed in the Akademiska Hus Group, or who work at the Government Offices, do not receive any fee for this work.

Remuneration for committee work was set at the 2015 Annual General Meeting.

Pensions

Akademiska Hus has taken out an individual occupational pension solution for the President, Kerstin Lindberg Göransson, where the agreed retirement age is 65 years. Akademiska Hus allocates 30 per cent of Kerstin Lindberg Göransson's fixed monthly salary, which is paid into an occupational pension insurance plan according to a special agreement drawn up with a pension company.

The pension package includes a sickness and early retirement pension, a retirement pension and optional survivor's pension and/or repayment cover.

Other senior executives have similar defined contribution agreements with a maximum allocation of 30 per cent of their salary, or what is termed a high-income earner solution with an opt-out premium that is costneutral compared with traditional, collectively agreed ITP.

Periods of notice and severance pay

An agreement has been reached with the President, Kerstin Lindberg Göransson, regarding a mutual period of notice of six months. In

the event of notice being given by the Company, severance pay is payable for a further 18 months. The severance pay shall be considered to include payment for holidays and pension benefits. The severance pay is reduced by any amount Kerstin Lindberg Göransson may receive from other employment or through other activities.

Other senior executives within the Group have an agreed period of notice of between six and twelve months depending on when the agreements were signed. Agreements entered into after 2009 follow government guidelines with a period of notice of six months and in the event of notice being given by the Company, severance pay is payable for a maximum of eighteen months. Agreements entered into before 2009 stipulate a period of notice of twelve months and severance pay for twelve months. All agreements, however, fall within the framework of twenty-four months, including the period of notice. Salary payable or remuneration for work performed during the time severance pay is received shall be set off on a krona-by-krona basis.

Other information about salaries and remuneration can be seen in Note 9 on pages 72 and 73.

PERMITS AND REPORTING REQUIREMENTS

A number of facilities within the Group require a permit or need to be reported to a supervisory authority in order to be used. These facilities have been reported and applications for permits (as required) were submitted to the supervisory authorities concerned and have been granted. The facilities in question are as follows:

Two boilers for combustion technology research, two boilers for heating and power generation and a number of geoenergy facilities and sewage facilities.

SIGNIFICANT EVENTS AFTER THE YEAR-END

There were no events of a material nature after the end of the reporting period.

FUTURE DEVELOPMENTS

Akademiska Hus has a project portfolio with approved investments of SEK 17.5 billion. The property portfolio is expected to increase by about SEK 3.5 billion annually over the next few years. As new properties are completed, efficiency efforts will continue, economies of scale will be leveraged and net operating income will also increase. The robust cash flow will limit the need for new financing to about SEK 2.5 billion per year.

PROPOSED ALLOCATION OF UNAPPROPRIATED EARNINGS

According to the owner's financial targets for Akademiska Hus, which were adopted at the Annual General Meeting on 28 April 2014, the dividend should amount to between 40 and 60 per cent of the net profit after tax after reversal of changes in fair value and related deferred tax. When deciding on a dividend, consideration should be given to the Group's capital structure and capital requirements (equity ratio 30 to 40 per cent). The other economic objectives are that the return on operating capital should be at least 6.5 per cent and the Group's equity ratio should be 30 to 40 per cent. The average yield on operating capital over five years was 7.4 per cent whilst the target was 6.5 per cent. Return on operating capital in 2015 was 6.9 per cent. At the end of 2015, the equity ratio was 40.7 per cent for the Group and 20.0 per cent for the Parent Company. After the proposed dividend, the equity ratio will be 39.6 per cent for the Group and 17.8 per cent for the Parent Company.

Available for allocation at the Annual General Meeting:

Retained earnings	SEK 939,582,948
Profit for the year	SEK 1,350,424,022
Total	SEK 2,290,006,970

The Board of Directors and the President propose that the profit be allocated in such a way that SEK 1,290,000,000 is paid to the shareholder and SEK 1,000,006,970 is carried forward. For details of the financial results and the financial position in general, reference can be made to the following financial statements.

The Annual General Meeting will be held on 28 April 2016 in Stockholm.

PROFIT USED AS A BASIS FOR CALCULATION OF DIVIDEND, SEK M

	Outcome consolidated results	Changes in value in the Group	Profit used for calculation of dividend
Income from property management	5,701	—	5,701
Property management expenses	-1,998	—	-1,998
Net operating income	3,703	—	3,703
Central administration costs	-35	—	-35
Changes in value, properties	2,655	-2,655	0
Profit before net financial income/expense	6,323	-2,655	3,668
Total, financial items	-182	-165	-347
Profit/loss before appropriations and taxes	6,141	-2,820	3,321
Tax/current tax	-1,361	620	-741
Profit after tax	4,780	-2,200	2,580
Dividend, 50% of the profit available for the payment of a dividend			1,290

The dividend as decided at the Annual General Meeting held on 28 April 2015 was SEK 1,445 million. Moreover, an additional distribution of SEK 6,500 million was approved at the Extraordinary General Meeting on 19 October 2015.

STATEMENT BY THE BOARD OF DIRECTORS PURSUANT TO SECTION 18, SUB-SECTION 4 OF THE COMPANIES ACT

The Board of Directors is of the opinion that the Company's liquidity can be maintained securely. On observance of the relationship between the Company's assets, liabilities and equity, and with due consideration given to profit forecasts and investment requirements as of this date, we believe that the proposed dividend is justifiable in the light of the demands that the nature, extent and risk of operations make on the level of equity. The proposed dividend is thus acceptable in the light of the Company's consolidation requirements, liquidity and position in general.

The dividend does not affect the Company's capacity to discharge its short-term and long-term obligations or to implement necessary investments. It is also the opinion of the Board of Directors that the Company's financial position, in the light of the proposed dividend, is secure for the creditors. Nor can the Board of Directors identify any other circumstances that indicate that the dividend ought not to be paid in accordance with the proposal presented by the Board of Directors. The proposed value transfer can thus be justified in the light of what is stated in Section 17, sub-section 3, paragraphs 2–3 of the Companies Act.

Income Statements

Amounts in SEK 1,000	Note	Group		Parent Company	
		2015	2014	2015	2014
INCOME FROM PROPERTY MANAGEMENT	3				
Rental revenue	5	5,505,189	5,494,934	5,505,189	5,494,934
Other property management income	6	195,591	185,743	299,467	1,732,355
Total property management income		5,700,780	5,680,677	5,804,656	7,227,289
PROPERTY MANAGEMENT EXPENSES					
Operating costs	8	-770,685	-807,816	-768,620	-808,788
Maintenance costs		-672,609	-621,415	-672,609	-624,710
Property administration	8	-353,446	-325,430	-334,594	-312,050
Other property management expenses	7	-200,936	-209,395	-203,933	-215,305
Total property management expenses	4	-1,997,676	-1,964,056	-1,979,756	-1,960,853
NET OPERATING INCOME		3,703,104	3,716,621	3,824,900	5,266,436
Central administration costs	4	-35,613	-45,928	-35,612	-45,928
Depreciation and impairment as well as reversed impairment in property management	8	—	—	-1,597,712	-1,176,518
Changes in property values, positive		3,683,216	4,147,532	—	—
Changes in property values, negative		-1,027,851	-618,564	—	—
Total changes in property values	15	2,655,365	3,528,968	—	—
PROFIT BEFORE FINANCIAL ITEMS	9, 10, 28	6,322,856	7,199,661	2,191,576	4,043,990
Financial income		360,299	56,767	360,299	56,767
Financial expense		-541,733	-995,829	-649,965	-1,129,786
Total, financial items	11, 27, 28	-181,434	-939,062	-289,666	-1,073,019
PROFIT AFTER FINANCIAL ITEMS		6,141,422	6,260,599	1,901,910	2,970,971
Appropriations	12	—	—	-157,558	-243,332
PROFIT BEFORE TAX		6,141,422	6,260,599	1,744,352	2,727,639
Tax	13	-1,361,314	-1,045,938	-393,928	-270,213
PROFIT FOR THE YEAR	14	4,780,108	5,214,661	1,350,424	2,457,426
Of which attributable to the shareholder in the Parent Company		4,780,108	5,214,661		
PROFIT PER SHARE					
Profit per share, SEK		2,239	2,442		
Profit per share after dilution, SEK		2,239	2,442		
Number of shares, average and at the year-end		2,135,000	2,135,000		

Statement of profit or loss and other comprehensive income

Amounts in SEK 1,000	Note	Group		Parent Company	
		2015	2014	2015	2014
PROFIT FOR THE YEAR		4,780,108	5,214,661	1,350,424	2,457,426
ITEMS THAT HAVE BEEN RECLASSIFIED OR CAN BE RECLASSIFIED TO PROFIT FOR THE YEAR					
Profit/loss from cash flow hedges	26	-21,217	69,557	-21,217	69,557
Tax attributable to cash flow hedges	13	3,542	-7,276	3,542	-7,276
Cash flow hedges, net after tax, dissolved against profit or loss	26	5,118	-36,486	5,118	-36,486
ITEMS THAT CANNOT BE RECLASSIFIED TO PROFIT FOR THE YEAR					
Revaluation of defined benefit pensions	28	22,025	-62,637	—	—
Tax attributable to defined benefit pensions	13	-4,845	13,780	—	—
Total, other comprehensive income		4,623	-23,062	-12,557	25,795
COMPREHENSIVE INCOME FOR THE YEAR		4,784,731	5,191,599	1,337,867	2,483,221
Of which attributable to the shareholder in the Parent Company		4,784,731	5,191,599		

Balance Sheets

Amounts in SEK 1,000	Note	Group		Parent Company		
		31-12-2015	31-12-2014	31-12-2015	31-12-2014	
ASSETS						
NON-CURRENT ASSETS						
Tangible non-current assets						
Properties	15, 16	66,574,882	61,436,648	39,899,507	32,605,258	
Equipment, fixtures and fittings	17	14,189	13,716	14,189	13,716	
Total tangible, non-current assets		66,589,071	61,450,364	39,913,696	32,618,974	
Financial assets						
Shares in Group companies	18	—	—	650	700	
Derivatives	19, 32	1,657,964	1,477,697	1,657,964	1,477,697	
Other non-current receivables	20	343,273	471,158	343,273	471,158	
Total financial assets	24	2,001,237	1,948,855	2,001,887	1,949,555	
TOTAL NON-CURRENT ASSETS		68,590,308	63,399,219	41,915,583	34,568,529	
CURRENT ASSETS						
Current receivables						
Rent receivables and accounts receivable	21	271,407	230,261	271,407	230,261	
Current prepaid tax	13	32,655	74,114	32,655	74,177	
Other receivables	22	896,413	560,622	896,412	560,621	
Prepaid expenses and accrued income	23	86,688	90,301	86,688	90,301	
Derivatives	19, 32	250,618	806,787	250,618	806,787	
Total current receivables	24	1,537,781	1,762,085	1,537,780	1,762,147	
CASH AND CASH EQUIVALENTS/CASH AND BANK BALANCES						
Short-term investments	32	2,503,989	2,786,700	2,503,989	2,786,700	
Cash and bank balances		1,800,596	1,771,393	1,800,447	1,771,182	
Total cash and cash equivalents/cash and bank balances	25	4,304,585	4,558,093	4,304,436	4,557,882	
TOTAL CURRENT ASSETS		5,842,366	6,320,178	5,842,216	6,320,029	
TOTAL ASSETS		74,432,674	69,719,397	47,757,799	40,888,558	

Balance Sheets

Amounts in SEK 1,000	Note	Group		Parent Company		
		31-12-2015	31-12-2014	31-12-2015	31-12-2014	
EQUITY AND LIABILITIES						
EQUITY (ATTRIBUTABLE TO THE PARENT COMPANY'S SHAREHOLDER)						
Share capital		2,135,000	2,135,000	2,135,000	2,135,000	
Other contributed equity		2,134,950	2,134,950	—	—	
Statutory reserve		—	—	2,134,950	2,134,950	
NON-RESTRICTED EQUITY						
Hedge reserve	26	-31,415	-18,858	—	—	
Actuarial profit and loss		40,029	22,849	—	—	
Fair value reserve	26	—	—	-31,415	-18,858	
Retained earnings, including profit for the year		25,992,695	29,157,587	—	—	
Retained earnings (in the Parent Company)		—	—	970,998	1,458,572	
Profit for the year (in the Parent Company)		—	—	1,350,424	2,457,426	
TOTAL EQUITY		30,271,259	33,431,528	6,559,957	8,167,090	
Untaxed reserves	12	—	—	3,850,452	3,692,894	
LIABILITIES						
Non-current liabilities						
Loans	27	18,621,944	13,032,159	18,621,944	13,032,159	
Derivatives	19, 32	601,526	735,556	601,526	735,556	
Deferred tax liability	13	8,761,330	7,752,579	2,074,187	627,410	
Other liabilities	29	50,747	12,353	50,747	12,353	
Provisions for pensions and similar obligations	28	401,434	407,140	271,800	270,208	
Total non-current liabilities		28,436,981	21,939,787	21,620,204	14,677,686	
Current liabilities						
Accounts payable		301,808	342,874	301,808	342,874	
Liabilities to Group companies		—	—	2,152	2,205	
Other liabilities	29	3,570,029	1,999,301	3,570,629	1,999,901	
Accrued expenses and prepaid income	30	1,858,660	1,804,626	1,858,660	1,804,626	
Loans	27	9,776,909	10,092,359	9,776,909	10,092,360	
Derivatives	19, 32	217,028	108,922	217,028	108,922	
Total current liabilities		15,724,434	14,348,082	15,727,186	14,350,888	
TOTAL LIABILITIES	31	44,161,415	36,287,869	37,347,390	29,028,574	
TOTAL EQUITY AND LIABILITIES						
MEMORANDUM ITEMS						
Pledged assets	35	588,748	349,788	588,748	349,788	
Contingent liabilities	36	4,116	3,934	4,116	3,934	

Changes in equity, Group

Amounts in SEK 1,000	Note	Share capital	Attributable to the Parent Company's shareholder				Total equity
			Other contributed capital	Hedge reserve	Actuarial profit and loss	Profit for the year brought forward	
OPENING BALANCE AS OF JANUARY 1, 2014		2,135,000	2,134,950	-44,653	71,706	25,316,926	29,613,929
Comprehensive income							
Profit for the year		—	—	—	—	5,214,661	5,214,661
Other comprehensive income							
Profit/loss from cash flow hedges	26	—	—	25,795	—	—	25,795
Revaluation of defined benefit pensions		—	—	—	-48,857	—	-48,857
Total, other comprehensive income		—	—	25,795	-48,857	5,214,661	5,191,599
Bonus issues, etc.							
Reduction of share capital ¹		-1,000,000	—	—	—	1,000,000	0
Bonus issue ¹		1,000,000	—	—	—	-1,000,000	0
Total bonus issues		0	—	—	—	0	0
Transactions with shareholders							
Dividend		—	—	—	—	-1,374,000	-1,374,000
Total transactions with shareholders		—	—	—	—	-1,374,000	-1,374,000
CLOSING BALANCE AS OF DECEMBER 31, 2014		2,135,000	2,134,950	-18,858	22,849	29,157,587	33,431,528
Comprehensive income							
Profit for the year		—	—	—	—	4,780,108	4,780,108
Other comprehensive income							
Profit/loss from cash flow hedges	26	—	—	-12,557	—	—	-12,557
Revaluation of defined benefit pensions		—	—	—	17,180	—	17,180
Total, other comprehensive income		—	—	-12,557	17,180	4,780,108	4,784,731
Bonus issues, etc.							
Reductions in share capital ²		-5,000,000	—	—	—	5,000,000	0
Bonus issues ²		5,000,000	—	—	—	-5,000,000	0
Total bonus issues		0	—	—	—	0	0
Transactions with shareholders							
Dividends ³		—	—	—	—	-7,945,000	-7,945,000
Total transactions with shareholders		—	—	—	—	-7,945,000	-7,945,000
CLOSING BALANCE AS OF DECEMBER 31, 2015		2,135,000	2,134,950	-31,415	40,029	25,992,695	30,271,259

1) On 28 April 2014 the Annual General Meeting reached a decision to reduce the Parent Company's share capital by a total of SEK 1,000,000,000 for allocation to non-restricted equity. Furthermore, the Annual General Meeting approved a bonus issue of SEK 1,000,000,000 by raising the value of properties.

2) On 28 April 2015 the Annual General Meeting reached a decision to reduce the Parent Company's share capital by a total of SEK 5,000,000,000 for allocation to non-restricted equity. Furthermore, the Annual General Meeting approved bonus issues of a total of SEK 5,000,000,000 by raising the value of properties.

3) Dividend of SEK 1,445,000,000 authorised by the Annual General Meeting on 28 April 2015 and additional distribution of SEK 6,500,000,000 authorised by the Extraordinary General Meeting 19 October 2015.

Other contributed capital comprises a share premium reserve of KSEK 2,134,950 (applies to both the opening and closing balances for all the above reporting periods).

Changes in equity, Parent Company

Amounts in SEK 1,000	Note	Restricted equity		Non-restricted equity		
		Share capital	Statutory reserve	Fair value reserve	Profit for the year brought forward	Total equity
OPENING BALANCE AS OF JANUARY 1, 2014		2,135,000	2,134,950	-44,653	1,832,572	6,057,869
Comprehensive income						
Profit for the year		—	—	—	2,457,426	2,457,426
Other comprehensive income						
Profit/loss from cash flow hedges	26	—	—	25,795	—	25,795
Total, other comprehensive income		—	—	25,795	2,457,426	2,483,221
Bonus issues, etc.						
Reduction of share capital ¹		-1,000,000	—	—	1,000,000	0
Bonus issue ¹		1,000,000	—	—	—	1,000,000
Total bonus issues		0	—	—	1,000,000	1,000,000
Transactions with shareholders						
Dividend		—	—	—	-1,374,000	-1,374,000
Total transactions with shareholders		—	—	—	-1,374,000	-1,374,000
CLOSING BALANCE AS OF DECEMBER 31, 2014		2,135,000	2,134,950	-18,858	3,915,998	8,167,090
Comprehensive income						
Profit for the year		—	—	—	1,350,424	1,350,424
Other comprehensive income						
Profit/loss from cash flow hedges	26	—	—	-12,557	—	-12,557
Total, other comprehensive income		—	—	-12,557	1,350,424	1,337,867
Bonus issues, etc.						
Reductions in share capital ²		-5,000,000	—	—	5,000,000	0
Bonus issues ²		5,000,000	—	—	—	5,000,000
Total bonus issues		0	—	—	5,000,000	5,000,000
Transactions with shareholders						
Dividends ³		—	—	—	-7,945,000	-7,945,000
Total transactions with shareholders		—	—	—	-7,945,000	-7,945,000
CLOSING BALANCE AS OF DECEMBER 31, 2015		2,135,000	2,134,950	-31,415	2,321,422	6,559,957

- 1) On 28 April 2014 the Annual General Meeting reached a decision to reduce the Parent Company's share capital by a total of SEK 1,000,000,000 for allocation to non-restricted equity. Furthermore, the Annual General Meeting approved a bonus issue of SEK 1,000,000,000 by raising the value of properties.
 2) On 28 April 2015 the Annual General Meeting reached a decision to reduce the Parent Company's share capital by a total of SEK 5,000,000,000 for allocation to non-restricted equity. Furthermore, the Annual General Meeting approved bonus issues of a total of SEK 5,000,000,000 by raising the value of properties.
 3) Dividend of SEK 1,445,000,000 authorised by the Annual General Meeting on 28 April 2015 and additional distribution of SEK 6,500,000,000 authorised by the Extraordinary General Meeting 19 October 2015.

Share capital is divided into 2,135,000 shares at a par value of SEK 1,000 with one (1) vote per share (applies to both the opening and closing number of shares for all the above reporting periods).

Statements of Cash Flows

Amounts in SEK 1,000	Note	Group		Parent Company	
		2015	2014	2015	2014
CURRENT OPERATIONS					
Profit after financial items	37	6,141,422	6,260,599	1,901,910	2,970,971
Adjustment for items not included in the cash flow	38	-2,593,655	-3,222,416	1,645,793	60,301
Tax paid		-295,669	-632,495	-295,607	-632,493
CASH FLOW FROM CURRENT OPERATIONS		3,252,098	2,405,688	3,252,096	2,398,779
CASH FLOW FROM CHANGES IN WORKING CAPITAL					
Increase (-)/decrease (+) in current receivables		-373,324	186,898	-373,324	191,495
Increase (+)/decrease (-) in current liabilities		-394,467	568,357	-394,403	570,807
CASH FLOW FROM CURRENT OPERATIONS		2,484,307	3,160,943	2,484,369	3,161,081
INVESTING ACTIVITIES					
Investment in shares in Group companies	39	—	—	—	-300
Investment in properties		-2,498,769	-3,003,659	-2,498,769	-3,003,659
Sale of properties		124,134	2,736,720	124,134	2,736,720
Sales of new construction in progress		—	60,354	—	60,354
Investment in other non-current assets		-6,867	-2,784	-6,867	-2,784
Sale of other non-current assets		209	—	209	—
Increase in non-current receivables		—	-229,978	—	-229,978
Decrease in non-current receivables		177,630	—	177,630	—
CASH FLOW FROM INVESTING ACTIVITIES		-2,203,663	-439,347	-2,203,663	-439,647
FINANCING ACTIVITIES					
Raising of interest-bearing loans, excluding refinancing		5,410,848	521,497	5,410,848	521,497
Dividend paid		-5,945,000	-1,374,000	-5,945,000	-1,374,000
CASH FLOW FROM FINANCING ACTIVITIES		-534,152	-852,503	-534,152	-852,503
CASH FLOW FOR THE YEAR		-253,508	1,869,093	-253,446	1,868,931
Cash and cash equivalents at the beginning of the year		4,558,093	2,689,000	4,557,882	2,688,951
Closing cash and cash equivalents	25	4,304,585	4,558,093	4,304,436	4,557,882

Notes

Amounts are in SEK 1,000 unless stated otherwise.

Note 1	General accounting principles	65
Note 2	Estimates and assessments	69
Note 3	Segment reporting	70
Note 4	Categorised operating costs	71
Note 5	Leases	71
Note 6	Other property management income	71
Note 7	Other property management expenses	72
Note 8	Depreciation, impairments and reversed impairments in property management	72
Note 9	Employees and personnel costs	72
Note 10	Fees and disbursements to auditors	74
Note 11	Financial income and expense	75
Note 12	Appropriations and untaxed reserves (Parent Company)	75
Note 13	Tax	76
Note 14	Dividend	77
Note 15	Properties (Group)	77
Note 16	Properties (Parent Company)	79
Note 17	Equipment, fixtures and fittings	79
Note 18	Shares in Group companies	80
Note 19	Derivatives (Group)	80
Note 20	Other non-current receivables	82
Note 21	Rent receivables and accounts receivable	82
Note 22	Other receivables	82
Note 23	Prepaid expenses and accrued income	82
Note 24	Due date structure, receivables	82
Note 25	Cash and cash equivalents/Cash and bank balances	83
Note 26	Hedge reserve/Fair value reserve	83
Note 27	Loans	83
Note 28	Provisions for pensions	85
Note 29	Other liabilities	86
Note 30	Accrued expenses and prepaid income	87
Note 31	Due date structure, liabilities	87
Note 32	Financial instruments valued at fair value	87
Note 33	Financial risk management (Group)	87
Note 34	Asset management (Group)	90
Note 35	Pledged assets	90
Note 36	Contingent liabilities	90
Note 37	Interest received and paid	90
Note 38	Adjustments for items not included in the cash flow	91
Note 39	Purchase sum in conjunction with investments, acquisitions and disposals	91
Note 40	Change in interest-bearing net loan liabilities	91
Note 41	Transactions with related parties	91
Note 42	Events after the year-end	91

1 General accounting principles

The consolidated accounts have been prepared in accordance with the EU-endorsed International Financial Reporting Standards (IFRS) as of 31 December 2015. The Group also applies Swedish Financial Reporting Board recommendation RFR 1, Supplementary Rules for Consolidated Financial Statements, which specifies the supplements to IFRS disclosures required pursuant to the rules in the Annual Accounts Act.

In the Annual Report, items have been valued at cost except with regard to revaluation of properties, financial assets that can be sold and financial assets and liabilities (including derivatives) valued at fair value in the Statement of Financial Position. The following is a description of the more material accounting principles that have been applied.

NEW AND AMENDED IFRS STANDARDS AND INTERPRETATIONS 2015

No new or amended IFRSs that have a material impact on Akademiska Hus' reporting have entered into force in 2015.

NEW AND AMENDED STANDARDS AND INTERPRETATIONS THAT HAVE NOT YET COME INTO EFFECT

The International Accounting Standards Board (IASB) has issued the following new and amended standards, which had not yet come into effect at the time of publication of this Annual Report:

Standard	Will be applied for the financial year commencing:
IFRS 9 Financial Instruments ¹	January 1, 2018 or later
IFRS 15 Revenue from Contracts with Customers ¹	January 1, 2017 or later
IFRS 16 Leases ¹	January 1, 2019 or later

1) Not yet approved for application in the EU.

The new standards are not expected to have any significant effect on the financial position, performance or disclosures of the Group or the Parent Company.

CONSOLIDATED ACCOUNTS

The consolidated accounts cover the Parent Company and companies over which the Parent Company has a controlling influence. A controlling influence means a right to formulate strategies for financial activities with the aim of securing financial advantages. The existence and effect of potential voting rights that can currently be exercised or converted are taken into account when assessing whether the Group can exercise a controlling influence over another company. All subsidiaries are wholly owned. The subsidiaries are included in the consolidated accounts with effect from the point at which the controlling influence is achieved and they are not included at the point at which the controlling influence ceases.

The consolidated year-end accounts have been prepared according to the acquisition method, which means that the Parent Company's carrying amount of shares in subsidiaries is eliminated against equity, including the capital share of untaxed reserves in the subsidiaries.

SEGMENT REPORTING

Operating segments are reported in a way that concurs with the internal report presented to the highest-ranking executive decision-maker. The highest-ranking executive decision-maker is the function that is responsible for allocating resources and assessing the results of operating segments. At Akademiska Hus, this function has been identified as the President of the Parent Company.

The Group is organised and controlled based on a geographical division into markets/administration areas. The geographical areas (segments) are exposed to similar risks and opportunities, which differ compared to other geographical areas (segments). Geographical areas concur with each region and thus constitute the segments for which reports are presented.

Segments are consolidated according to the same accounting principles as for the Group as a whole.

REVENUE RECOGNITION

In its capacity as property owner, the Group has signed operational lease agreements with customers and consequently the Group's reported income mainly comprises rental revenue. Where applicable, reported rental revenue has been reduced by the sum of the discounts granted to tenants. In those cases where lease agreements result in reduced rent during a certain period, which is equivalent to a higher rent during another (later) period, this higher or lower rent is allocated to a specific period over the term of the lease. Rental revenue, lease revenue and parking revenue are reported in advance and the allocation of rents to specific periods therefore takes place so that only part of the rents that accrue to the period are reported as revenue. Revenue recognition normally takes place linearly over the term of the lease agreement apart from exceptional cases when another method better reflects how financial advantages accrue to the Group.

Other property management income is reported, where applicable, in the same way as rental revenue. This post largely comprises revenues as a direct result of the leases and mainly consists of revenues from parking, services for tenants and other management tasks.

Interest income is reported as income divided across the term on application of the annual equivalent rate method.

Dividend income is reported when the right to receive payment has been confirmed.

PAYMENTS TO EMPLOYEES

Remuneration to employees in the form of salary, paid holiday, payment while off sick etc., as well as pensions, are reported as they are earned. As regards pensions and other remuneration following termination of employment, these are classified as defined contribution pension plans or defined benefit pension plans.

Defined contribution plans

In the case of defined contribution plans, the Company pays fixed contributions to a separate, independent legal entity and has no obligation to make further contributions. The Group's profit is charged with costs as the benefits are earned, which normally concurs with the point at which premiums are paid.

Defined benefit plans

For defined benefit pension plans, the cost of the pension plan is based on actuarial calculations according to what is termed the Projected Unit Credit Method. A calculation is made each year by an independent actuary. Revaluations, including actuarial gains and losses, effects of changes in the asset ceiling and the yield on plan assets (excluding the interest component, which is reported in the Statement of Comprehensive Income) are reported directly in the Statement of Financial Position as income or a cost equivalent to the change in the Statement of Total Comprehensive Income during the period in which they arise. Revaluations, which are reported under Other Comprehensive Income, affect the retained earnings and will not be reversed to profit or loss. Service costs from previous periods are reported in the Statement of Comprehensive Income for the period in which the plan was changed. Net interest is calculated on application of the discount rate at the beginning of the period on the net defined benefit liability or asset.

The discount rate is the interest rate at the year-end on high-quality mortgage bonds with a maturity corresponding to the Group's pension obligations. When there is not a functioning market for such mortgage bonds, the market for government bonds with similar maturity is used instead.

The defined benefit costs are divided into the following categories:

- Service costs (including service costs for the current period, service costs for previous periods and profits and losses in respect of reductions and/or adjustments)

- Net interest cost or net interest expense
- Revaluations

The first two categories are reported in the Statement of Comprehensive Income as a personnel cost (service cost) or net interest income and expense (net interest expense). Profits and losses in respect of reductions and adjustments are reported as service costs from previous periods. Revaluations are reported under Other Comprehensive Income.

The defined benefit pension obligations reported in the Statement of Financial Position are equivalent to the current surplus or deficit related to the Group's defined benefit obligations. A surplus is only reported to the extent that it is equivalent to the current value of future repayments from each pension plan or future reductions in premium payments into the plan.

TAX

The tax expense (- income) for the period comprises current and deferred tax. Taxes are reported in the Statement of Comprehensive Income with the exception of the underlying transaction, which is reported under Other Comprehensive Income or directly against equity, whereupon the associated tax effect is reported under Other Comprehensive Income or against equity.

Current tax is the tax computed on the taxable profit for a period. The taxable profit for the year differs from the reported profit for the year in the fact that an adjustment has been made for non-taxable and non-deductible items. The Group's current tax liability is computed according to the tax rates stipulated or notified as of the year-end.

Deferred tax is reported in accordance with the Statement of Financial Position method. According to this method, deferred tax liabilities are reported in the Statement of Financial Position for all taxable temporary differences between the carrying amounts and taxable values of assets and liabilities. Deferred tax assets are reported in the Statement of Financial Position with regard to deficit deductions and all deductible temporary differences to the extent it is likely that the amounts can be offset against future taxable surpluses. The reported value of deferred tax assets is examined at each year-end and reduced to the extent it is no longer probable that a sufficient taxable surplus will be available for utilisation.

Deferred tax is computed using the tax rates that are expected to apply for the period in which the asset is recovered or the liability settled.

Tax receivables and tax liabilities are offset and reported at a net amount in the Statement of Financial Position when there is a legal right to offset and when there is an intention to either receive or pay a net amount or receive payment of a receivable and pay the liability at the same time.

TRANSLATION OF ITEMS IN FOREIGN CURRENCY

Financial assets and liabilities in foreign currency are translated at the year-end rate, whereupon realised and unrealised translation differences are capitalised. Translation differences in operating receivables and liabilities are reported under Other property management income or Other property management expense whilst translation differences attributable to financial assets and liabilities are reported under Net interest income and expense.

PROPERTIES

Properties, i.e. properties that are held to generate rental revenue or gains from an increase in value, are valued continuously at fair value (assessed market value). The fair value is based on the assessed market value at the year-end, which means the value at which a property could be transferred between knowledgeable parties who are independent of each other and who have an interest in the transaction being implemented. Changes in fair value are reported in the Statement of Comprehensive Income under the heading Changes in value of the properties.

The term 'properties' includes buildings and land, land systems, building and land equipment as well as properties under construction (new construction in progress).

Property sales and property purchases are reported in conjunction with the risks and benefits linked to title being transferred to the purchaser or seller, which normally takes place on the completion date, as long as this does not conflict with the terms and conditions in the con-

tract of sale. For property sales through companies, the sale is reported at the date of taking possession.

A profit or loss that arises on the sale or disposal of properties comprises the difference between the sales price and the most recent valuation (reported value based on the most recent revaluation at fair value). The result in conjunction with sale or disposal is reported in the Consolidated Statement of Comprehensive Income under the heading Changes in the value of properties. In the Parent Company the result is reported as other property management income/expense.

In those cases where Akademiska Hus uses part of a building for its own administration, the property is only classified as a property for investment if an insignificant part is used for administrative purposes.

If a property is reclassified as a property held for resale or an inventory item, the property is reported at the assumed acquisition value, equivalent to the fair value of the property at the time of reclassification.

FAIR VALUE, PROPERTIES

When valuing the properties at fair value (assessed market value), an internal valuation model is used which is quality-assured through the checking of the conditions with external property valuers and through externally performed valuations. The valuation is based on each property's expected cash flow during the coming ten years and an estimated residual value for year eleven. The yield target has been differentiated for different types of property and the rental period as well as the town and location assessment. The rental revenue included in the valuation has been assessed on market terms and in the model, normalised operating costs have been used. Maintenance costs have been calculated on a standardised basis according to the use of the property.

CARRYING AMOUNT INVESTMENT PROPERTIES

Depreciation according to plan is based on the original acquisition value reduced by the estimated residual value and takes place on a linear basis over the estimated useful life of the asset.

Depreciation according to plan is normally carried out using the following percentages of the acquisition value:

Land systems	5 %
Buildings	2.5 %
Building equipment	10 %
Land equipment	20 %

EQUIPMENT, FIXTURES AND FITTINGS

Equipment, fixtures and fittings mainly comprise IT equipment and office equipment. These are reported at the acquisition value reduced by depreciation according to plan and possible impairment.

Depreciation according to plan is based on the original acquisition value reduced by the estimated residual value and takes place on a linear basis over the estimated useful life of the asset.

Depreciation according to plan is normally carried out using the following percentages of the acquisition value:

Computer equipment	33 %
Equipment, fixtures and fittings	20 %

Depreciation according to plan of equipment, fixtures and fittings is reported as an operating cost or under property administration.

The profit or loss that arises on scrapping or disposal of equipment, fixtures and fittings is reported as Other property management income or Other property management expense.

IMPAIRMENT

Impairment takes place in those cases where the reported value of the asset exceeds the recovery value. Reported values for the Company's assets are checked at each period-end to determine if there is any indication of an impairment requirement. If there is such an indication, the recoverable value of the asset is calculated. The recoverable value is the higher of the value in use and the net realisable value.

When computing the value in use, future cash flows are discounted at a rate of interest before tax that it is envisaged will take into account

the market's assessment of risk-free interest and risk linked to the specific asset. For an asset which does not, independent of other assets, generate any cash flow, the recoverable value of the cash-generating unit to which the asset belongs is calculated.

Reversal of previous impairments takes place when the recoverable value for a previously impaired asset exceeds the carrying amount and the need for impairment made previously is no longer considered necessary. The reversal is reported in the Statement of Comprehensive Income. An examination of past impairments takes place on an individual basis.

FINANCIAL INSTRUMENTS

The general principles for the valuation of financial instruments are that financial investment assets and all derivatives should be valued at fair value whilst other financial assets and financial liabilities are valued at the accrued acquisition value.

Financial instruments are reported initially at the acquisition value, corresponding to the fair value of the instrument with an addition for transaction costs for all financial instruments apart from those that belong to the category Financial Assets, which are valued at fair value through profit or loss. Reporting subsequently takes place depending on how they are classified, as stated below.

A financial asset or financial liability is recorded in the Statement of Financial Position when the Company becomes a party to the contractual terms and conditions of the instrument or when applicable according to 'regular way purchase' principles. Accounts receivable are recorded in the Statement of Financial Position when an invoice has been sent. A liability is recorded when the counter-party has performed and there is a contractual obligation to pay, even if an invoice has not yet been received. Accounts payable are recorded when an invoice has been received.

A financial asset is removed from the Statement of Financial Position when the rights in the agreement are realised, fall due or the Company loses control over them. The same applies to part of the financial asset. A financial liability is removed from the Statement of Financial Position when the obligation in the agreement is discharged or is extinguished in some other way. The same applies to part of a financial liability.

The Group categorises its financial instruments as:

- *Assets valued at fair value through profit or loss*

Assets in this category are reported initially at the acquisition value, i.e. fair value at the time of acquisition, and are subsequently valued continuously at fair value. The change in value is reported continuously through profit or loss. All Akademiska Hus investment assets and outstanding derivatives (with a positive fair value) fall into this category.

- *Loan receivables and accounts receivable*

Assets in this category are non-derivative financial assets with established or establishable payment flows that are not listed on an active market. These assets are reported and valued on a continuous basis at the accrued acquisition value. Akademiska Hus's accounts receivable also fall into this category and are reported and valued continuously at the acquisition value. At each period-end, an impairment examination is made of this asset. Non-current security holdings fall into this category and are valued at the accrued acquisition value unless an impairment requirement has been identified.

- *Liabilities valued at fair value through profit or loss*

These liabilities are reported initially at the acquisition value and thereafter on an ongoing basis at fair value. The change in value is reported on a continuous basis through profit or loss. Akademiska Hus's outstanding derivatives with a negative fair value fall into this category.

- *Other financial liabilities*

Liabilities in this category are reported and valued at the amortised cost according to the annual equivalent rate method. Direct costs when loans are raised are included in the acquisition value. All debt financing is included in this category. Akademiska Hus's accounts payable and other liabilities are classified under this category but are reported at the acquisition value.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and reported at a net amount in the Statement of Financial Position when there is a legal right to offset and when there is an intention to settle the items at a net amount or at the same time realise the asset and settle the debt. Information relating to offset financial assets and liabilities under IFRS 7 can be seen in the notes to the balance sheet.

Calculation of fair value, financial instruments

When establishing the fair value of current investments, derivatives and loan liabilities, the official market listing at the period-end is used and calculation takes place according to generally accepted methods. In those cases where such listings are not available, a valuation is made through discounting of future cash flows at the listed market interest rate for each term. Translation into Swedish kronor takes place at the listed rate at the period-end. Calculated and estimated fair values are indicative and will not necessarily be realised.

The nominal value of accounts receivable and accounts payable, reduced by possible estimated credits, is assumed to be equivalent to their fair value. Information according to IFRS 13 about the level in the fair value hierarchy for different items can be found in Note 32.

Rent receivables, accounts receivable and other receivables

Rent receivables and accounts receivable are reported initially at the fair value and are then reported at the invoiced amount following a deduction for any impairment (bad debts), which is equivalent to the accrued acquisition value. The estimated term of rent receivables and accounts receivable is short and consequently the value is reported at the nominal amount without discounting. Doubtful receivables are assessed individually and any impairment is reported within operating costs.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and current investments with a term shorter than three months. These assets are regarded as being sellable immediately with a negligible risk of changes in value, which means that the reported value (acquisition value plus accrued coupon) is equivalent to the fair value.

Current investments

Current investments with a term in excess of three months comprise interest-bearing securities and are reported and valued at fair value. Changes in value (unrealised profits and losses) are reported on a continuous basis through net interest income and expense.

In the Statement of Cash Flows, current investments with a term in excess of three months are not classified as cash and cash equivalents.

Loan financing

All loan financing is reported initially at fair value, net after transaction costs. Borrowing is subsequently reported at the accrued acquisition value and any difference between the amount received and the repayment amount is reported in net interest income and expense divided over the loan period on application of the annual equivalent rate method.

Borrowing that constitutes a hedged item in conjunction with fair value hedging is reported and valued on an ongoing basis after the acquisition point at fair value with account taken of the hedged risk. Changes in value are reported in net interest income and expense.

Loan financing in foreign currency is translated and the effects are reported through profit or loss.

The Group applies IAS 23 Borrowing Costs. IAS 23 means that the Group capitalises interest expense attributable to properties under construction that take a significant period of time to complete. Capitalised interest expense has a positive effect on net interest income and expense and a negative effect on the change in fair value of properties to the equivalent amount. Financing costs for properties under construction that do not take a significant period of time to complete are charged in full to the financial result for each year.

Accounts payable and other liabilities

Accounts payable and other liabilities have a short expected term and are valued at the nominal value without discounting.

Financial derivatives

Derivatives are held primarily with the aim of securing long-term, cost-effective debt financing and handling the Group's financial risk exposure by hedging interest and currency exposure against fluctuations in interest rates and exchange rates.

Derivatives are valued at fair value and changes in value are reported on an ongoing basis against net financial income and expense with the exception of the outstanding derivatives, which comprise hedging instruments. In a hedging situation where the underlying Statement of Financial Position item is business-related, the changes in value of the derivative are reported against operating profit. Changes in value attributable to the derivatives that comprise hedging instruments in a cash flow hedge are reported under Other comprehensive income, are accumulated in equity and are reported against financial or operating profit at the time the underlying exposure affects the profit.

Interest derivatives (interest future contracts, interest swap agreements, FRA contracts and interest options) are held mainly to secure the desired fixed interest period in existing debt financing. Interest derivatives are valued on an ongoing basis at fair value and the effects attributable to the changes in value are reported against net interest income and expense in conjunction with hedging of fair value and against Other comprehensive income in conjunction with cash flow hedging. The net of the accrued interest income and interest expense is allocated to specific periods and expensed over the term of the derivative.

In conjunction with financing in a foreign currency, all future payment flows are hedged so that no currency risk remains. Currency risk hedging takes place with the aid of currency derivatives (currency future contracts, currency swap agreements or combined with an interest swap agreement). Currency derivatives are translated at the period-end exchange rate and when hedge reporting is applied, the effects of the currency translation of the derivative naturally meet the effects of the currency translation of the debt in the financial result.

Independent derivatives, i.e. derivatives that are not included in any hedging relationship, are valued at fair value and the change in value is recorded directly against the net interest income and expense.

With the aim of evening out price variations on the electricity market, and in doing so achieve an even trend for the Group's electricity costs, future electricity use is hedged with the aid of electricity futures. Electricity futures are valued continuously at fair value and when hedge reporting according to the cash flow method is applied, the changes in value are reported directly against Other comprehensive income. The effects of price hedging, the difference between the electricity future's hedged price and the average spot price during the term of the electricity future, are offset against profit and are transferred on maturity from equity and reported as an operating cost. Consequently, the result of the electricity future and the Group's physical electricity purchases constitute the actual electricity cost.

In accordance with the currency mandate in the guidelines for purchasing electricity, currency risk exposure attributable to outstanding electricity futures is currency hedged with the aid of currency futures. Currency futures are valued on an ongoing basis at fair value and when hedge accounting according to the cash flow method is applied, the changes in value are reported directly against Other comprehensive income. The effects are expensed on settlement, i.e. the effects are transferred from equity and reported as an operating cost.

Hedge accounting

Akademiska Hus's hedge accounting takes place through a division into two different methods of hedging depending on the aim of the hedging: fair value hedging and cash flow hedging.

In the case of fair value hedging, both the hedged item/exposure and the hedging instrument are valued at fair value. The changes in value are reported continuously in profit or loss.

With cash flow hedging, the hedging instrument is valued at the fair value at the same time that the hedged item in conjunction with borrowing is valued according to the current valuation method (categorisation). According to the demands for cash flow hedging, a change in value attributable to a derivative that qualifies for hedge accounting is reported on an ongoing basis in other comprehensive income and is accumulated in equity until the underlying transaction/exposure affects the Statement of Comprehensive Income.

One of the criteria for hedge accounting to be applied is that the hedging relationship is expected to be effective both at the time of entering into the relationship as well as during the hedging period. The ineffective part of the hedging, i.e. the difference between the changes in value in the exposure (interest, electricity price or exchange rate risk) which are hedged in the underlying transaction/flow and the change in value in the hedging instrument's (derivative's) equivalent risk is expensed.

When a hedging measure is entered into, the relationship between the hedging instrument and the hedged item, along with the aim of the hedging measure and the method used to calculate the effectiveness, are documented.

PROVISIONS

Provisions are reported in the Statement of Financial Position when the Company has a formal or informal undertaking because of an event that has occurred and where it is probable that an outflow of resources is required to settle the undertaking and a reliable estimate of the amount can be made.

PARENT COMPANY, ACCOUNTING PRINCIPLES

The Parent Company has prepared its annual accounts according to the Annual Accounts Act and the Swedish Accounting Standards Board recommendation RFR 2 Reporting for Legal Entities and applicable statements from the Swedish Financial Reporting Board.

RFR 2 means that in the annual accounts for the legal entity, the Parent Company shall apply all EU-endorsed IFRSs and statements as far as this is possible within the framework of the Annual Accounts Act and the Pension Obligations Vesting Act and with consideration given to the link between accounting and taxation. The recommendation states the exceptions and addenda that are to be made to IFRS. The differences between the Group's and the Parent Company's accounting principles are stated below.

Amended accounting principles

No amendments to RFR 2 with a material impact on the Parent Company's financial statements were made during 2015.

Properties

Properties are reported in a legal entity at the acquisition value with a deduction for accumulated depreciation, impairments and reversed impairments. The depreciation period is based on each property's useful life.

During the year 34 (3) properties were revised upwards. Depreciation on the upwards revaluation occurs linearly with such an amount that the revaluation is completely written off when the properties are otherwise fully depreciated.

Shares in subsidiaries

Shares in subsidiaries are reported at the acquisition value.

Payments to employees

The Parent Company's pension undertakings have been calculated and reported based on the Safeguarding of Pension Commitments Act. Application of the Safeguarding of Pension Commitments Act is a prerequisite for the right to make a tax deduction.

Deferred tax

The amounts that are allocated to untaxed reserves comprise taxable temporary differences. Because of the link between accounting and taxation, the deferred tax liability that is attributable to the untaxed reserves is not reported separately in a legal entity. These are thus reported at the gross amount in the Statement of Financial Position. The appropriations are reported at the gross amount in the Statement of Comprehensive Income.

2 Estimates and assessments

When preparing reports in compliance with IFRS, the Executive Management and the Board of Directors must make assessments and assumptions that affect the reported asset and liability items and income and cost items in the final accounts as well as information provided generally, including contingent liabilities. These assessments are based on historical experience and different assumptions the Executive Management and the Board of Directors have considered reasonable under the prevailing circumstances. The conclusions drawn form the basis for decisions regarding reported values of assets and liabilities in those cases where these cannot be established easily through information from other sources. The actual outcome could differ from these assessments if other assumptions are made or if other conditions emerge. Assessments could have a material impact on the Akademiska Hus profit and financial position, particularly within regard to valuation of properties (see also Note 15).

SENSITIVITY ANALYSIS, IMPACT ON PROFIT

Change	Impact on pre-tax profit, SEK m	Impact on return on operating capital, percentage points	Impact on fair value, SEK m ¹	Impact on fair value, percentage points
Rental revenue, +/- one percentage point	55	0.1	386	0.6
Vacant space, +/- one percentage point	51	0.1	398	0.6
Operating costs, +/- one percentage point	8	0.0	81	0.1
of which media provision	5	0.0	41	0.1
Cost of capital, + one percentage point	-4,112	0.3	-4,112	-6.2
Cost of capital, - one percentage point	4,523	-0.3	4,523	6.8
Yield target, + one percentage point	-5,084	0.3	-5,084	-7.6
Yield target, - one percentage point	7,346	-0.4	7,346	11.0

¹⁾ Refers only to properties subjected to discounted cash flow analysis.

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3 Segment reporting

The Group's operations are controlled and reported on a regional basis. Segment reporting has been prepared using the same accounting principles applied to the Group as a whole. Revenue per segment is based on the tenant's geographical location whilst assets and liabilities are based on the tenant's physical location.

All revenue is generated in Sweden and all regions carry on property management.

For details of larger customers, see Note 5.

No sales between the segments have taken place.

'Investments' refer to gross investments in properties, construction of properties in progress and equipment, fixtures and fittings. 'Other operations' refer to operations that are not attributable to the regions.

Net operating income is the most important measure of performance and is reported and followed up on a regular basis by the Group's supreme decision-maker. The profit after net operating income is not reported and is not followed up for each segment. Properties are the asset measurement that is reported internally and is followed up for each segment. Internal follow-up of other assets and liabilities only takes place on the overall level for the Group.

Segment information 2015	South	West	East	Uppsala	Stockholm	North	Total, operating segments	Other operations	Group
Rental revenue	773,179	749,725	539,312	1,051,076	1,911,463	480,434	5,505,189	—	5,505,189
Other property management income	28,056	49,327	10,674	16,883	74,786	15,431	195,157	434	195,591
Total income	801,235	799,052	549,986	1,067,959	1,986,249	495,865	5,700,346	434	5,700,780
Operating costs	-121,767	-111,821	-84,548	-150,805	-240,702	-61,042	-770,685	—	-770,685
Maintenance costs	-96,862	-104,527	-57,626	-85,814	-223,927	-103,853	-672,609	—	-672,609
Property administration	-24,920	-25,833	-14,759	-24,557	-79,342	-11,693	-181,104	-172,342	-353,446
Other property management expenses	-28,163	-36,522	-5,351	-17,789	-86,626	-25,325	-199,776	-1,160	-200,936
Total costs, property management	-271,712	-278,703	-162,284	-278,965	-630,597	-201,913	-1,824,174	-173,502	-1,997,676
NET OPERATING INCOME	529,523	520,349	387,702	788,994	1,355,652	293,952	3,876,172	-173,068	3,703,104
Central overheads									-35,613
Changes in value, properties									2,655,365
Profit before financial items									6,322,856
Profit/loss from financial items (net)									-181,434
PROFIT BEFORE TAX ACCORDING TO THE STATEMENT OF COMPREHENSIVE INCOME									6,141,422
Properties	8,191,267	8,123,673	4,934,488	12,690,913	28,214,159	4,420,382	66,574,882	—	66,574,882
of which invested during the year	207,792	124,700	26,461	241,465	1,752,309	146,041	2,498,768	—	2,498,768
Segment information 2014	South	West	East	Uppsala	Stockholm	North	Total, operating segments	Other operations	Group
Rental revenue	717,241	753,183	539,311	1,018,370	1,957,517	509,312	5,494,934	—	5,494,934
Other property management income	27,825	50,345	9,570	19,317	60,348	17,164	184,569	1,174	185,743
Total income	745,066	803,528	548,881	1,037,687	2,017,865	526,476	5,679,503	1,174	5,680,677
Operating costs	-119,455	-116,606	-84,606	-154,699	-269,357	-66,388	-811,111	3,295	-807,816
Maintenance costs	-103,019	-86,873	-51,846	-93,789	-162,778	-126,405	-624,710	3,295	-621,415
Property administration	-24,327	-24,097	-14,380	-24,922	-65,592	-13,655	-166,973	-158,457	-325,430
Other property management expenses	-23,247	-43,402	-4,085	-17,582	-95,692	-26,964	-210,972	1,577	-209,395
Total costs, property management	-270,048	-270,978	-154,917	-290,992	-593,419	-233,412	-1,813,766	-150,290	-1,964,056
NET OPERATING INCOME	475,018	532,550	393,964	746,695	1,424,446	293,064	3,865,737	-149,116	3,716,621
Central overheads									-45,928
Changes in value, properties									3,528,968
Profit before financial items									7,199,661
Profit/loss from financial items (net)									-939,062
PROFIT BEFORE TAX ACCORDING TO THE STATEMENT OF COMPREHENSIVE INCOME									6,260,599
Properties	7,889,166	7,454,342	4,933,064	12,458,510	24,536,646	4,164,920	61,436,648	—	61,436,648
of which investments	596,547	161,502	11,948	590,983	1,569,909	72,770	3,003,659	—	3,003,659

4 Categorised operating costs

	Group		Parent Company	
	2015	2014	2015	2014
Functions reported in the Income Statements				
Property management	-1,997,677	-1,964,056	-1,979,756	-1,960,853
Central administration costs	-35,612	-45,928	-35,612	-45,928
TOTAL OPERATING COSTS ACCORDING TO FUNCTION	-2,033,289	-2,009,984	-2,015,368	-2,006,781
CATEGORISED FUNCTION COSTS				
Energy, fuel and water	-563,347	-607,246	-563,347	-607,246
Property administration	-119,253	-98,526	-100,402	-85,145
Maintenance costs, material and services purchased	-722,407	-673,813	-722,407	-677,109
Site leasehold charges	-58,226	-57,168	-58,226	-57,168
Property tax	-3,737	-3,555	-3,737	-3,555
Personnel costs	-352,830	-348,022	-352,830	-348,022
Depreciation	-6,190	-7,169	-6,190	-7,169
Other costs	-207,299	-214,485	-208,229	-221,367
TOTAL CATEGORISED OPERATING COSTS	-2,033,289	-2,009,984	-2,015,368	-2,006,781

5 Leases

All properties are leased under operational lease agreements and generate rental revenue. The rental revenue during the period amounted to KSEK 5,505,189 (5,494,934) and the direct costs for the properties during the period totalled KSEK 1,997,677 (1,964,056). Profit for the

year includes KSEK 533,395 (565,152) for variable charges. Lund University and Karolinska Institutet account for 11 per cent and 10 per cent of rental revenue, respectively.

LEASE TERMS AS OF 31-12-2015

Due date	Number of leases	Contracted annual rent	Proportion, %
Non-residential premises			
2016	294	518,520	9
2017	267	505,958	8
2018	223	703,859	12
2019	131	453,878	8
2020	84	649,533	11
2021	45	447,597	7
2022 and later	184	2,730,300	45
Other	259	22,842	0
TOTAL	1,487	6,032,487	100

CONTRACTED RENTAL REVENUE AS OF 31-12-2015 ACCORDING TO THE SIZE OF THE LEASE

Annual rent	Number of leases	Contracted annual rent	Proportion, %
Non-residential premises			
> 70,000	3	388,306	6
30,000 - 70,000	35	1,483,735	25
10,000 - 30,000	144	2,401,392	40
7,500 - 10,000	55	472,101	8
5,000 - 7,500	73	450,820	7
2,500 - 5,000	112	414,355	7
< 2,500	806	398,936	7
Other	259	22,842	0
TOTAL	1,487	6,032,487	100

6 Other property management income

	Group		Parent Company	
	2015	2014	2015	2014
Parking revenue	60,297	57,690	60,297	57,690
Profit on the sale of other non-current assets	—	—	103,876	1,546,612
Income from external property management assignments and similar assignments	78,154	78,813	78,154	78,813
Income from services performed on behalf of tenants	48,298	45,343	48,298	45,343
Other	8,842	3,897	8,842	3,897
TOTAL	195,591	185,743	299,467	1,732,355

7 Other property management expenses

	Group		Parent Company	
	2015	2014	2015	2014
Site leasehold charges, property tax and insurance costs	-67,945	-67,137	-67,945	-67,137
Studies	-20,336	-11,388	-20,336	-11,388
Loss on the sale and disposal of other non-current assets	—	—	-2,211	-32,257
Costs for external property management assignments and similar assignments	-53,394	-48,025	-53,394	-48,025
Costs for services performed on behalf of tenants	-41,133	-44,127	-41,133	-44,127
Other	-18,128	-38,718	-18,914	-12,371
TOTAL	-200,936	-209,395	-203,933	-215,305

8 Depreciation, impairments and reversed impairments in property management

	Group		Parent Company	
	2015	2014	2015	2014
Properties	—	—	-1,591,522	-1,169,744
Equipment, fixtures and fittings	-6,190	-7,169	-6,190	-7,169
TOTAL	-6,190	-7,169	-1,597,712	-1,176,913

In the Group and Parent Company, KSEK 3,095 (3,585) has been reported as property administration and KSEK 3,095 (3,584) as operating costs.

9 Employees and personnel costs

The average number of employees was as follows:

	2015	2014
AKADEMISKA HUS AB		
Head Office, Gothenburg	86	78
Southern Region	48	49
Western Region	59	59
Eastern Region	27	28
Uppsala Region	59	64
Stockholm Region	97	96
Northern Region	33	34
Subsidiaries	—	—
GROUP, TOTAL	409	408

The proportion of women (based on the average number of employees) in the Parent Company and the Group is 26 per cent (26).

GENDER DIVISION, BOARD, GROUP MANAGEMENT AND OTHER PERSONS IN EXECUTIVE POSITIONS

The Board comprises 8 (8) members elected at the Annual General Meeting and 2 (2) members appointed by the employees. 4 (4) of the members are women, i.e. 40 per cent (40).

Overall management of the Group rests with the Executive Management, which comprises 8 (7) men and 5 (4) women. The Executive Management comprises the President, Vice President, CFO, Human Resources Director, Corporate Communications Director, Purchasing Director, General Counsel and Regional Directors.

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY COSTS

	2015		2014	
	Group	Parent Company	Group	Parent Company
SALARIES AND REMUNERATION				
Board members, President and Vice President	6,005	6,005	5,569	5,569
Other employees	221,462	221,462	217,734	217,734
TOTAL	227,467	227,467	223,303	223,303
SOCIAL SECURITY COSTS				
Board members, President and Vice President	3,511	3,511	3,231	3,231
(of which pension costs)	(2,065)	(2,065)	(1,865)	(1,865)
Other employees	104,200	104,200	103,964	103,964
(of which pension costs)	(56,994)	(56,994)	(57,287)	(57,287)
TOTAL	107,711	107,711	107,195	107,195
(of which pension costs)	(59,059)	(59,059)	(59,152)	(59,152)

The Group's and Parent Company's outstanding pension obligations to the President, Regional Directors and other members of Executive Management total KSEK 3,349 (2,839). The subsidiaries do not have any employees and no salaries have been paid.

REMUNERATION TO THE BOARD

		2015				2014				1
		Director's fees	Remuneration Committee	Finance Committee	Audit Committee	Director's fees	Remuneration Committee	Finance Committee	Audit Committee	
Chair	Eva-Britt Gustafsson	260	10	10	10	250	10	20	—	2
Member	Britta Bureau ¹	130	—	20	—	62	—	10	—	3
Member	Olof Ehrlén	130	—	—	10	125	—	—	20	4
Member	Per Granath ¹	—	—	—	—	62	—	10	—	5
Employee representative	Thomas Jennlinger	—	—	—	—	—	—	—	—	6
Employee representative	Anders Larsson	—	—	—	—	—	—	—	—	7
Member	Ingela Lindh ¹	130	—	—	—	62	—	—	—	8
Member	Leif Ljungqvist	—	—	—	—	—	—	—	—	9
Member	Pia Sandvik	130	—	20	10	125	—	20	—	10
Member	Gunnar Svedberg	130	10	—	—	125	10	—	—	11
Member	Maj-Charlotte Wallin ¹	—	—	—	—	62	—	—	—	12
Member	Ingemar Ziegler	130	—	—	20	125	—	—	20	13
TOTAL		1,040	20	50	50	998	20	60	40	14

1) Member for part of 2014.

REMUNERATION TO SENIOR EXECUTIVES

		2015		2014		17
		Basic salary ⁷	Pension cost	Basic salary ⁷	Pension cost	
CEO/President	Kerstin Lindberg Göransson	3,108	813	2,871	630	18
Vice President	Michael Walmerud	1,689	454	1,678	497	19
Regional Director, South	Tomas Ringdahl	1,516	326	1,468	341	20
Regional Director, West	Birgitta van Dalen	1,258	495	1,187	452	21
Regional Director, East	Lars Hagman	1,168	227	1,174	251	22
Regional Director, Uppsala	Peter Bohman ¹	1,469	313	1,148	243	23
Regional Director, North	David Carlsson ²	1,344	277	1,510	355	24
Regional Director, Stockholm	Sten Wetterblad	1,829	480	1,721	461	25
CIO	Cecilia Nielsen	968	184	991	166	26
General Counsel	Carolin Åberg-Sjöqvist	939	228	—	—	27
CFO	Jonas Ragnarsson ³	1,994	461	480	120	28
Acting Director, Accounting and Financing	Joakim Hugosson ⁴	—	—	1,121	326	29
Purchasing Director	Ulf Däversjö ⁵	1,167	215	—	—	30
Human Resources Director	Kristina Korsgren ⁶	1,103	260	997	243	31
TOTAL		19,552	4,733	16,346	4,085	32

1) Peter Bohman took up the position of Regional Director in Uppsala on 1 May 2014.

2) David Carlsson was Regional Director in Uppsala from 1 September 2013 to 30 April 2014.

3) Jonas Ragnarsson took up the position of CFO 1 October 2014 and stepped down on 12 February 2016.

4) Joakim Hugosson was Acting Director, Accounting and Financing, from January to September 2014.

5) Ulf Däversjö became a member of Executive Management on 1 February 2015.

6) Kristina Korsgren left Executive Management on 29 February 2016.

7) No payments were made in addition to the above reported basic salary.

10 Fees and disbursements to auditors out of pocket expenses

	Group and Parent Company	
	2015	2014
KPMG AB		
Audit assignment	833	1,165
Audit work in addition to the audit assignment	185	279
Tax consulting	137	—
Other services	150	—
TOTAL	1,305	1,444
Deloitte AB		
Audit assignment	—	633
Audit work in addition to the audit assignment	—	8
Tax consulting	—	301
Other services	—	4
TOTAL	0	946

KPMG AB was elected to serve as auditors at the Annual General Meeting on 28 April 2014.

'Audit assignment' refers to payment to the auditor for the statutory audit, such as work necessary to submit the audit report. 'Audit work in addition to the audit assignment' in effect refers to what can be designated quality assurance services (for example, examination of a prospectus for an EMTN programme) as well as the provision of advice or other assistance as a result of observations made in conjunction with

such an examination or the performance of other such duties. 'Tax consulting' is self-explanatory. 'Other services' refers mainly to fees for consultation in conjunction with examination of tax returns and consultation regarding financial instruments, the Sustainability Report and accounting-related issues.

11 Financial income and expense

	Group		Parent Company	
	2015	2014	2015	2014
OTHER INTEREST INCOME AND SIMILAR PROFIT/LOSS ITEMS				
Interest income, other ¹	11,918	24,371	11,918	24,371
Changes in value, independent derivatives	348,381	32,396	348,381	32,396
RESULT, FINANCIAL INCOME	360,299	56,767	360,299	56,767
OTHER INTEREST EXPENSE AND SIMILAR PROFIT/LOSS ITEMS				
Interest expense, other ¹	-187,360	-373,498	-295,592	-507,455
Changes in value, independent derivatives	-259,305	-498,736	-259,305	-498,736
Changes in value, fair value hedges	-95,068	-123,595	-95,068	-123,595
RESULT, FINANCIAL EXPENSE	-541,733	-995,829	-649,965	-1,129,786
RESULT, NET FINANCIAL INCOME AND EXPENSE	-181,434	-939,062	-289,666	-1,073,019
1) of which interest income/interest expense deriving from financial instruments that are not valued at fair value through profit or loss.	-175,442	-349,127	-283,675	-483,083
Changes in value, financial items, are as follows:				
UNREALISED CHANGES IN VALUE	2015	2014	2015	2014
Independent derivatives	221,520	-301,733	221,520	-301,733
Fair value hedging, hedging instruments	-95,068	-123,595	-95,068	-123,595
TOTAL	126,452	-425,328	126,452	-425,328
REALISED CHANGES IN VALUE				
Independent derivatives	-132,444	-164,607	-132,444	-164,607
TOTAL	-132,444	-164,607	-132,444	-164,607
TOTAL CHANGES IN VALUE	-5,992	-589,935	-5,992	-589,935

12 Appropriations and untaxed reserves (Parent Company)

	Parent Company	
	31-12-2015	31-12-2014
APPROPRIATIONS		
Change in tax allocation reserve	-52,265	-142,594
Difference between recorded depreciation and depreciation according to plan	-105,293	-100,738
TOTAL	-157,558	-243,332
UNTAXED RESERVES		
Tax allocation reserve, provision made 2009	—	458,536
Tax allocation reserve, provision made 2010	397,454	397,454
Tax allocation reserve, provision made 2011	437,485	437,485
Tax allocation reserve, provision made 2012	449,374	449,374
Tax allocation reserve, provision made 2013	441,894	441,894
Tax allocation reserve, provision made 2014	447,887	447,887
Tax allocation reserve, provision made 2015	510,801	—
Additional depreciation	1,165,557	1,060,264
TOTAL	3,850,452	3,692,894

13 Tax

The following components are included in the Group and Parent Company tax expense:

	Group		Parent Company	
	2015	2014	2015	2014
TAX ON PROFIT FOR THE YEAR				
Current tax				
Current tax on profit for the year	-337,129	-312,343	-337,129	-312,343
Total current tax	-337,129	-312,343	-337,129	-312,343
DEFERRED TAX ATTRIBUTABLE TO TEMPORARY DIFFERENCES				
Financial instruments	-73,498	77,931	-73,498	77,931
Properties	-942,398	-782,109	16,699	-35,801
Tax allocation reserve	-11,498	-31,371	—	—
Pension provisions	3,239	1,877	—	—
Other	-30	77	—	—
Total deferred tax	-1,024,185	-733,595	-56,799	42,130
TOTAL TAX ON PROFIT FOR THE YEAR	-1,361,314	-1,045,938	-393,928	-270,213

The difference between the reported tax expense and tax expense based on the current tax rate comprises the following components:

	Group		Parent Company	
	2015	2014	2015	2014
Reported profit before tax	6,141,422	6,260,599	1,744,352	2,727,639
Tax at the current tax rate	-1,351,113	-1,377,332	-383,757	-600,081
Tax effect of expenses that are not tax deductible/taxable (permanent differences):				
Non-deductible expenses	-87,332	-39,362	-87,332	-39,362
Non-taxable income ¹	80,926	360,710	80,926	360,710
Taxable standard interest calculated on the tax allocation reserve	-3,765	-8,217	-3,765	-8,217
Other	-30	18,263	—	16,737
TOTAL REPORTED TAX EXPENSE	-1,361,314	-1,045,938	-393,928	-270,213

1) Non-taxable income includes the tax effect from disposal of trade-related shares totalling KSEK 10,535 (360,527).

Reported deferred tax receivables/liability:

	Group		Parent Company	
	31-12-2015	31-12-2014	31-12-2015	31-12-2014
Deferred tax assets attributable to temporary differences				
Financial instruments	20,702	94,986	20,702	94,986
Cash flow hedge	9,490	5,949	9,490	5,949
Properties	22,664	—	22,664	—
Pension provisions	28,519	30,125	—	—
Total, reported deferred tax receivables	81,375	131,060	52,856	100,935
Deferred tax liabilities attributable to temporary differences				
Tax allocation reserve	-590,677	-579,179	—	—
Properties	-8,252,048	-7,303,723	-2,127,043	-727,559
Financial instruments	—	-786	—	-786
Other	20	49	—	—
Total, reported deferred tax liability	-8,842,705	-7,883,639	-2,127,043	-728,345
TOTAL, REPORTED DEFERRED TAX LIABILITY	-8,761,330	-7,752,579	-2,074,187	-627,410

The following deferred tax assets/liabilities refer to items where a change has been reported in other comprehensive income:

	Group		Parent Company	
	31-12-2015	31-12-2014	31-12-2015	31-12-2014
Cash flow hedge				
- currency derivatives	1,890	-4,426	1,890	-4,426
- electricity derivatives	1,652	-2,850	1,652	-2,850
- actuarial gains and losses	-4,845	13,780	—	—
TOTAL DEFERRED TAX REPORTED IN OTHER COMPREHENSIVE INCOME	-1,303	6,504	3,542	-7,276

UNREPORTED DEFERRED TAX

No deferred tax in respect of untaxed reserves has been reported in the Parent Company. The deferred tax liability related to untaxed reserves totals KSEK 847,099 (812,437) and is included in these reserves. The

consolidated accounts do not include any material unreported temporary differences between carrying amounts and tax values for assets and liabilities. All tax deficit deductions within the Group can be utilised for an unlimited period in the future.

14 Dividend

The dividend paid to the shareholder on 30 April 2015 totalled SEK 1,445,000,000 (1,374,000,000). The dividend per share was SEK 676.81 (643.56). Moreover, an additional distribution of SEK 6,500,000,000 (0), equivalent to SEK 3,044.50 per share, was approved at the Extraordinary General Meeting on 19 October 2015. In all, SEK 4,500,000,000 of the additional distribution has been disbursed. The remaining SEK 2,000,000,000 will be paid before the 2016 Annual General Meeting and the amount is reported as a current liability in the financial statements.

As regards the dividend for the year, the Board proposes a dividend of SEK 604.22 per share, for a total of SEK 1,290,000,000, to be paid to the shareholder as instructed by the owner. A decision regarding a dividend will be reached by the shareholder at the Annual General Meeting. The dividend has not been recorded as a liability in the Annual Report.

15 Properties (Group)

The fair value of properties has changed during the year as follows:

Change in property holdings, in SEK 1,000	31-12-2015 Group	31-12-2014 Group
Opening fair value	61,436,648	57,556,835
+ Investment in new construction and redevelopment	2,496,968	2,853,856
+ Acquisitions	1,800	99,500
+ Capitalised interest expense	108,234	133,956
- Sales	-32,971	-2,701,926
+/- Change in value, unrealised	2,564,203	3,494,427
Of which change in value due to a change in the cost of capital and yield requirement	1,244,997	3,070,209
Of which change in value due to adjusted value index (valuation status, average remaining term, property type)	255,928	-171,858
Of which capitalised interest expense	-108,234	-133,956
Of which other change in value	1,171,512	730,032
CLOSING FAIR VALUE	66,574,882	61,436,648

	2015	2014
Changes in value, property holdings		
Positive	3,592,054	4,074,190
Negative	-1,027,851	-579,764
Result from sales and disposals		
Positive	91,162	73,342
Negative	—	-38,800
TOTAL CHANGES IN VALUE, PROPERTIES	2,655,365	3,528,968

VALUATION MODELS/METHODS

Akademiska Hus has an internal property valuation process that is highly developed and has been quality assured. Information regarding valuation principles as well as levels of input data, assumptions and prerequisites are produced by the Company's valuation specialists. These parameters are finally confirmed by the President.

Akademiska Hus valuation models comply with good market practice in the property industry and the cash flows and yield targets that are used are justified based on both property-specific conditions and industry-specific conditions. The properties have been valued individually without any account being taken of portfolio effects.

The fair value of the Group's properties as of 31 December 2015 has been set using an internal property valuation. The valuation has been conducted using different valuation methods as follows:

	SEK m	Share, %
Internal cash flow valuation	60,660	91
Expansion reserves	1,227	2
Other valuation (including properties under construction and development properties)	4,688	7
TOTAL	66,575	100

SEK 60,660 million (91 per cent) of the fair value has been set through an internal cash flow valuation, where the cash flow figures used comprise the revenue and costs for each property, i.e. the net operating income. Rent payments have been calculated based on current leases. If the rent level at the end of the lease is considered to be in line with the market, it is assumed that the lease can be extended subject to the same terms and conditions. In other cases, rents are adjusted to the market level. Operating costs are assessed based on historical outcome and forecasts. Property administration costs are assessed based on the average cost level within Akademiska Hus and the maintenance costs are assessed based on actual costs and key figures for the industry.

For an initial calculation period of 10 years, a current value is computed for the cash flow generated each year using a nominal cost of capital. In addition, the residual value from year 11 is calculated based on

the market's actual yield targets. This residual value is in turn calculated at the current value using nominal cost of capital. The property's fair value comprises the sum of the current cash flows during the calculation period and the current residual value.

The starting point when choosing the cost of capital is the nominal interest rate on the secondary market for government bonds with a term equivalent to the length of the calculation period. A risk premium is added to cover the market risk and the property-related risk.

The yield targets are assessed, as far as possible, using the property transactions that have been completed on the market and, as far as possible, using comparable properties. Each year, Akademiska Hus has the yield target, cost of capital and other valuation prerequisites verified by two independent valuation institutes, NAI Svefa and Cushman & Wakefield.

Both the cost of capital for discounting the cash flow as well as the yield target have been differentiated for each property depending on the town, location, lease term and type of premises. The risks are thus analysed in several dimensions and are generally assessed to be higher for properties with shorter leases, installation-intensive premises and properties in less attractive locations.

Expansion reserves, SEK 1,227 million (2 per cent) have been valued using the location prices for construction rights with a deduction for development costs, supplemented by developer calculations. In some cases, the planning conditions for new construction are unclear and consequently the pure land values have been used to establish the fair value. The expansion reserves include construction rights covering a gross area of approximately 1.8 million square metres.

SEK 4,688 million (7 per cent) comprises mainly properties with uncertain future cash flows. These have been valued individually using the valuation method that was most appropriate.

The total fair value of properties includes new construction in progress amounting to SEK 3,484 million (5,407), which has also been valued using the internal cash flow valuation with a deduction for remaining investment.

The properties are on level 3 in the fair value hierarchy.

Valuation conditions 2015

Yield requirements and cost of capital declined by between 0.05 and 0.35 percentage points during the year, due to general price-driving factors in the property market for community properties. Overall, the positive change in value attributable to changes in yield requirements and cost of capital in 2015 amounted to SEK 1,245 million (3,070). Well-located, efficient properties with a strong customer base and good rental potential are in greatest demand and are naturally less sensitive to external changes.

Characteristic of Akademiska Hus are long leases with stable, credit-worthy customers. The majority of tenants have a public principal and thus a very good credit rating, which means a low rent risk during the term of the lease. Around 90 per cent of income derives from the dominant customer group, universities and colleges. All centres of education, apart from Chalmers University of Technology, have the Swedish state as principal and thus have a high credit rating. The average remaining lease term is 5.8 years (6.0). The valuation divided the leases into three categories based on average remaining lease term. For valuation properties with a longer remaining lease term, the relative risk is lower as the cash flow valuation is based predominantly on hedged flows.

The city, town and location classifications have been based on the general division of the property market. Larger and important cities and towns have been assigned a higher degree of attractiveness from, for example, a demographic, employment and economic point of view. This is also the case from the point of view of higher education and research, where Sweden's three largest cities, Stockholm, Gothenburg and Malmö, but also the classic university towns of Lund and Uppsala and to a certain extent Linköping and Umeå, are more attractive and are considered to be more stable and secure education and research locations in the long term. The division into different cities, towns and locations reflects the demand on the market and the attractiveness of the properties. Inner-city locations in Stockholm and Gothenburg are in greatest demand and most attractive whilst demand is lowest in smaller, rural locations.

Akademiska Hus operates in a specific segment of the property market, which means that our properties are more adapted to specialist uses and consequently they have a slightly more uncertain residual value than for more general properties, such as office buildings and residential buildings. This means that many of our properties are not available for new tenants or other purposes without substantial redevelopment. After an initial calculation period, assessment of the residual value needs to reflect the more property specific risks in more concrete terms. An assessment of the uncertainty regarding modernity, standard/condition, technical risk and redevelopment/adaptation requirements is made at the point at which residual value is calculated. These risks are quantified mainly in the form of charges to cash flow rather than the direct yield target.

The cost of capital for the cash flow varies for different properties within the range 6.59–12.00 per cent depending on the lease term, town/city, location, and type of premises. The long-term yield target varies between 4.50 per cent and 9.80 per cent depending on the town/city, location and type of premises.

The average yield target and cost of capital for each region are shown in the table below.

	31-12-2015		31-12-2014	
	Yield target, %	Cost of capital, %	Yield target, %	Cost of capital, %
South	6.2	8.3	6.3	8.5
West	5.8	7.9	6.1	8.2
East	6.5	8.6	6.5	8.6
Uppsala	6.1	8.2	6.2	8.3
Stockholm	5.3	7.4	5.6	7.7
North	6.4	8.6	6.6	8.7
Group	5.8	7.9	6.0	8.1

Other assumptions

The following assumptions form the basis for the internal market valuation:

Valuation assumptions

Lease term	=> 10 years, > 6 years, =< 6 years
Division into town, city, location	25 towns, cities, locations
Special adaptation/type of premises	Installation-intensive premises/non-installation-intensive premises
Calculation period	10 years
Inflation assumption, year 1	1.0%
Inflation assumption, years 2-10	2.0%
Vacant space	Actual and/or 5%
Deduction for stamp duty	4.25%
Property administration	SEK 45/m ²
Maintenance costs, non-installation-intensive premises	SEK 100/m ²
Maintenance costs, installation-intensive premises	SEK 140/m ²

Assumptions about inflation have been made based on the views of different forecasters, such as the National Institute of Economic Research, the Swedish Central Bank and other banks. The long-term inflation assumption of 2 per cent corresponds with the Riksbank's long-term inflation target. The rent trend during the term of the lease is estimated at maximum of inflation (CPI), with consideration taken to the index share of the lease. After expiration of the contract period, adjust the rent when necessary to estimated market rent. Actual vacancy is applied as it occurs and after the contract period a standard vacancy rate of 5 per cent is applied. Standard formulas are applied for property administration costs and maintenance costs. Operating costs are assessed according to historic outcome and forecast.

Sensitivity analysis

The sensitivity analysis shows how the fair value is affected in conjunction with changes in different variables. The impact on profit of a change in value, however, would not affect the cash flow as it is unrealised.

Change	Impact on fair value, SEK m	Impact on fair value, percentage points
Rental revenue, +/- one percentage point	386	0.6
Vacant space, +/- one percentage point	398	0.6
Operating costs, +/- one percentage point	81	0.1
of which media provision	41	0.1
Maintenance costs, +/- SEK 10/m ²	486	0.7
Property administration, +/- SEK 10/m ²	486	0.7
Cost of capital, + one percentage point	-4,112	-6.2
Cost of capital, - one percentage point	4,523	6.8
Yield target, + one percentage point	-5,084	-7.6
Yield target, - one percentage point	7,346	11.0

A change in the maintenance cost that affects the profit and return on equity has been calculated based on actual maintenance costs. The impact on fair value has been calculated based on a standard maintenance cost and standard property administration cost in the valuation model.

Other

There are no limits with regard to the right to sell the properties or use the rental revenue.

All properties are leased under operational lease agreements and generate rental revenue. The rental revenue during the period amounted to KSEK 5,505,189 (5,494,934) and the direct costs for the properties during the period totalled KSEK 1,997,676 (1,964,056).

External valuation

To assure the internal valuation, selected properties are valued each year by external valuation companies. As of 30 September 2014, 74 valuation buildings/sellable units and 25 building rights at a fair value of SEK 18,069 million were valued externally, corresponding to approximately 28 per cent of the Akademiska Hus total fair value. The external valuations in 2015 were carried out by Cushman & Wakefield as a benchmark for the internal cash flow valuations. Cushman & Wakefield's valuers are authorised by the Swedish Society of Real Estate Economics. The external valuations confirm the reliability of the internal valuation model.

16 Properties (Parent Company)

Carrying amount for properties amounts to KSEK 39,899,507 (32,605,258). The amount includes land, land systems, buildings, building equipment and land equipment. Fiscal residual value amounts to KSEK 25,581,843 (22,829,896).

The carrying amount of properties changed as follows during the year:

	Parent Company	
	31-12-2015	31-12-2014
Opening acquisition value	48,024,992	47,120,487
Investment in new construction and redevelopment	2,496,968	2,853,857
Acquisitions	1,800	99,500
Sales and disposals	-42,416	-2,048,852
CLOSING ACCUMULATED ACQUISITION VALUE	50,481,344	48,024,992
Opening impairments	1,250,000	—
Revaluations for the year	6,410,256	1,282,051
Depreciation for the year on revaluations	-235,566	-32,051
CLOSING ACCUMULATED REVALUATIONS	7,424,690	1,250,000
Opening depreciation	-16,308,505	-15,754,922
Reclassifications	-5,855	-37,472
Sales and disposals	14,558	731,292
Depreciation for the year	-1,359,934	-1,247,403
CLOSING ACCUMULATED DEPRECIATION ACCORDING TO PLAN	-17,659,736	-16,308,505
Opening impairments	-361,229	-630,598
Reclassifications	5,855	37,472
Sales and disposals	4,605	121,793
Reversed impairments	29,144	135,603
Impairments for the year	-25,166	-25,499
CLOSING ACCUMULATED IMPAIRMENTS	-346,791	-361,229
CARRYING AMOUNT	39,899,507	32,605,258

17 Equipment, fixtures and fittings

	Group		Parent Company	
	31-12-2015	31-12-2014	31-12-2015	31-12-2014
Opening acquisition value	76,244	93,126	76,244	93,126
Purchases	6,867	2,784	6,867	2,784
Transferred from new construction in progress	-6,663	-19,666	-6,663	-19,666
CLOSING ACCUMULATED ACQUISITION VALUE	76,448	76,244	76,448	76,244
Opening depreciation	-62,528	-74,971	-62,528	-74,971
Sales and disposals	6,459	19,612	6,459	19,612
Depreciation for the year	-6,190	-7,169	-6,190	-7,169
CLOSING ACCUMULATED DEPRECIATION	-62,259	-62,528	-62,259	-62,528
CARRYING AMOUNT	14,189	13,716	14,189	13,716

18 Shares in Group companies

	Parent Company	
	31-12-2015	31-12-2014
Opening acquisition value	700	650
Acquisition of subsidiaries	—	300
Sale of subsidiaries	-50	-250
CARRYING AMOUNT	650	700

Specification of the Parent Company's shareholdings in Group companies:

Subsidiaries	Company reg. no.	Registered office	Total number of shares	Share of equity in % ¹⁾	Parent Company	
					31-12-2015	31-12-2014
Akademiska Hus Utveckling och Support AB	556610-2975	Gothenburg	500 (500)	100 (100)	500	500
Kunskapsmiljön 6 AB	556966-0045	Gothenburg	0 (500)	0 (100)	—	50
Kunskapsmiljön 7 AB	556966-0037	Gothenburg	500 (500)	100 (100)	50	50
Akademiska Hus Holding AB	556981-6803	Gothenburg	100 (100)	100 (100)	100	100
TOTAL					650	700

1) Corresponds to the number of votes.

19 Derivatives (Group)

Derivatives are used to handle interest risk exposure and to eliminate currency risks in conjunction with financing in a foreign currency and for electricity price risk management. The fair value of interest and cross currency interest rate swap agreements includes the underlying

capital amounts and accrued interest. The Group's risk management is presented in Note 33 Financial risk management.

Carrying amounts, derivatives, are broken down as follows:

		31-12-2015		31-12-2014	
		Assets	Liabilities	Assets	Liabilities
NON-CURRENT	Independent derivatives				
	- interest rate derivatives	461,669	585,273	289,393	722,217
	Hedging instruments, fair value hedging				
	- interest rate derivatives	—	—	153,679	—
	- cross currency interest rate swap agreements	1,196,258	—	1,031,134	—
	Hedging instruments, cash flow hedging				
	- currency derivatives	37	208	3,491	—
	- electricity derivatives	—	16,045	—	13,339
TOTAL, NON-CURRENT		1,657,964	601,526	1,477,697	735,556
CURRENT	Independent derivatives				
	- interest rate derivatives	12,166	65,652	30,687	84,787
	- currency derivatives	—	—	502,708	—
	Hedging instruments, fair value hedging				
	- cross currency interest rate swap agreements	226,566	—	19,844	—
	Hedging instruments, cash flow hedging				
	- currency derivatives	11,886	119,709	253,548	14
	- electricity derivatives	—	31,667	—	24,121
TOTAL, CURRENT		250,618	217,028	806,787	108,922
TOTAL, DERIVATIVES		1,908,582	818,554	2,284,484	844,478

Fair value is equivalent to the carrying amount in the table above. Derivatives and swap agreements are on level 2 in the fair value hierarchy, see Note 32.

The maturity structure of the Group's derivatives is as follows, SEK m:

	31-12-2015						31-12-2014					
	Independent derivatives ¹		Fair value hedging ²		Cash flow hedging ³		Independent derivatives ¹		Fair value hedging ²		Cash flow hedging ³	
	Nominal amount	Fair value	Nominal amount	Fair value	Nominal amount	Fair value	Nominal amount	Fair value	Nominal amount	Fair value	Nominal amount	Fair value
2016	3,342	-167	-1,275	227	-154	-33	-100	-37	-1,176	139	-77	-4
2017	100	-18	—	—	-74	-13	100	-29	—	—	-28	-1
2018	-3,600	-46	-2,822	640	-19	-3	150	-70	-2,611	510	—	—
2019	1,000	-123	—	—	—	—	1,000	-136	—	—	—	—
2020	100	149	—	—	—	—	1,385	107	—	—	—	—
2021	2,326	-25	-1,700	279	—	—	850	-34	-1,568	385	—	—
2022	1,200	-38	—	—	—	—	600	-46	—	—	—	—
2023 and later	700	-25	-2,545	-85	—	—	820	-177	—	—	—	—
TOTAL	5,168	-293	-8,342	1,061	-247	-49	4,805	-422	-5,355	1,034	-105	-5

1) Nominal amount, independent derivatives. A positive amount constitutes an extension of the portfolio's fixed interest.

2) Nominal amount, fair value hedging. A negative amount constitutes a purchase of foreign currency.

3) Nominal amount, cash flow hedging. A negative amount constitutes a purchase of foreign currency and/or a purchase of electricity derivatives.

The table below shows the maturity structure for electricity and currency derivatives, SEK m, which constitute hedging instruments in cash flow hedging.

	31-12-2015				31-12-2014			
	Currency derivatives ¹		Electricity derivatives ²		Currency derivatives ¹		Electricity derivatives ²	
	Nominal amount	Fair value	Nominal amount	Fair value	Nominal amount	Fair value	Nominal amount	Fair value
2016	-69	-1	-85	-32	-70	-3	-7	-1
2017	-24	—	-50	-13	-25	-1	-3	—
2018	—	—	-19	-3	—	—	—	—
TOTAL	-93	-1	-154	-48	-95	-4	-10	-1

1) Nominal amount, currency derivatives. A negative amount constitutes a purchase of foreign currency.

2) Nominal amount, electricity derivatives. A negative amount constitutes a purchase of electricity derivatives.

The following table shows the maturity structure for forecast electricity use together with electricity derivatives and currency derivatives entered into with the aim of hedging the electricity price. All outstanding currency hedgings are in EUR/SEK.

Forecast use, MWh	Hedging level, price, %	Hedging level, currency, %
2016	440,000	82
2017	440,000	60
2018	440,000	38

20 Other non-current receivables

	Group		Parent Company	
	31-12-2014	31-12-2015	31-12-2014	2014-12-31
Interest-bearing promissory note	—	192,911	—	192,911
Other non-interest-bearing receivables	343,273	278,247	343,273	278,247
TOTAL	343,273	471,158	343,273	471,158

Other non-current receivables are reported at amortised cost. Fair value is equivalent to the carrying amount.

Of the Group's non-current receivables, KSEK 133 761 is expected to be realised within five years of the year-end and KSEK 209 512 later than five years.

The interest-bearing promissory note changed as follows:

	Group		Parent Company	
	31-12-2015	31-12-2014	31-12-2015	31-12-2014
Opening balance	192,911	188,892	192,911	188,892
Provisions for the year	—	4,019	—	4,019
Reclassification to current receivables	-192,911	—	-192,911	—
CLOSING BALANCE	0	192,911	0	192,911

Other non-interest-bearing receivables changed as follows:

	Group		Parent Company	
	31-12-2015	31-12-2014	31-12-2015	31-12-2014
Opening balance	278,247	197,635	278,247	197,635
Purchases for the year	263,955	137,385	263,955	137,385
Allocation against profit or loss for the year	-189,073	-45,542	-189,073	-45,542
Reclassification to current receivables	-9,856	-11,231	-9,856	-11,231
CLOSING BALANCE	343,273	278,247	343,273	278,247

21 Rent receivables and accounts receivable

	Group		Parent Company	
	31-12-2015	31-12-2014	31-12-2015	31-12-2014
Rent receivables and accounts receivable	273,298	230,389	273,298	230,389
Provision, doubtful rent receivables and accounts receivable	-1,891	-128	-1,891	-128
TOTAL	271,407	230,261	271,407	230,261

Rent receivables and accounts receivable are reported at amortised cost. The fair value of rent receivables and accounts receivable concurs with the carrying amount as of the year-end and there is no impairment requirement.

Of the rent receivables and accounts receivable that had fallen due as of 31 December 2015, KSEK 107,941 had fallen due by 1–5 days, KSEK 150 had fallen due by 5–30 days, KSEK 505 had fallen due by 30–60 days and KSEK 11,588 had fallen due by more than 60 days. Receivables falling due do not include impaired receivables.

The provision for doubtful rent receivables and accounts receivable changed as follows:

	Group		Parent Company	
	31-12-2015	31-12-2014	31-12-2015	31-12-2014
Opening balance	-128	-239	-128	-239
Provisions for the year	-1,845	-258	-1,845	-258
Reversed provisions	—	108	—	108
Established credit losses	82	261	82	261
CLOSING BALANCE	-1,891	-128	-1,891	-128

22 Other receivables

	Group		Parent Company	
	31-12-2015	31-12-2014	31-12-2015	31-12-2014
Interest-bearing promissory note (reclassified from non-current receivables)	192,911	—	192,911	—
VAT receivable	118,740	157,878	118,740	157,877
Settlement, taxes and charges	461,235	281,341	461,235	281,341
Other current receivables	123,527	121,403	123,526	121,403
TOTAL	896,413	560,622	896,412	560,621

Other current receivables are reported at amortised cost.

23 Prepaid expenses and accrued income

	Group		Parent Company	
	31-12-2015	31-12-2014	31-12-2015	31-12-2014
Accrued rent	44,750	57,778	44,750	57,778
Prepaid rent	—	272	—	272
Accrued interest income	2,470	2,240	2,470	2,240
Prepaid interest expense	—	115	—	115
Prepaid operating costs	12,637	8,733	12,637	8,733
Other	26,831	21,163	26,831	21,163
TOTAL	86,688	90,301	86,688	90,301

24 Due date structure, receivables

	Group		Parent Company	
	31-12-2015	31-12-2014	31-12-2015	31-12-2014
Receivables expected to be cleared within one year of the year-end	1,537,781	1,762,085	1,537,780	1,762,147
Receivables expected to be cleared within 1–5 years of the year-end	1,322,761	1,340,242	1,322,761	1,340,242
Receivables expected to be cleared later than five years after the year-end	678,476	608,613	678,476	608,613
TOTAL	3,539,018	3,710,940	3,539,017	3,711,002

25 Cash and cash equivalents/Cash and bank balances

Current investments comprise temporary surplus liquidity, invested in the short term, totalling KSEK 2,160,838 (2,559,438) and collateral granted attributable to Credit Support Annex (CSA) agreements totalling KSEK 343,151 (227,262). Blocked bank funds in respect of pledged assets for stock market-cleared derivatives are included to the amount of KSEK 245,597 (122,527) in the reported amount for cash and bank balances for the Group and the Parent Company. This is a buffer to cover expected daily collateral requirements.

	Group		Parent Company	
	31-12-2015	31-12-2014	31-12-2015	31-12-2014
Current investments	2,503,989	2,786,700	2,503,989	2,786,700
Cash and bank balances	1,800,596	1,771,383	1,800,447	1,771,182
TOTAL	4,304,585	4,558,083	4,304,436	4,557,882

Cash and cash equivalents are reported and valued according to the category 'assets valued at fair value through profit or loss'. Fair value is equivalent to the carrying amount of cash and bank holdings and current investments. Cash and bank holdings are on level 1 and current investments are on level 2 in the fair value hierarchy.

26 Hedge reserve/Fair value reserve

	Group		Parent Company	
	31-12-2015	31-12-2014	31-12-2015	31-12-2014
Opening balance	-18,858	-44,653	-18,858	-44,653
Change in value, derivatives (cash flow hedging)				
- currency derivatives	-13,769	13,731	-13,769	13,731
- electricity derivatives	-7,448	55,826	-7,448	55,826
Transferred to operating profit	5,118	-36,486	5,118	-36,486
Tax effect	3,542	-7,276	3,542	-7,276
CLOSING BALANCE	-31,415	-18,858	-31,415	-18,858

The tax effect, KSEK 3,542 (-7,276) refers to the change for the year. The closing deferred tax receivable/payable is reported in Note 13 Taxes.

27 Loans

The Group's financing takes place mainly through the public financing programmes. Through their standardised terms and conditions, these permit rational, cost-effective financing. The Group has international ECP and EMTN programmes, as well as a domestic commercial paper programme. The MTN programme has not been updated since 2009. Bank financing is used to a limited extent. The average capital for bank financing during 2015 was SEK 113 million (218).

Loans in the Group are categorised and reported at amortised cost.

The Group's risk management is presented in Note 33 Financial risk management.

FINANCING COST

Net interest income and expense amounted to SEK -182 million (-939) and the average net liability portfolio was SEK 21,628 million (19,074). The financing cost amounted to 1.22 per cent (5.04), calculated as interest expense in relation to average interest-bearing net loan liability, excluding cash and bank holdings. The changes in value in the financial derivative instruments correspond to a reduction in interest expense of 0.74 per cent (increase 2.61).

FINANCING COST, BREAKDOWN, %

	2015	2014	2013	2012	2011
Financing costs for loans, incl. charges, %	1.38	2.01	2.24	2.75	2.78
Interest swaps, net interest, %	0.58	0.42	0.39	0.40	0.44
Financing cost, %	1.96	2.43	2.63	3.15	3.22
Changes in value, financial derivatives, %	-0.74	2.61	-0.01	1.06	-0.23
TOTAL FINANCING COST	1.22	5.04	2.62	4.21	2.99

EFFECT OF FINANCIAL DERIVATIVES ON PROFIT

Independent interest rate derivatives are reported at market value (fair value) and variations in market value are recognised in net interest income and expense. Interest derivatives are mainly entered into with the aim of extending the fixed interest period in the liability portfolio, which largely consists of financing at variable interest rates. Falling interest rates entail a negative impact on profit from these interest rate derivatives; the opposite is true when interest rates rise. The changes in value relate to the changed current value of future cash flows from interest rate derivatives, at prevailing interest rates. Consequently these do not have any immediate effect on cash flow, as long as they remain unrealised. Certain interest rate derivatives are closed and settled on an ongoing basis (monthly or quarterly) and replaced with new ones, which means that profits are continuously realised. Falling interest rates, combined with interest rate derivatives for purposes of extension, mean that interest expense will be higher than if the extension had not been implemented. However, the lower interest rate can be used when refinancing and with sales of fixed interest at a later date. As time passes, no surplus or deficit values of interest rate derivatives will remain at maturity.

The currency and interest risks that arise in conjunction with long-term financing, usually bonds in foreign currency, are hedged with currency-interest rate swaps. The changes in value for each instrument can be attributed to changes in both exchange rates and interest rates. Hedge accounting is applied for these forms of financing, where only the inefficiencies that arise due to different valuation practices are recognised in the income statement.

Borrowing can be broken down as follows, SEK m:

	Group				Parent Company			
	31-12-2015		31-12-2014		31-12-2015		31-12-2014	
	Carrying amount	Fair value						
NON-CURRENT LOANS								
Category, other financial liabilities								
Bonds & MTN	770	831	1,120	1,224	770	831	1,120	1,224
EMTN	10,046	9,941	5,761	6,717	10,046	9,941	5,761	6,717
Other loans	372	426	387	459	372	426	387	459
TOTAL	11,188	11,198	7,268	8,400	11,188	11,198	7,268	8,400
Category, financial liabilities at fair value through profit or loss according to the fair value hedging method								
EMTN	6,714	6,712	5,086	5,089	6,714	6,712	5,086	5,089
Other loans	720	719	678	678	720	719	678	678
TOTAL	7,434	7,431	5,764	5,767	7,434	7,431	5,764	5,767
TOTAL NON-CURRENT LOANS	18,622	18,629	13,032	14,167	18,622	18,629	13,032	14,167
CURRENT LOANS								
Category, other financial liabilities								
Commercial paper	2,001	2,003	—	—	2,001	2,003	—	—
ECP	5,528	5,534	5,099	5,089	5,528	5,534	5,099	5,089
Bonds & MTN	350	357	141	141	350	357	141	141
EMTN	605	621	3,567	3,604	605	621	3,567	3,604
Other loans	15	15	14	14	15	15	14	14
TOTAL	8,499	8,530	8,821	8,848	8,499	8,530	8,821	8,848
Category, financial liabilities at fair value through profit or loss according to the fair value hedging method								
Bonds & MTN	1,278	1,283	1,271	1,255	1,278	1,283	1,271	1,255
TOTAL	1,278	1,283	1,271	1,255	1,278	1,283	1,271	1,255
TOTAL CURRENT LOANS	9,777	9,813	10,092	10,103	9,777	9,813	10,092	10,103
TOTAL LOANS	28,399	28,442	23,124	24,270	28,399	28,442	23,124	24,270

The above table shows nominal amounts excluding accrued coupon interest.

	Fixed interest			Variable interest				Total
	Loans	Derivatives	Total	Loans	ECP	Derivatives	Total	
2016	2,125	-785	1,340	200	7,542	668	8,410	9,750
2017	500	400	900	500	—	-400	100	1,000
2018	3,422	-1,822	1,600	500	—	1,308	1,808	3,408
2019	1,120	1,000	2,120	1,000	—	-1,000	0	2,120
2020	650	1,600	2,250	220	—	-1,600	-1,380	870
2021	2,700	50	2,750	200	—	-371	-171	2,579
2022	—	1,200	1,200	—	—	-1,200	-1,200	0
2023 and later	7,314	-1,845	5,469	124	—	1,891	2,016	7,484
TOTAL	17,831	-202	17,629	2,744	7,542	-704	9,582	27,211

The above table shows financing (nominal amount) together with outstanding interest and currency derivatives. Loans and derivatives in foreign currency have been translated at the year-end exchange rate. As all loans raised in a foreign currency are swapped to Swedish kro-

nor, the exchange rate effect is eliminated. A positive figure means that the Group pays interest and a negative figure means that the Group receives interest.

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MATERIAL CONTRACTUAL TERMS AND CONDITIONS

The general terms and conditions for the EMTN and MTN programmes include a clause which specifies that if the Swedish state ceases, directly or indirectly, to hold more than 50 per cent of the shares, equivalent to more than 50 per cent of the shareholding and more than 50 per cent of the votes, the loans and any interest shall fall due for repayment immediately. The contractual terms and conditions for the short-term financing programmes do not include any equivalent undertaking. Ever since the programmes were established, the Group's policy has been not to accept any terms and conditions that require, for example, that a certain rating, equity ratio or interest coverage ratio be maintained.

HEDGE ACCOUNTING

When financing in a foreign currency, all future payment flows are hedged so that the exchange risk is eliminated. Through cross currency interest rate swap agreements, all interest payments, both fixed and variable, are hedged as well as future repayments. All the measures taken have the express purpose of hedging and eliminating an exchange rate risk so that all financing is denominated in Swedish kronor. Effective hedging means that changes in the value of the hedged position and the actual hedging transaction on balance counteract each other.

28 Provisions for pensions

The Group's pension commitments include both defined contribution and defined benefit pension plans according to collective agreements.

DEFINED CONTRIBUTION PENSION PLANS

The Group's defined contribution pension plans, ITP 1 and Alternative ITP (a pension for high-income earners) cover all Group employees. The defined contribution pension plans mainly comprise a retirement pension, sickness pension and family pension. The premiums are paid continuously throughout the year to different insurance companies. The premiums are based on salary.

The total cost for the financial year for defined contribution pension plans excluding payroll tax (Group and Parent Company) amounted to KSEK 21,695 (20,674).

DEFINED BENEFIT PENSION PLANS

All Group employees are covered by the Group's defined benefit pension plan, ITP 2. According to this plan, the employees are entitled to pension benefits based on their pensionable income as well as the number of years of service. The pension plan mainly comprises a retirement pension, sickness pension and family pension. The pension commitments are secured through provisions in the FPG/PRI system as well as the ITP plan family pension, sickness pension and occupational group life through insurance premiums. All pension commitments which the Akademiska Hus Group took over from the National Board of Public Building when the Company was formed on 1 October 1993 are defined benefit plans, secured through provisions in the Statement of Financial Position, guaranteed by the National Debt Office and administered by the National Government Employees' Pension Board (SPV). All defined benefit pension commitments are credit-insured by PRI Pensionsgaranti.

The most recent actuarial calculation of the current value of the defined benefit commitment was carried out by an authorised actuary on 31 December 2015. When calculating the current value of the defined benefit commitment and associated costs for employment during the current period and associated costs for employment during previous periods, the Projected Unit Credit Method was used.

The ITP 2 plan exposes the Group to a number of actuarial risks, such as an interest risk, risk regarding life expectancy and the increase in the income base amount.

Interest risk – A reduction in the bond rate of interest will increase the pension liability. Possible future falls in the interest rate on first-class mortgage bonds in SEK could thus entail a risk that the Group's pension expense and undertakings could increase.

Life expectancy risk – The current value of the defined benefit obligation is calculated with consideration given to the Group's best assessment regarding mortality for members of the plan, both during and after employment. There is a risk that life expectancy will increase for the members of the plan, which would in that case increase both the pension costs and the Group's commitment.

Salary risk – The current value of the defined benefit commitment is calculated in the light of future salaries for members of the plan. Major salary increases compared with what was included in the actuarial calculations entail a risk that the Group's liability could increase, as could the Group's pension expense.

Income base amount – The current value of the defined benefit obligations is calculated in the light of future increases in the income base amount. A larger increase than assumed in the actuarial calculations means a risk that the Group's liability could increase, as could the Group's pension expense.

The actuarial computation of the pension commitments and pension costs is based on the following assumptions:

Assumptions	2015	2014
Discount rate, %	3.00	2.40
Salary increase, %	1.50	2.80
Inflation, %	1.50	1.30
Income base amount, %	2.50	2.30
Personnel turnover, %	2.00	2.00
Mortality	DUS14	DUS06

Assumptions regarding life expectancy are based on public statistics and experience of mortality calculations in Sweden and have been adopted in consultation with actuarial experts. These assumptions result in the following average remaining life expectancy for a person who retires at the age of 65:

Estimated average remaining life expectancy, years	31-12-2015	31-12-2014
Retirement at the year-end		
Men	20.4	20.9
Women	23.3	23.5
Retirement 20 years after the year-end		
Men	22.3	22.6
Women	24.6	24.5

The following amounts regarding the defined benefit pension cost are reported in the Income Statement:

Amount reported in the Income Statement	2015	2014
Benefits earned during the year	22,821	19,756
Interest on pension provision	9,771	12,133
PARTS OF THE DEFINED BENEFIT PENSION COST REPORTED IN THE PROFIT FOR THE YEAR	32,592	31,889

The defined benefit costs have been reported as a personnel cost and interest cost respectively.

The following actuarial gains and losses have been reported under Total comprehensive income:

Total amount reported under other comprehensive income	31-12-2015	31-12-2014
Revaluation of the net defined benefit liability		
Actuarial gains and losses that arise as a result of changes in demographic assumptions	4,304	–
Actuarial gains and losses that arise as a result of changes in financial assumptions	23,299	-71,558
Actuarial gains and losses that arise as a result of changes in experience	-5,578	8,921
TOTAL AMOUNT REPORTED UNDER OTHER COMPREHENSIVE INCOME	22,025	-62,637

The change for the period in the defined benefit obligation can be seen in the following table:

Change in the defined benefit obligation for the period	31-12-2015	31-12-2014
Opening balance	407,140	327,909
Service costs during the period	22,821	19,756
Net interest cost	9,771	12,133
Actuarial gains (+)/losses (-)		
Changes in demographic assumptions	-4,304	—
Changes in financial assumptions	-23,299	71,558
Experience-based adjustments	5,578	-8,921
Pension payments	-16,273	-15,295
CLOSING BALANCE	401,434	407,140

The estimated term of the Group's defined benefit pension commitment can be seen in the following table:

Estimated term for the pension commitment	31-12-2015	31-12-2014
Fall due for payment within one year of the year-end	13,682	13,101
Fall due for payment 1–5 years after the year-end	56,401	54,534
Fall due for payment later than five years after the year-end	331,351	339,505
TOTAL	401,434	407,140

Below is a sensitivity analysis of the defined benefit obligations reflecting changes in the applied assumptions for the discount rate, inflation and wage growth. The sensitivity analysis is based on the change in one assumption while all other assumptions held constant. Such a scenario is unlikely in practice, and changes in certain assumptions can be correlated.

Sensitivity analysis, pension obligations	31-12-2015
Recorded pension obligation under the reported assumptions	401,434
Discount rate increases by 0.5 percentage points	371,618
Discount rate decreases by 0.5 percentage points	435,246
Inflation increases by 0.5 percentage points	441,393
Wage growth increases by 0.5 percentage points	430,456

FUTURE PAYMENTS

The Group is expected to pay KSEK 36,911 (32,592) in charges for the defined benefit plan during the forthcoming financial year.

PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS IN THE PARENT COMPANY

The reported pension liability in the Parent Company comprises:

	31-12-2015	31-12-2014
FPG/PRI pensions	205,799	196,679
Other pensions	66,001	73,529
TOTAL	271,800	270,208

Other pensions in the Parent Company mainly refer to the historical pension liability that was taken over from the National Board of Public Building when the Akademiska Hus Group was founded in 1993.

Pension commitments and provisions for pension commitments for the defined benefit plans in the Parent Company have changed as follows:

Pension commitments	31-12-2015	31-12-2014
Opening balance	270,208	262,147
Pension costs, defined benefit plans	5,267	5,050
Interest expense	10,027	15,438
Payments	-13,702	-12,427
CLOSING BALANCE	271,800	270,208

The total pension cost in the Parent Company is broken down as follows:

	2015	2014
Pension costs, defined benefit plans	5,267	5,050
Interest part of the pension cost	10,027	15,438
PENSION COSTS, DEFINED BENEFIT PLANS	15,294	20,488
Pension costs, defined contribution plans	21,695	20,674
Employer's contribution and tax on the yield, other pension costs	8,607	9,691
TOTAL PENSION COSTS	45,596	50,853

ACTUARIAL ASSUMPTIONS

The actuarial calculation of pension commitments and pension costs in the Parent Company is based on the actuarial assumptions laid down in the FPG/PRI system and by the Swedish Financial Supervisory Authority.

29 Other liabilities

	Group		Parent Company	
	31-12-2015	31-12-2014	31-12-2015	31-12-2014
Other interestbearing liabilities	1,380,100	1,743,625	1,380,100	1,743,625
Debt to the owner, non-interest bearing	2 000 000	—	2 000 000	—
Other non-interest-bearing liabilities	240,676	268,029	241,276	268,629
TOTAL, OTHER LIABILITIES	3,620,776	2,011,654	3,621,376	2,012,254

Other liabilities are reported and valued according to the Other financial liabilities category. The fair value is equivalent to the carrying amount of other liabilities. The Group's other liabilities are on level 2 in the fair value hierarchy.

The Parent Company has entered into a supplementary agreement, a Credit Support Annex (CSA) to the ISDA agreement, with the aim of handling exposure to counter-party risks in derivatives. The agreement means that the parties mutually undertake to furnish collateral in the form of cash and cash equivalents or securities with a good rating for undervalue in outstanding derivatives. The agreement in turn gives the secured party right of disposal of collateral received. As of the year-end, the Group received collateral through the CSA agreements totaling KSEK 1,380,100 (1,743,625).

Of the Group's other liabilities, KSEK 3,570,029 falls due for payment within one year of the year-end, KSEK 41,500 within one to five years of the year-end, and KSEK 9,247 later than five years after the year-end.

30 Accrued expenses and prepaid income

	Group		Parent Company	
	31-12-2015	31-12-2014	31-12-2015	31-12-2014
Prepaid rental revenue	1,335,956	1,387,209	1,335,956	1,387,209
Accrued salary and personnel costs	31,582	31,245	31,582	31,245
Accrued operating and maintenance costs	88,617	91,923	88,617	91,923
Accrued investments	198,292	52,458	198,292	52,458
Accrued interest	184,689	227,839	184,689	227,839
Other interim liabilities	19,524	13,952	19,524	13,952
TOTAL	1,858,660	1,804,626	1,858,660	1,804,626

31 Due date structure, liabilities

	Group		Parent Company	
	31-12-2015	31-12-2014	31-12-2015	31-12-2014
Liabilities due for payment within one year of the year-end	15,724,434	14,348,082	15,727,186	14,350,888
Liabilities due for payment within 1-5 years of the year-end	8,447,157	7,618,570	8,447,157	7,618,570
Liabilities due for payment later than five years after the year-end	19,989,824	14,321,217	13,173,047	7,059,116
TOTAL	44,161,415	36,287,869	37,347,390	29,028,574

32 Financial instruments valued at fair value

The following table shows the financial assets and liabilities that are valued at fair value. These are purchased to be held to maturity and are identified already at initial recognition. They are classified in a hierarchy, comprising three levels and based on the information used to set their fair value.

Level 1 refers to when fair value is set based on listed prices on active markets for identical assets and liabilities. Level 2 refers to when fair value is set based on observable data other than listed prices on active markets. Level 3 refers to when the set fair value is essentially based on data that is not observable, i.e. the Company's own assumptions.

The fair value of financial assets and liabilities is set by using information that is attributable to one or more of the above-mentioned levels. The classification is determined by the lowest level in the hierarchy for the information that has a material impact on the value.

The Group mainly holds derivatives that are on level 2. The valuation of the instruments is done according to the zero coupon method, which means that all the future cash flows of the instrument are set at the current value. The zero coupon interest rates used to discount the cash flows are calculated with the aid of STIBOR/LIBOR for short-term interest rates and swap notations for longer terms. The source of this information is real-time data from Thomson/Reuters.

	Level 1	Level 2	Level 3	Total
ASSETS				
Investments				
- current investment	—	2,160,838	—	2,160,838
Independent derivatives	—	473,835	—	473,835
Hedging instruments, fair value hedging	—	1,422,825	—	1,422,825
- cross currency interest rate swap agreements	—	11,922	—	11,922
Hedging instruments, cash flow hedging	—	—	—	—
- currency derivatives	—	—	—	—
TOTAL ASSETS	—	4,069,420	—	4,069,420

LIABILITIES

Independent derivatives	—	650,924	—	650,924
- interest rate derivatives	—	119,917	—	119,917
- currency derivatives	47,712	—	—	47,712
TOTAL LIABILITIES	47,712	770,841	—	818,553

33 Financial risk management (Group)

Akademiska Hus carries on active debt management where the strategy is to weigh up the financial risks against the desired low financing cost over time. The two key policy documents adopted by the Board are:

- Finance Policy: Describes the long-term strategic orientation, the Group's approach to financial risks and the mandate to handle these risks, as well as the allocation of liability.
- Plan for handling financial risks (Risk Plan): Justifies annual mandates for financial risk management in the light of the risk scenario and existing exposure. Also includes analysis of developments in financial markets, including both opportunities and challenges from the point of view of debt management.

The Parent Company's Treasury Department handles the Group's financial management. This arrangement fosters effective and co-ordinated financial risk management that also allows utilisation of the opportunities offered in the financial markets.

INTEREST RISK

The term 'interest risk' refers to the risk that the Group's net interest income and expense may vary due to a change in market interest rates. Exposure to interest rate risk is high due to the high net liability portfolio, where one of the largest expenses is net interest income and expense. A balance must be reached between saving and uncertainty on the one hand and higher costs (risk premium) and predictability on the other. The average fixed interest period is a measure of the sensitivity in net interest income and expense in conjunction with a change in the market interest rates; the longer the fixed interest period, the longer it takes for an interest rate change to be reflected in current cash flow. Since it is not possible to achieve a desired fixed interest on individual financing occasions, the Group uses interest derivatives as a means of adjusting and securing the desired fixed interest period.

According to the Finance Policy, there should be a mandate to manage interest rate risk in the three main sub-portfolios as follows:

Long-term bond portfolio – bonds with fixed interest and maturity terms in excess of 15 years. These bonds represent a significant interest risk exposure, which justifies a separate mandate. The portfolio is therefore permitted to amount to a maximum of 20 per cent (20) of the total portfolio. At the turn of the year, long-term bonds totalling SEK 3,619 million (3,155) were issued, equivalent to 13.3 per cent (14.8) of the total portfolio.

Index-linked bond portfolio – bonds linked to the real interest rate, must not exceed 10 per cent (2) of the total portfolio. At the turn of the year, index-linked bonds totalling SEK 900 million were issued, equivalent to 6.75 per cent (0) of the total portfolio.

Basic portfolio – consists of the remaining portion of commercial paper, bonds and interest rate derivatives. The portfolio is managed within an average fixed interest period mandate. The current mandate is a fixed interest period of 2 to 5 years (2–5 years). The fixed interest period at the year-end was 3.6 years (3.4), including interest derivatives.

DUE DATE STRUCTURE FOR FIXED INTEREST PERIODS AND LIABILITY MATURITY, SEK M

	Fixed interest, SEK m	Maturity, SEK m
2016	6,537	7,586
2017	1,000	1,364
2018	3,408	1,600
2019	2,120	2,120
2020	870	2,250
2021	2,579	2,750
2022	—	1,200
2023 and later	7,561	5,205
TOTAL	24,075	24,075

The table above shows the nominal amounts. The nominal amounts have been recalculated at the year-end rate. As all loans raised in a foreign currency are swapped to Swedish kronor, the exchange rate effect is neutralised. A positive figure means that the Group pays interest and a negative figure means that the Group receives interest.

CURRENCY EXPOSURE RISK

A currency risk is the risk that exchange rate changes will have an impact on the Income Statements and Consolidated Balance Sheets. The policy is that all currency exposure risk in conjunction with financing in foreign currency should be eliminated as the operation is denominated exclusively in Swedish kronor. All payment flows in foreign currency attributable to financing are exchange-hedged with the aid of forward rate agreements and cross currency swap agreements.

CURRENCY BREAKDOWN, LOANS AND DERIVATIVES, SEK M

Original currency	Loans	Derivatives	Total
AUD	61	-61	0
CAD	36	-36	0
CHF	7,224	-7,224	0
GBP	1,994	-1,994	0
JPY	697	-697	0
SEK	14,833	12,378	27,211
USD	3,272	-3,272	0
TOTAL	28,117	-906	27,211

The table above shows the nominal amounts. The nominal amounts have been recalculated at the year-end rate.

LIQUIDITY AND REFINANCING RISK

Refers to the risk that the Group will be exposed to higher than expected expenses or that financing potential is limited when loans are due to be refinanced. The aim is to limit the costs by seeking to strike a balance between short-term, medium-term and long-term financing, and endeavouring to achieve diversification between different financing arrangements and markets. The Group's extremely high credit-worthiness allows a diversified supply of credit through the public financing programmes.

According to the maturity mandate, a maximum of 50 per cent (50) may fall due for refinancing within a 12-month period.

Unutilised credit facilities should be in place to guarantee good payment capacity.

The Group's cash and bank balances at the end of 2015 totalled SEK 4,305 million (4,558). At the year-end, bank facilities granted totalled SEK 4,000 million (3,100).

FACILITIES AND RATING

	Rating Standard & Poor's	Framework 31-12-2015	Utilised, nominal 31-12-2015
Bank		SEK 4,000 m	0
Commercial paper	A1+/K1	SEK 4,000 m	SEK 2,000 m
ECP (Euro Commercial Paper)	A1+	EUR 1,000 m	EUR 605 m
MTN (Medium Term Note) ¹⁾	AA	SEK 8,000 m	SEK 1,120 m
EMTN (Euro Medium Term Note)	AA/A1+	EUR 3,000 m	EUR 1886 m

1) Not updated since 2009.

The table below shows the remaining contractual term for the Group's financial liabilities. The liquidity flows are not discounted and foreign flows have been translated at the rate on the closing date. For those instruments where the future variable rate of interest is unknown, the rate of interest has been calculated with the aid of the implicit forward interest rates for the yield curve on the closing date.

Use is made primarily of rental revenue to meet the obligations linked to the Group's financial liabilities presented in the table below. The rental revenue falls due for payment quarterly and is subject to long agreement terms. The credit risk associated with rental revenue is considered low.

LIQUIDITY RISK, SEK M

	Loans	Hedged loans	Derivative insurance	Deriva- tives	Current invest- ments	Total
2016	-3,821	-6,345	-128	206	3,708	-6,380
2017	-1,243	-113	-104	63	—	-1,397
2018	-1,340	-2,936	-62	546	—	-3,792
2019	-1,950	-55	21	-438	—	-2,422
2020	-1,082	-55	74	-60	—	-1,123
2021	-1,381	-1,755	28	279	—	-2,829
2022	-168	-17	-19	-76	—	-280
2023 and later	-6,705	-2,566	71	-783	—	-9,983
TOTAL	-17,690	-13,844	-117	-263	3,708	-28,206

Positive value = payments received, negative value = payments made.

CREDIT RISK AND COUNTER-PARTY RISK

The risk of a loss if a counter-party does not meet its undertakings. The Group is exposed when surplus liquidity is placed in financial assets and in conjunction with changes in the value of derivatives. The Risk Plan includes a limit system where permitted exposure depends on the counter-party's credit rating or ownership and the term of the involvement. The limits are related to the Group's risk capacity in the form of equity. In addition, investments should be characterised by good liquidity in the secondary market.

The Group's policy is that internationally standardised netting agreements, ISDA agreements, should always be signed with a counter-party before uncleared derivative transactions take place. As of 31 December 2015, the total counter-party exposure in derivatives (calculated as the net claim per counter-party) stood at SEK 1,008 million (1,482). With the aim of reducing exposure to a counter-party risk, the Group has entered into a number of supplementary agreements, Credit Support Annexes (CSA), to the ISDA agreements. The agreements mean that the parties mutually undertake to make collateral available in the form of cash and cash equivalents or bonds for the undervalues in outstanding derivative contracts. At the year-end, the Group had received SEK 1,037 million (1,516) net.

The table below shows financial assets and liabilities (derivatives) that are not offset in the balance sheet, but are covered by framework agreements for netting or similar agreements:

	Amounts that are not offset, but are covered by framework agreements for netting or similar agreements 31-12-2015			Amounts that are not offset, but are covered by framework agreements for netting or similar agreements 31-12-2014		
	Reported financial assets/liabilities gross	Cash collateral received	Net amount	Reported financial assets/liabilities gross	Cash collateral received	Net amount
ASSETS						
Derivatives	1,908,582	-1,380,100	528,482	2,284,484	-1,743,625	540,859
TOTAL	1,908,582	-1,380,100	528,482	2,284,484	-1,743,625	540,859
LIABILITIES						
Derivatives	818,553	-343,151	475,402	844,478	-227,262	617,216
TOTAL	818,553	-343,151	475,402	844,478	-227,262	617,216

The table below shows the Group's exposure to counter-party risks divided according to different rating categories:

COUNTER-PARTY RISK, EXCLUDING RENT RECEIVABLES, SEK M

	Receivable	Liability	Collateral received/ granted	Net exposure
INSTITUTIONS WITH A LONG RATING				
AA-/Aa3	59	-53	25	-19
A+/A1	—	-180	-196	16
A/A2	1,041	-95	815	131
A-/A3	200	—	—	200
BBB+/Baa1	113	—	113	0
BBB-/Baa3	286	-20	280	-14
INSTITUTIONS WITH ONLY A SHORT RATING				
Companies wholly owned by the Swedish state	1 301	—	—	1,301
Companies wholly owned by the Swedish state	360	—	—	360
TOTAL	3,360	-348	1,037	1,975

Positive figure = Group receivable, negative figure = Group liability.

ELECTRICITY PRICE RISK

The risk approach and mandate for handling the electricity price risk is governed by the Guidelines for Purchasing Electricity. The term 'electricity price risk' refers to the risk that the future price of electricity will affect the Group's operating costs negatively and with low predictability. With the aim of reducing exposure to changes in the electricity price, different financial price-hedging instruments are used (electricity derivatives). The Group stipulates a long-term price hedging strategy. Trade in physical electric power (spot) and financial price-hedging

instruments takes place through Nord Pool. To limit the counter-party risk, all financial trading is cleared through third party against which Akademiska Hus pledges and receives security, depending on whether the derivative position has a positive or negative value.

CREDIT RISK ATTRIBUTABLE TO RENT RECEIVABLES

A large proportion of the Group's receivables are rent receivables. The maximum credit risk exposure for rent receivables and accounts receivable is equal to their carrying amounts. However, the assessed credit risk in rent receivables is low in the light of the high credit rating of the tenants.

RISK CONTROL

Ongoing work is being done to improve the level of expertise, routines and internal control. There is strict allocation of responsibility between the Treasury and Risk Control. The unit handles accounting and administration as well as compliance with the mandates. The task of developing and refining analytical support and risk control is ongoing.

SENSITIVITY ANALYSIS, LIABILITY PORTFOLIO

The interest-bearing liability portfolio is constantly exposed to interest rate changes on the market. The analysis of the liability portfolio interest sensitivity is divided into two parts:

- Changes in the value of interest derivatives (current values).
- Cash flow effects (net interest income/expense) over a calendar year for items with a short fixed interest period, which are given a new short-term rate of interest for the remainder of the year.

As the fixed interest period is diversified and in accordance with the current risk mandate, a minimum of two years on average, the variations in the interest cost will fluctuate to a lesser extent than if the fixed interest period had been very short, e.g. three months.

The Company has fixed interest periods both within and outside the Statement of Financial Position in the form of interest derivatives. The aim of these derivatives is to facilitate a change in the liability portfolio's fixed interest period in addition to what is achieved directly in the financing.

The table shows the impact on profit of a rise in interest of one percentage point. The calculations are based on an unchanged liability amount.

	Nominal amount, SEK m	Maturity, years, average	Fixed interest, years, average	Interest risk, one interest point, SEK m	Interest, %	Change in value of +100 interest points, SEK m as of the year-end ¹	Net interest income/expense with 100 interest points, SEK m during the remainder of the calendar year ¹
Fixed interest positions with a fixed interest period longer than one year within the Statement of Financial Position ²	8,639	13.35	12.69	8.15	2.58	—	—
Interest derivatives, fixed interest	8,050	0.00	4.53	3.64	1.84	361	—
Interest derivatives, variable interest	-8,050	0.00	0.16	0.25	0.15	—	68
Variable interest within the Statement of Financial Position ³	18,572	2.69	0.19	0.48	0.25	—	-151
TOTAL	27,211	6.08	5.45	12.52	1.39	361	-83

1) Refers to +100 interest points in a parallel displacement of the yield curve.

2) Fixed interest positions with a fixed interest period in excess of one year within the Statement of Financial Position refer to issues in SEK that are not included in fair value hedges.

3) Variable interest within the Statement of Financial Position refers to the total effect of issues in a foreign currency which, via derivatives, have been swapped to variable interest in SEK and which are reported as hedges and FRN issues.

34 Asset management (Group)

The Group strives to achieve good growth in profit, financial sustainability and financial capacity. The financial objectives are set to provide a combination of a high return on equity, high growth capacity and financial stability.

According to the owner's financial targets for Akademiska Hus, the dividend should amount to between 40 and 60 per cent of the net profit after tax after reversal of changes in fair value and related deferred tax. When deciding on a dividend, consideration should be given to the Group's capital structure and capital requirements (equity ratio 30 per cent to 40 per cent).

The other financial targets are that the equity ratio should be between 30 and 40 per cent and that the return on operating capital should be at least 6.5 per cent. In order to adjust the capital structure to the owner's objective an Extraordinary General Meeting in October authorised disbursement of an additional distribution to the owner of SEK 6,500 million.

At the end of 2015, the equity ratio was 40.7 per cent (48.0) for the Group and 20.0 per cent (27.0) for the Parent Company. After the dividend proposed by the Board of Directors of SEK 1,290 million, the equity ratio will be 39.6 per cent for the Group and 17.8 per cent for the Parent Company.

Financing operations are described in the Financing section in the Administration Report, Note 27 Loans and Note 33 Financial risk management.

The Group's capital structure comprises an interest-bearing net loan liability and equity attributable to the Parent Company's shareholder (share capital, other contributed capital, retained earnings, including profit for the year).

The Group's capital is as follows:

	31-12-2015	31-12-2014
Loans from financing programmes (Note 27)	28,398,853	23,124,518
Collateral received for derivative transactions entered into (Note 29)	1,380,100	1,743,625
Financial derivatives (Note 19)	-1,090,028	-1,440,006
Cash and cash equivalents (Note 25)	-4,304,585	-4,558,093
INTEREST-BEARING NET LOAN LIABILITY	24,384,340	18,870,044
EQUITY	30,271,259	33,431,528

35 Pledged assets

	Group		Parent Company	
	31-12-2015	31-12-2014	31-12-2015	31-12-2014
Blocked bank funds	245,597	122,526	245,597	122,526
Current investments	343,151	227,262	343,151	227,262
TOTAL	588,748	349,788	588,748	349,788

Unsettled results from transactions as well as standardised computed safety margins using stock exchange-cleared derivatives have been secured through blocked bank funds.

Pledged assets increased by SEK 239 million. The increase can be attributed to pledged assets for the Group's liabilities resulting from an increase in the volume of CSA agreements as well as an increase in blocked bank funds.

The Group also received collateral of SEK 1,380 million, see Note 33.

36 Contingent liabilities

	Group		Parent Company	
	31-12-2015	31-12-2014	31-12-2015	31-12-2014
Contingent liability, FPG/PRI	4,116	3,934	4,116	3,934
TOTAL	4,116	3,934	4,116	3,934

37 Interest received and paid

	Group		Parent Company	
	2015	2014	2015	2014
Interest received	13,515	21,035	13,515	21,035
Interest paid	-580,630	-589,329	-580,630	-589,329
TOTAL	-567,115	-568,294	-567,115	-568,294

38 Adjustments for items not included in the cash flow

	Group		Parent Company	
	2015	2014	2015	2014
Depreciation, impairments and reversed impairments	6,190	7,169	1,597,712	1,176,518
Change in value, properties	-2,672,437	-3,628,384	—	—
Capital gain (-)/loss (+) on sale of tangible, non-current assets	-91,346	-34,543	-101,130	-1,541,025
Change in value, financial instruments	163,719	383,678	163,719	383,677
Cash flow hedge	-16,100	33,070	-16,100	33,070
Change in pension provisions and similar commitments	16,319	16,594	1,592	8,061
TOTAL	-2,593,655	-3,222,416	1,645,793	60,301

39 Purchase sum in conjunction with investments, acquisitions and disposals

For investments and acquisitions for the period, a total of KSEK 2,505,635 (3,006,443) has been paid, of which KSEK 2,505,635 was paid in cash and cash equivalents. The Parent Company also invested KSEK 0 (300) in shares in subsidiaries. For disposals for the period, a total of KSEK 124,343 (2,797,074) has been received, of which KSEK 124,343 was received in cash and cash equivalents.

40 Change in interest-bearing net loan liabilities

	Group		Parent Company	
	31-12-2015	31-12-2014	31-12-2015	31-12-2014
Opening amount	18,870,044	19,277,850	18,870,274	19,278,079
Increase (-)/Decrease (+) in interest-bearing receivables	375,902	-661,043	375,902	-661,043
Increase (-)/Decrease (+) in current investments	282,773	-386,585	282,710	-386,584
Increase (-)/Decrease (+) in cash and cash equivalents	-29,264	-1,482,347	-29,264	-1,482,347
Increase (+)/Decrease (-) in interest-bearing liabilities	4,884,885	2,122,169	4,884,885	2,122,169
CHANGE IN INTEREST-BEARING NET LOAN LIABILITIES	5,514,296	-407,806	5,514,233	-407,805
AMOUNT AT THE YEAR-END	24,384,340	18,870,044	24,384,507	18,870,274

41 Transactions with related parties

In conjunction with intra-Group purchases and sales, the same pricing principles are applied as would have been the case in transactions with an external party. Intra-Group property purchases and sales take place subject to a fiscal residual value. Purchases and sales of other current assets take place at the carrying amount. There were no transactions with the President, Board of Directors or senior executives, apart from salary and other remuneration, see Note 9.

Transactions with Group companies are shown in the table below. Revenues consist of the purchase price of properties sold intragroup sale.

	Group		Parent Company	
	2015	2014	2015	2014
Income				
Companies within the Akademiska Hus Group	—	—	16,648	934,913
TOTAL	—	—	16,648	934,913
Liabilities				
Companies within the Akademiska Hus Group	—	—	2,153	2,205
TOTAL	—	—	2,153	2,205

42 Events after the year-end

There were no events of a material nature after the end of the reporting period.

Signing of the Annual Report

The Board of Directors and the President hereby certify that the Annual Report has been prepared in accordance with the Annual Accounts Act and RFR 2 and provides a fair picture of the Company's position and results and that the Administration Report provides a fair overview of the development of the Group's operations, position and results and describes material risks and uncertainties facing the Company.

The Board of Directors and the President hereby certify that the Consolidated Accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the EU, and provide a fair picture of the Group's position and results and that the Administration Report for the Group provides a fair overview of the development of the Group's operations, position and results and describes material risks and uncertainties facing the companies that form part of the Group.

Gothenburg, 14 March 2016

Eva-Britt Gustafsson
Chairman

Britta Bureau
Board member

Olof Ehrlén
Board member

Thomas Jenninger
Employee representative

Anders Larsson
Employee representative

Ingela Lindh
Board member

Leif Ljungqvist
Board member

Pia Sandvik
Board member

Gunnar Svedberg
Board member

Ingemar Ziegler
Board member

Kerstin Lindberg Göransson
President

Our Audit Report was submitted on March 14, 2016.

KPMG AB
Björn Flink
Authorised Public Accountant

Auditor's report

To the annual meeting of the shareholders of Akademiska Hus AB (Publ), corp. id 556459-9156

This is the translation of the auditor's report in Swedish.

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Akademiska Hus AB (Publ) for the year 2015, except for the corporate governance statement on pages 47–55. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 34–92.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and in accordance with the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 47–55. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Akademiska Hus AB (Publ) for the year 2015. We have also conducted a statutory examination of the corporate governance statement.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act, and that the corporate governance statement on pages 47–55 has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained as above is sufficient and appropriate to provide a basis for our opinions.

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted audit standards in Sweden.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and consolidated accounts.

Göteborg 14 March 2016

KPMG AB
Björn Flink
Authorized Public Accountant

About the Sustainability Report

Akademiska Hus' Sustainability Report is an integral part of the annual report and follows the Global Reporting Initiative (GRI) guidelines, GRI G4, and the GRI's Construction and Real Estate Sector Supplement. The report is in accordance with the "Core" option, and has been reviewed by KPMG.

Since 2013 Akademiska Hus has supported the UN Global Compact initiative and thus takes a stand and accepts responsibility for ten recognised principles relating to human rights, labour rights, the environment and anti-corruption issues. The principles are based on the UN Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises, and the Rio Declaration. The Annual Report and the Sustainability Report also serve as Akademiska Hus' Communication on Progress (COP) for reporting work to the Global Compact.

The Sustainability Report of Akademiska Hus covers the financial year and is published annually. The most recent report was published on 31 March 2015. Akademiska Hus presents its sustainability work based on the Company's main processes, with the focus on those areas that are considered most important. No significant changes have taken place in the business during the accounting period. The data presented cover the financial year 2015, from 1 January to 31 December, and applies to Akademiska Hus as a Group.

The Sustainability Report includes the cross-reference table presented on pages 96–97 and the pages to which the table refers. The cross reference table presents a summary of the GRI indicators that are reported and page references to the respective indicator and COP.

A summary of the trade organisations of which the Company is a member can be found at akademiskahus.se.

Contact

Mia Edofsson
Sustainability Manager
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GRI-data

The following information about the GRI indicators is not presented anywhere else in the Annual Report.

G4-10: TOTAL WORKFORCE BY EMPLOYMENT TYPE, EMPLOYMENT CONTRACT, REGION AND GENDER

As of 31 December 2015 Akademiska Hus employs a total of 439 people, all of whom are permanently employed, with the exception of four people who are on trial contracts. 18 people have part-time jobs.

Distribution of men and women, by region:

	Gender		Total
	Men	Women	
Akademiska Hus Head Office	44	49	93
Akademiska Hus Southern Region	33	16	49
Akademiska Hus Western Region	51	15	66
Akademiska Hus Eastern Region	27	3	30
Akademiska Hus Uppsala Region	50	12	62
Akademiska Hus Stockholm Region	77	25	102
Akademiska Hus Northern Region	33	4	37
Total	315	124	439
	72%	28%	100%

G4-20-21: IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES WITHIN AND OUTSIDE THE ORGANISATION

Material aspect	GRI aspect	Boundary
Efficient use of resources	Energy Emissions	Own operations and supply chain and customers.
A safe working environment	Occupational Health and safety	Own operations and supply chain
Good supplier management	Supplier Environmental Assessment Supplier Assessment for Labor Practices	Supply chain
High transparency and effective anti-corruption programme	Anti-corruption	Own operations and customers
Diversity	Diversity and equal opportunities	Own operations

In addition to these essential areas we see customer collaboration, campus development and student housing as important issues for our business.

G4-EC1: DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED
Economic stakeholder relations

Direct economic value generated	
Income	5,701
Economic value distributed	
Payments to suppliers	-1,698
Employee wages and benefits	-221
Fees and compensation to the Board and CEO	-10
Social security costs	-104
Interest paid to lenders, net	-290
Dividends to shareholders	-7,945
Economic value retained	-4,567

Other key figures for the EC-1 indicator can be found in:

Income Statement	page 58
Allocation of unappropriated earnings	page 57
Staff note	Note 9, pages 72–73

G4-EN3: ENERGY CONSUMPTION WITHIN THE ORGANISATION

2015	MWh
Total energy consumption of non-renewable energy	90,771
Total energy consumption of renewable energy	712,723
Total electricity	401,424
Total heating	313,043
Total cooling	75,120
Total steam	13,907
Sold electricity	264,279
Sold heating	78,129
Sold cooling	64,544
Sold steam	13,907
Own electricity generation from renewables	(MWh)
Solar electricity	726

Degree day method has been used for correction of heat.

G4-EN6: REDUCTION OF ENERGY CONSUMPTION

2015	MWh
Total reduction	43,079
Reduction in electricity	2,272
Reduction in heating	21,395
Reduction in cooling	18,815
Reduction in steam	597
Saving	19,393

Invested (SEK)	125,992,000
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G4-EN16: ENERGY INDIRECT GREENHOUSE GAS EMISSIONS (SCOPE 2)

Total CO₂ emissions in 2015 amounted to 32,909 tons.¹

G4-EN19: REDUCTION IN EMISSIONS OF GREENHOUSE GASES

Total CO₂ reduction in emissions in 2015 amounted to 2 227 tons.¹

1) All CO₂ data in this summary is based on information from suppliers who report in accordance with current accounting standards. 2014 emission factors for heating were used since emission factors for 2015 were not available at the time this report was prepared.

G4-CRE3: GREENHOUSE GAS EMISSION LEVELS FROM PROPERTIES

Greenhouse gas emissions levels from Akademiska Hus properties was 8.1 kg of CO₂/m².

G4-LA6: WORK-RELATED INJURIES AND ILLNESSES

Accident statistics are recorded in our internal “AkaÄrende” system, which classifies them into the categories, own staff, construction operations and management.

During the year, seven injuries to our own staff were reported to the Swedish Social Insurance Agency, leading to a total of 300 hours of absence.

During the same period, 15 accidents involving our own staff were reported to the “AkaÄrende” system.

The most frequently occurring types of work-related injury are cuts, accidental falls (from low height), and injuries from falling objects.

G4-LA12: DIVERSITY WITHIN THE ORGANISATION

As of 31 December 2015, Akademiska Hus employees included 72 per cent men and 28 per cent women.

Age and gender:

Composition of the company	Number	Number of women	Number of men
Board of Directors			
Under 30 years	0	0	0
30–50 years	1	0	1
Over 50 years	7	4	3
Executive Management			
Under 30 years	0	0	0
30–50 years	7	3	4
Over 50 years	6	2	4
Employees in managerial position¹			
Under 30 years	0	0	0
30–50 years	38	12	26
Over 50 years	24	3	21
Other employees			
Under 30 years	26	7	19
30–50 years	185	65	120
Over 50 years	153	32	121

1) Executive Management is reported separately

The table shows the composition of the composition of the company by gender and age for different levels within the company.

GRI and COP index

Indicator	Description	Page or reference	Comment	Global Compact principle
STRATEGY AND ANALYSIS				
G4-1	Statement from the President	2-3		
ORGANISATION PROFILE				
G4-3	Organisation name	Front cover		
G4-4	Brands, products, and services	1, 17		
G4-5	Location of head office	Insert front page		
G4-6	Number of countries in which the organisation operates	Insert front page		
G4-7	Ownership structure and legal form	34		
G4-8	Markets in which the organisation operates	8		
G4-9	Scale of the reporting organisation	Insert front page, 58, 72,		
G4-10	Total workforce by employment type, employment contract, region and gender	94	Akademiska Hus reports number of employees by employment type, gender and region. The Company also has a large number of temporary employees from staffing companies, but they are not reported because no data is available. Akademiska Hus has no significant variations in the number of employees over the year.	6
G4-11	Proportion of the workforce covered by collective bargaining agreements		All employees are signed to the collective Almega Fastigheter Salary Agreement	3
G4-12	Description of the organisation's supply chain	9-11, 15, 24		
G4-13	Significant changes during the reporting period		No significant changes during the financial year	
G4-14	Description of whether and how the organisation follows the Precautionary Principle	9-11	Akademiska Hus works according to environmental management system ISO 14001:2004.	
G4-15	Externally developed economic, environmental and social declarations, principles or other initiatives that the organisation supports or is affiliated with	94		
G4-16	Membership of organisations and/or national/international lobbying organisations		www.akademiskahus.se (Sustainability/Sustainability partnerships)	
ESSENTIAL ASPECTS AND LIMITATIONS				
G4-17	Entities that are included in the organisation's financial statements	80		
G4-18	Description of the process for defining report content and aspect boundaries	9-11		
G4-19	Material aspects identified	9-11		
G4-20	Aspect boundaries within the organisation	94		
G4-21	Aspect boundaries outside the organisation	94		
G4-22	Changes to the information provided in previous reports and the reasons for such changes		No significant changes have been made to information submitted in the 2014 report.	
G4-23	Significant changes that have been made since the previous reporting period	94		
COMMUNICATION AND STAKEHOLDERS				
G4-24	Stakeholder groups engaged by the organisation	9-11		
G4-25	Principle for identifying and selecting stakeholders	9-11		
G4-26	Approach to stakeholder engagement	9-11		
G4-27	Important areas and issues that have been raised in communication with stakeholders	9-11		
INFORMATION ON ACCOUNTING AND CONTROL				
G4-28	Reporting period	94		
G4-29	Publication date for latest report	94		
G4-30	Reporting cycle	94		
G4-31	Contact for questions regarding the report and its content	94		
G4-32	GRI Content Index	94, 96-97, 99		

Indicator	Description	Page or reference	Comment	Global Compact principle
G4-33	Statement of the organisation's policy and procedures for external assurance of reporting	94, 99		
G4-34	Statement of the organisation's corporate governance	47-55		
ETHICS AND INTEGRITY				
G4-56	The organisation's values, principles and ethical standards such as codes of conduct	Insert front page, 32-33, 39		10
ACCOUNTING				
DMA	Economic Performance	Insert front page, 6-7, 14,		
EC-1	Direct economic value generated and distributed	57-58, 72-73 (Note 9), 95		
DMA	Indirect economic impacts	1, 6-7, 18-21		
EC-7	Investments in infrastructure and services for public benefit	18-21, 23		
ENVIRONMENT				
DMA	Energy	14, 28-29		
EN-3	Energy Consumption within the organisation	28-29, 95	Akademiska Hus reports on electricity, heating and cooling because these areas account for the dominant share of energy consumption.	7, 8
EN-6	Reduction of energy consumption	28-29, 95	Akademiska Hus reports on electricity, heating and cooling because these areas account for the dominant share of energy consumption.	8, 9
DMA	Emissions	28-29		
EN-16	Energy indirect greenhouse gas emissions (scope 2)	95		7, 8
EN-19	Reduction in emissions of greenhouse gases	95		8, 9
CRE-3	Greenhouse gas emission levels from properties	95		
DMA	Supplier Environmental Assessment	24-25, 29		
EN-32	Number of new suppliers that have undergone environmental inspection	24	During the year 250 suppliers were reviewed. These suppliers included all framework agreement partners (95 suppliers) who were new for the year, which represents about 10 per cent of the total purchase volume.	8
DMA	Occupational Health and Safety	15, 32-33		
LA-5	Representation on health and safety committees	33		
LA-6	Work-related injuries and illnesses	33, 95	Akademiska Hus reports total figures for absence through sickness and injuries at work for the company as a whole. Work-related injuries and illnesses for contractors cannot be reported due to unavailability of data.	
DMA	Diversity and equal opportunity	32-33		
LA-12	Diversity within the organisation	95		6
DMA	Monitoring of suppliers' working conditions	24		
LA-14	Number of new suppliers that have undergone inspection of working conditions	24	During the year 250 suppliers were reviewed. These suppliers included all framework agreement partners (95 suppliers) who were new for the year, which represents about 10 per cent of the total purchase volume.	
DMA	Anti-corruption	Insert front page, 54-55, 39-43		
SO-5	Corruption incidents and action taken		No reported cases of corruption	10
DMA	Product and Service labelling	14		
PR-5	Results from customer satisfaction surveys	14		
CRE-8	Type and number of sustainability certificates, ratings and scores for new construction	2, 25		
Human rights				
			Consistently important issue throughout the value chain. Given high priority in efforts to establish accident-free workplaces.	1, 2
Child labour				
			The Code of Conduct covers this principle, but this area is not identified as one of the main risk areas for Akademiska Hus.	5
Forced labour				
			The Code of Conduct covers this principle, but this area is not identified as one of the main risk areas for Akademiska Hus.	4

Signatures of Board of Directors Sustainability Report

The Sustainability Report for 2015 has been approved for publication by
the Board of Directors and the CEO of Akademiska Hus AB.

Gothenburg, 14 March 2016

Eva-Britt Gustafsson
Chairman

Britta Bureau
Board member

Olof Ehrlén
Board member

Thomas Jenninger
Employee representative

Anders Larsson
Employee representative

Ingela Lindh
Board member

Leif Ljungqvist
Board member

Pia Sandvik
Board member

Gunnar Svedberg
Board member

Ingemar Ziegler
Board member

Kerstin Lindberg Göransson
President

Auditor's Report

**Auditor's Limited Assurance Report on Akademiska Hus AB (Publ.)
Sustainability Report**

This is the translation of the auditor's report in Swedish.

To Akademiska Hus AB (Publ.)

INTRODUCTION

We have been engaged by the Board of Directors of Akademiska Hus to undertake a limited assurance engagement of Akademiska Hus (Publ.) Sustainability Report for the year 2015. Akademiska Hus has defined the scope of the Sustainability Report on page 94.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT FOR THE SUSTAINABILITY REPORT

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report in accordance with the applicable criteria, as explained on page 94 in the Sustainability Report, that are the parts of the Sustainability Reporting Guidelines (published by The Global Reporting Initiative (GRI)) that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

RESPONSIBILITIES OF THE AUDITOR

OUR RESPONSIBILITY IS TO EXPRESS A CONCLUSION ON THE SUSTAINABILITY REPORT BASED ON THE LIMITED ASSURANCE PROCEDURES WE HAVE PERFORMED.

We conducted our limited assurance engagement in accordance with RevR 6 Assurance of Sustainability Reports issued by FAR. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. The

procedures performed in a limited assurance engagement vary in nature from, and are less in scope than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. Consequently, the procedures performed do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

CONCLUSION

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

Gothenburg, 14 March 2016

KPMG AB

Björn Flink
Authorized Public Accountant Torbjörn Westman
Expert Member of FAR

Definitions

PROPERTY-RELATED KEY FIGURES

Gross investments

Investments for the year in non-current assets.

Yield

Operating surplus in relation to the average fair value, excluding buildings under construction.

Net operating income ratio

Net operating income in relation to property management income.

FINANCIAL KEY FIGURES

Return on equity after standard tax

Earnings after financial items with a deduction for full tax in relation to average equity.

Return on operating capital

Earnings before financial items, excluding changes in value in relation to average operating capital.

Return on total assets

Earnings before financial items plus financial income in relation to the average total assets.

Loan-to-value ratio

Interest-bearing net loan debt in relation to the closing value of properties.

Financing cost according to IFRS

Net financial income/expense in the form of the financing cost for loans, net interest for financial derivatives and the change in fair value of financial derivatives, in relation to average interest-bearing capital.

Operating capital

Equity plus interest-bearing net loan liability.

Period-allocated financing cost

Net interest income and expense in the form of the financing cost for loans, net interest for financial derivatives and period allocation of realised profits on financial derivatives over the remaining term of the underlying instrument, in relation to average, interest-bearing capital.

Net investments

Closing balance minus the opening balance for non-current assets plus depreciation and impairments minus revaluations.

Rental and vacancy levels

Leased or vacant floor space in relation to the total floor space. Financial leasing or vacant space levels are rental revenue for space leased and estimated rental revenue for vacant space in relation to the total rental revenue.

Interest-bearing net loan liability

Interest-bearing loans, financial derivatives and current interest-bearing investments. Pension provisions and similar items are not included.

Interest coverage ratio

Profit before financial items, excluding changes in the value of properties in relation to net financial income/expense, excluding changes in value, financial derivatives, including period allocation of realised profits from derivatives and including capitalised interest in projects.

Internal financing ratio

The part of the tangible, non-current assets procured during the year that could be financed using funds earned internally during the year.

Equity ratio

Reported equity (for Parent Company including equity share in untaxed reserves) in relation to total assets carried forward.

Total yield

Direct yield from properties and their change in value, expressed in per cent.

DEFINITIONS

Operating costs

Operating costs are costs incurred to keep a property, installation or similar facility functioning. Operating costs are divided into media provision, monitoring and service.

Additional distribution

Distribution decided by the Extraordinary General Meeting.

Property administration

Cost of management, day-to-day accounting administration, leasing, contact with tenants, handling of registers, contracts and drawings, technical planning and follow-up and human resource administration.

Rental revenue

The basic rent, index-linked, and estimated rent for vacant rentable floor space and supplements, with a deduction for vacant space and rent reductions.

Floor space, m², GFS

Gross floor space of building. Comprises rentable floor space as well as common areas and the areas surrounding the building.

Floor space, m²

Rentable floor space in square metres.

Interest-bearing liabilities

Interest-bearing loans, including pension provisions and similar items.

Maintenance costs

Costs for measures taken aimed at reinstating the original standard and function of worn or damaged parts of a building. Costs for tenant adaptations are also recognised here.

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INFORMATION SCHEDULE

28 April 2016 Annual General Meeting
 28 April 2016 Interim Report, January-March 2016
 15 July 2016 Interim Report, April-June 2016
 27 October 2016 Interim Report, July-September 2016
 February 2017 Year-End Report 2016
 March 2017 Annual Report 2016

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Diagrams: White arkitekter (fold-out), Tengbom (fold-out), Christenson & Co, BSK Arkitekter, Nivå Landskapsarkitekter (pages 6-7, 18), Christenson & Co Arkitekter (page 16), Högskolan i Gävle (pages 20-21), Berg Arkitektkontor, Arkitektfirmaet C.F. Møller (page 22), Ahrbom & Partner (page 25).

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