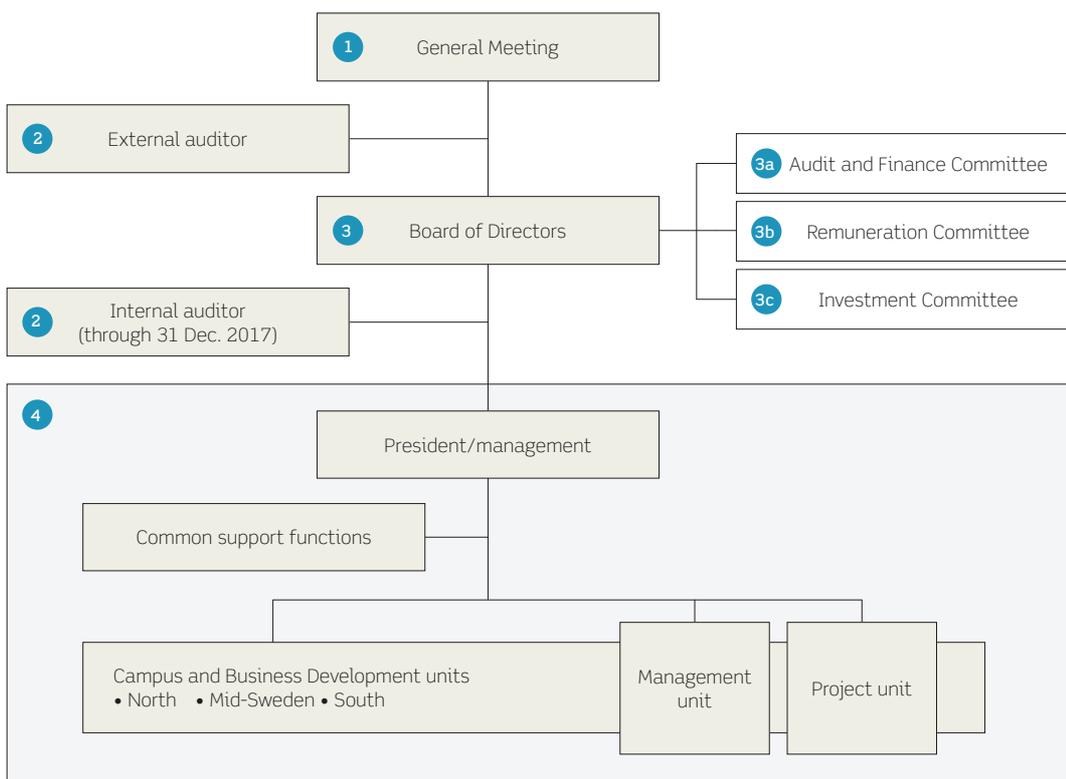


# Corporate Governance Report

This corporate governance report describes the structure and principles for governance of operations at Akademiska Hus. With a clear allocation of responsibility between different Company bodies and procedures that ensure transparency, the operation is efficiently governed to guide us towards our goals.

**FOUNDATIONS OF CORPORATE GOVERNANCE AT AKADEMISKA HUS**  
Akademiska Hus (publ) is a property company that is wholly owned by the Swedish state. Administration is handled by the Ministry of Enterprise and Innovation on behalf of the Ministry of Education and Research, which is the principal. The Company is subject to the State's ownership policy and guidelines for companies with state ownership and applies the Swedish Code of Corporate Governance (the Code). Because the Company is wholly owned by the Swedish state, certain provisions of the Code do not apply, as it is primarily written for businesses with diversified ownership. Deviations from the Code are described on page 48.

## Organisational structure



### AKADEMISKA HUS' MISSION ACCORDING TO THE ARTICLES OF ASSOCIATION

The object of the Company's operations 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. 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 shall work to bring about long-term sustainable development of university and college campuses.

### Objective

Read more  
on page 12.

#### FINANCIAL OBJECTIVES

The General Meeting has adopted three financial objectives for Akademiska Hus.

#### SUSTAINABILITY GOALS

The Board of Directors has adopted four sustainability goals for Akademiska Hus.

## 1 GENERAL MEETING

The General Meeting is the highest decision-making body at Akademiska Hus. The shareholder formally exercises influence at the General Meeting. The General Meeting appoints the Board of Directors and auditors. According to the State's ownership policy, the Annual General Meeting must be held before 30 April each year. Notice of General Meetings shall be published no earlier than six weeks and no later than four weeks prior to the Meeting in Post- och Inrikes Tidningar, as well as on the Company's website. Members of the Riksdag and the public have the right to participate and must register their participation as described in the notice.

### Annual General Meeting 2017

The Annual General Meeting was held on 28 April 2017. The meeting was opened by Chairperson of the Board Anitra Steen, who was also appointed to chair the proceedings. The owner was represented by Malin Fries, Ministry of Enterprise and Innovation.

### Decisions at the 2017 Annual General Meeting

The Annual General Meeting adopted the income statement and balance sheet for the 2016 financial year and discharged the Board of Directors and the President from liability for the year. The AGM approved the Board's proposal for profit distribution, which entails a dividend of SEK 1,393,000,000 to the owner. Other matters addressed included adoption of the principles for remuneration and other terms of employment for senior executives, resolutions on fees to the Board of Directors and committees, as well as election of Board members and auditor. The minutes and other documents related to the AGM are posted on the Akademiska Hus website [akademiskahus.se](http://akademiskahus.se).

### Extraordinary General Meeting

In January 2017 an Extraordinary General Meeting was held to elect an additional Board member.

### Annual General Meeting 2018

The next Annual General Meeting will be held on 27 April 2018 in Stockholm.

## 2 AUDITORS

The 2017 AGM resolved to re-elect KPMG AB to serve as auditors for a one-year period until the 2018 AGM. KPMG appointed Björn Flink,

authorised public accountant, to serve as lead auditor. The auditors perform a limited review of the interim report as at 30 September and audit the annual and consolidated accounts. They also conduct a limited review of the sustainability report. In addition, the auditors express their opinions of this corporate governance report and whether Akademiska Hus complies with the Government Guidelines for terms of employment for senior executives, and submit their statements to the meeting. Every year the auditors review their audit plan and risk assessment with the Audit and Finance Committee. The auditors participate in at least two committee meetings per year. Each year the auditors attend at least one meeting with the Board of Directors that is not attended by the President.

In 2017 the Board of Directors evaluated the structure of the Company's work with internal control and in November the Board decided to end the internal audit function in the Company at year-end 2017/2018. The Board of Directors believes that a long-term focused initiative to improve processes and procedures is the best way to improve internal management and control. Management will therefore allocate dedicated resources to strengthen internal procedures and processes.

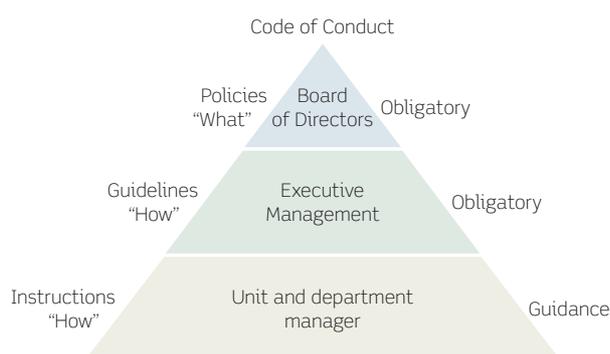
## 3 BOARD OF DIRECTORS

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. Each year the Board of Directors adopts Rules of Procedure for its work. The Rules of Procedure govern the allocation of work among the directors, the number of regular Board meetings, matters to be addressed at regular Board meetings and the responsibilities of the Chairman of the Board. The division of responsibilities between the Board and the CEO is regulated by special instructions to the President. The Board has also adopted the document "Instructions for financial reporting" which regulates financial reporting procedures to the Board.

### Nomination process

Directors of state-owned enterprises are appointed through a structured nomination process with common uniform principles as outlined in the "State ownership policy and guidelines for companies with state ownership 2017". These principles replace the rules in the Code for preparation of decisions for nomination of Directors and auditors. The Board nomination process is co-ordinated by the state ownership unit at the Ministry of Enterprise and Innovation. To

## Governance structure



### Examples of external governing regulations:

- Companies Act
- Accounting Act
- Annual Accounts Act
- State ownership policy
- IFRS
- Swedish Code of Corporate Governance
- Code about gifts, rewards and other benefits in business
- UN Global Compact principles
- Global Reporting Initiatives (GRI) guidelines G4
- Stock market rules

### Examples of internal governing regulations:

- Articles of Association
- Rules of Procedure for the Board of Directors
- Instructions to the President
- Allocation of responsibility and authority
- Strategy documents
- Code of Conduct
- Sustainability Policy, Procurement Policy and Financing Policy
- Attestation and authorisation guidelines
- Rules of Procedure for the Board of Directors' committees
- Business ethics guidelines
- Other guidelines

determine potential hiring needs a work group analyses the needs for expertise based on the Company's operations, future challenges and the composition of the Board. The requirement for diversity on the Boards of Directors under the Annual Accounts Act is also observed. Directors are selected from a broad recruitment base in order to take advantage of the expertise of both men and women as well as among people with different backgrounds and experiences. Upon completion of the process nominations are announced in accordance with the Code. A consistent and structured approach ensures a high standard of quality throughout the nomination process.

#### Composition of the Board of Directors

According to the Articles of Association, the Board of Directors for Akademiska Hus shall consist of a minimum of three and a maximum of ten Directors with no deputies. The Board consisted of seven Directors until the AGM in 2017. The Annual General Meeting on 28 April 2017 resolved that the Board should have nine members elected by the AGM. The Board also includes two employee representatives designated by their respective trade unions. Six members were re-elected and three new members were elected to the Board at the Annual General Meeting. The AGM concluded that the Board has the relevant skills to manage the Company and that the Board as a whole has experience of areas that are important for the Company such as corporate governance, management, the real estate industry, universities and higher education, change and development initiatives, as well as financial expertise.

#### Work of the Board of Directors in 2017

In its Rules of Procedure the Board set a schedule for information and decisions during its work year that essentially follows the Board's annual cycle (see below).

At all Board meetings during the year the President presents a report on significant events involving the Company and the respective committee chairs present reports from the committee meetings that were held between Board meetings.

During the year the Board's discussions focused on customer benefit and deliverables. Other important issues that the Board addressed included innovation, digitisation from a customer perspective, student housing on campus and development of the investment and construction process. In addition, a number of investment matters were addressed.

In 2017, eleven regular Board meetings were held, including two statutory meetings. To inform and update members about its activities, some Board meetings are held at the centres of education that are Akademiska Hus customers and combined wherever possible

with meetings with the leadership of these institutions. The attendance by the members of the Board of Directors is presented in the tables on page 50.

#### Board committees

Until 28 April 2017, there were three committees established by the Board of Directors: the Finance, Audit, and Remuneration Committees. The Board of Directors resolved at the statutory board meeting on 28 April 2017 to establish three new committees: the Audit and Finance Committee (merged into a single committee), the Investment Committee and the Remuneration Committee, in order to specifically monitor and prepare Board issues in certain areas. Committee members are elected at the statutory Board meeting held immediately after the AGM.

#### 3a The tasks of the Audit and Finance Committee are to:

- Support and follow up financing activities.
- Prepare matters to be decided by the Board, including Financing Policy and a risk plan.
- Monitor the Company's financial reporting and ensuring that it maintains a high standard of quality.
- Regarding the financial statements, monitor the efficiency of the Company's internal control systems and risk management.
- Meet regularly with the Company's auditors to learn about the scope and focus of the audit.
- Remain informed about the audit of the annual accounts and the consolidated accounts.
- Establish guidelines for non-audit services that may be procured from the Company's auditors.
- Prepare proposals for the election of auditors at the Annual General Meeting.

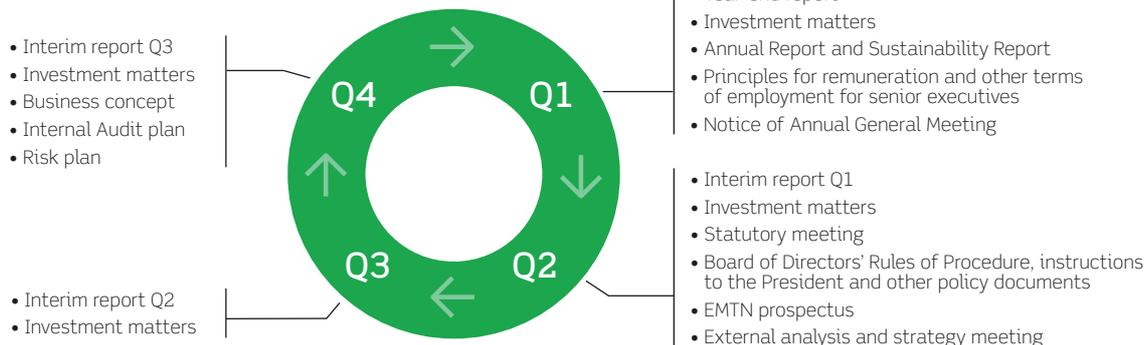
#### DEVIATIONS FROM THE CODE NOMINATION COMMITTEE (CODE RULES 1.3-1.4, 2.1-2.7, 4.6, 8.1 AND 10.2)

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' ANNUAL CYCLE



## Board of Directors



### ANITRA STEEN

Chair since 2016. Chair of the Remuneration Committee and Investment Committee.

**Year of birth:** 1949

**Other positions:**

Chairperson of the Board for AFA Försäkring, and Board member of PostNord, Attendo AB and Oral Care AB.

**Previous positions:**

Under-secretary at the Ministry of Finance, State Secretary at the Ministry of Education and Ministry of Finance, Director General of the National Agency for Higher Education Services and the National Tax Board, as well as CEO of Systembolaget AB. Chairperson of Stockholm University and Board member of SAS, Södersjukhuset hospital, Lantmännen and others.

**Education:** BA.



### CAROLINE AREHULT

Board member elected in 2017.

**Year of birth:** 1973

**Position:** CEO of Skanska Fastigheter Stockholm.

**Previous positions:**

Worked with project and property development for 19 years at Skanska and has held positions such as property manager and sales and leasing manager.

**Education:** M.Sc. Eng.



### BRITTA BUREAU

Member since 2014.

**Year of birth:** 1964

**Position:** CEO of KPA Pension.

**Other positions:**

Chairperson for the Scouts.

**Previous positions:**

CEO of Nordea Liv and Accenture.

**Education:** M.Sc. Eng. and MBA.



### KRISTINA EKENGREN

Member since 2016.

**Year of birth:** 1969

**Position:** Deputy Director at the Ministry of Enterprise and Innovation.

**Other positions:**

Board member Infra-nord, Teracom Group, Saminvest and V.S. VisitSweden.

**Previous positions:**

Deputy Director and Department Secretary at the Ministry of Finance. Financial analyst at Delphi Economics.

**Education:** Master's program in business administration.



### PETER GUDMUNDSON

Board member elected in 2017.

**Year of birth:** 1955

**Position:** Professor, Royal Institute of Technology.

**Other positions:**

Board member of Swerea KIMAB AB, member of the Royal Swedish Academy of Engineering Sciences.

**Previous positions:**

Vice-Chancellor KTH, Vice Dean KTH, Head of Department KTH, CEO SICOMP, consultant Tre Konsulter AB, researcher Brown Boveri Research Centre in Switzerland.

**Education:** PhD. PhD. and M.Sc. 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 union) since 2009.

**Year of birth:** 1963

**Position:** Operating engineer at Akademiska Hus Stockholm.

**Education:** Production engineering studies.



### CHRISTER NERLICH

Board member elected in 2017. Chairman of the Audit and Finance Committee.

**Year of birth:** 1961

**Position:** Chief Financial Officer of Vasakronan.

**Other positions:**

Chief Financial Officer of AP Fastigheter and Corporate finance NewSec.

**Education:** MBA.



### GUNNAR SVEDBERG

Member since 2009.

**Year of birth:** 1947

**Other positions:**

Board member of Uppsala University and the Göran Gustafsson Foundation for Scientific and Medical Research. Member of the board of IVA and KVVS in Gothenburg.

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

**Education:** PhD. in engineering Professor of Energy Technology.



### ÖRJAN WIKFORSS

Board member elected in 2017.

**Year of birth:** 1950

**Position:** CEO of Arkitekturanalys AB.

**Other positions:**

Board member of the Royal Swedish Opera and Tengbom AB. Member of the board of IVA.

**Previous positions:** Professor in project communication, KTH. CEO of FFNS Arkitekter and Wikforss Arkitektkontor.

**Education:** Architect, PhD. and professor.



### INGEMAR ZIEGLER

Member since 2007.

**Year of birth:** 1947

**Other positions:**

Board member of Stockholm Concert Hall.

**Previous positions:** CEO of AB Storstockholms Lokaltrafik, Locum AB, Diösförvaltning, Stockholms Mark- och Lokaliseringsbolag. Finance Secretary of the City of Stockholm.

**Education:** BA.

### AUDITORS, KPMG AB, BJÖRN FLINK, LEAD AUDITOR

Born 1959. MBA. Lead auditor for Akademiska Hus since 2014. Authorised public accountant. Other audit assignments, selection: Hemfosa Fastigheter, Axfast and Stenvalvet. Directorships: Board member of FAR, the trade association for auditors, accounting consultants, and advisers.

**3b** *The tasks of the Remuneration Committee* are to:

- Prepare decisions regarding terms and conditions for salaries and employment for the President and senior executives.
- Formulate proposals for guidelines for remuneration and other terms of employment for the President and other senior executives.
- Monitor and evaluate the application of the guidelines for remuneration to senior executives prior to adoption by the AGM.
- Serve as advisory body to the President regarding succession planning and appointment of senior executives.
- Propose appropriate employment contract templates for senior executives to the Board of Directors.

**3c** *The tasks of the Investment Committee* are to:

- Prepare and analyse proposals for major investments.
- Monitor and analyse the Company's reporting of major projects in progress.
- Assist Executive Management with formulation of an investment strategy.

The President, CFO, Human Resources Director, Market Area Director and Project Manager may participate at committee meetings in the capacity of presenters.

**Evaluation of the work of the Board and the President in 2017**

The Board of Directors uses a structured, systematic process to evaluate the work of the Board and the President. 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.

**GOVERNANCE OF AKADEMISKA HUS**

The Board of Directors is ultimately responsible for ensuring that the Company is managed in compliance with laws and regulations, as well as the instructions provided by the owner. As part of this

work, the Board formulates relevant policies and governing documents. Akademiska Hus' long-term strategy, the financial targets adopted by the AGM and the Board's sustainability goals, serve as the basis of the annual process of formulating a business plan. The business plan, along with the policy documents, comprise the overall basis for control of the Company.

Business planning begins with joint strategy days held by the Board and management in the spring and ends when the Board adopts the business plan at its December Board meeting.

The business plan, which is prepared for the next three years, is based on the long-term strategy. The plan describes how Akademiska Hus develops customer relationships, manages assets and addresses future challenges and opportunities. The plan specifies activities to be implemented to achieve the strategic goals of the business. It also describes the efforts to achieve the financial goals. A business intelligence analysis that includes customer relationships and deliverables, the impact of innovation and digitisation on the Company's operations and the student housing issue is carried out as part of the planning process.

The business plan, which covers the entire company, is broken down into clear operational plans for operational units and support functions. The operational plans include operational objectives and activities to meet the goals. The operational plans are continuously monitored with quarterly feedback sessions between management and the coordinator for the respective operational unit and functions during which the operational objectives and operational control parameters are addressed.

To implement the Company's strategy and business plan the organisation is structured as shown on page 46. On 1 January 2017 Akademiska Hus implemented its new organisational structure. The previous regional divisions were replaced by three main processes, with the Company organised into a Management unit, a Project unit, as well as three geographic units for Campus and Business Development, which has long-term responsibility for customer relations. The purpose is to increase the Company's development capacity and deliverables. The organisation focuses on the management business and enables the Company to adapt faster and more efficiently to external changes. The Company continues to have a local presence through the existing properties. Coordinated support functions

**ATTENDANCE OF THE BOARD OF DIRECTORS - FINANCIAL YEAR 2017**

	Number of Board meetings	Number of meetings of the Audit Committee	Number of meetings of the Finance Committee	Number of meetings of the Audit and Finance Committee	Number of meetings of the Investment Committee	Number of meetings of the Remuneration Committee
Anitra Steen	11/11				5/5	2/2
Caroline Arehult <sup>1</sup>	7/7				4/4	
Britta Burreau	11/11		1/1	4/4		
Kristina Ekengren	11/11	3/3		4/4		2/2
Peter Gudmundson <sup>1</sup>	6/7			4/4		
Thomas Jennlinger	10/11					
Anders Larsson	9/11					
Christer Nerlich <sup>2</sup>	11/11	3/3		4/4		
Gunnar Svedberg	11/11					2/2
Örjan Wikforss <sup>1</sup>	6/7				4/4	
Ingemar Ziegler	11/11	3/3	1/1		4/5	
Olof Ehrlén <sup>3</sup>	4/4				1/1	

1) Elected 28 April 2017 at General Meeting. 2) Elected 17 January 2017 at Extraordinary General Meeting. 3) Left the Board of Directors 28 April 2017.

# Executive Management



**KERSTIN  
LINDBERG GÖRANSSON**



**CATARINA FRITZ**

**KERSTIN LINDBERG GÖRANSSON**

President. Employed 2011.  
**Year of birth:** 1956  
**Other positions:** Board member of AP3.  
**Previous positions:** Airport Director of Stockholm-Arlanda Airport, Accounting and Finance Director and Vice President of the Scandic Group.  
**Education:** MBA.

**ULF DÄVERSJÖ**

Head of Innovation and sustainable development. Employed 2014.  
**Year of birth:** 1979  
**Previous positions:** Purchasing Director Akademiska Hus, Management Consultant at Capgemini Consulting, and Global Purchaser Arla Foods.  
**Education:** MBA.



**JONAS BJUGGREN**



**PETER BOHMAN**

**CATARINA FRITZ**

Chief Financial Officer and Vice President Employed 2016.  
**Year of birth:** 1963  
**Previous positions:** CFO at Keolis Sverige, Frösunda LSS, Addici, Aditro Group, the Stockholm Stock Exchange and Investor.  
**Education:** MBA.

**HAYAR GOHARY**

Project Manager. Employed 2007.  
**Year of birth:** 1975  
**Previous positions:** Project manager for Vallentuna Municipality. Project manager for Akademiska Hus.  
**Education:** M.Sc. Eng.

**JONAS BJUGGREN**

Administrative Manager. Employed 2017.  
**Year of birth:** 1974  
**Previous positions:** Regional Manager Vasakronan, market area manager and business unit manager at AP Fastigheter and project manager at Skanska and Sweco.  
**Education:** M.Sc. Eng.  
Member of Executive Management since 1 March 2017.

**MARIE HALLANDER LARSSON**

Human Resources Director. Employed 2017.  
**Year of birth:** 1961  
**Previous positions:** Human Resources Director for Försäkringskassan, Swedbank AB, Posten AB, Scandic Hotels AB and Wedins AB. Member of Executive Management since 1 March 2017.



**BIRGITTA VAN DALEN**



**ULF DÄVERSJÖ**

**PETER BOHMAN**

Market Area Director. Employed 2013.  
**Year of birth:** 1972  
**Other positions:** Board member of Realus AB and IFU Arena AB.  
**Previous positions:** Terminal Manager and on-call Airport Director at Stockholm-Arlanda Airport. Various management positions at Swedavia.  
**Education:** B.Sc. in Business Administration with focus on real estate.

**MAGNUS HUSS**

Market Area Director. Employed 1993.  
**Year of birth:** 1967  
**Other positions:** Board member of AFF Forum.  
**Previous positions:** Project Manager, Head of Property Management, and Property Manager for Akademiska Hus Stockholm. Engineer and facilities technician at the National Board of Public Buildings.  
**Education:** Engineering degree, technical college.



**HAYAR GOHARY**



**MARIE HALLANDER  
LARSSON**

**BIRGITTA VAN DALEN**

Market Area Director. Employed 2005.  
**Year of birth:** 1958  
**Previous positions:** Regional Director for Akademiska Hus, Planning adviser for Akademiska Hus, Head of property supply and operating manager at Karlstad University, Planning Manager at the Property Department, Karlstad Municipal Authority.  
**Education:** B.A. Soc. Admin.

**CECILIA NIELSEN**

Corporate Communications Officer Employed 2012.  
**Year of birth:** 1969  
**Previous positions:** Head of Corporate Communications at SP Sveriges Tekniska Forskningsinstitut AB.  
**Education:** BA.



**MAGNUS HUSS**



**CECILIA NIELSEN**

50/50

EQUAL NUMBER OF  
MEN AND WOMEN IN  
EXECUTIVE MANAGEMENT  
AT AKADEMISKA HUS.

were also implemented in conjunction with the reorganisation. In summary, the Company is better equipped to create competitive knowledge environments throughout the country.

#### 4 THE COMPANY'S ORGANISATION

##### President and Executive Management

Executive Management consists of ten members including the President. The Company's General Counsel serves as secretary for the Executive Management team. The President, or the Vice President (Chief Financial Officer) acting on behalf of the President, is responsible for ongoing management in compliance with applicable laws and regulations and in accordance with the instructions for the President approved by the Board. In addition to the President, the Executive Management team comprises the Chief Financial Officer, Project Manager, three Market Area Directors, Administrative Manager, Corporate Communications Officer, Head of Innovation and Sustainable Development and the Human Resources Director, all of whom report directly to the President. Executive Management is a forum for information and decisions regarding joint strategic Company matters. It is also the steering committee for the prioritised processes.

##### Operational units

The Company's main processes are conducted within three operational units. The Management unit is responsible for management deliverables with a focus on customer benefit, ensures sustainable and efficient operation, energy efficiency improvements and digitisation of the property management organisation. The Project unit is responsible for project deliverables, ensuring high standards for sourcing and project leadership skills, while creating conditions for efficient and sustainable management. The Campus and Business Development unit is divided into three geographic areas: North, Mid-Sweden and South. The unit's primary areas of responsibility include strategic customer relationships, development of knowledge and learning environments, strategic campus and property development, and overarching responsibility for investments.

##### Common support functions

A number of support functions with a variety of areas of expertise provide support to management and the business in its day-to-day work. Human resources and corporate communications fall organisationally under the President, while business, finance, legal affairs, purchasing, IT, valuation and analysis, risk management, controlling and common services are subordinate to the Chief Financial Officer. In addition, a new support function was established, Innovation and Sustainable Development, to increase the Company's innovation and development capacity. Organisationally this function is subordinate to the President.

##### CODE OF CONDUCT, ETHICAL COUNCIL AND WHISTLE-BLOWERS

Akademiska Hus has a Code of Conduct that provides guidance on how employees should act to live up to the Company's positions and values and provides guidance in potentially difficult situations.

A basic requirement is to act in compliance with the principles of the UN Global Compact, Agenda 2030, the UN Guiding Principles on Business and Human Rights, the ILO Core Conventions and the OECD Guidelines for Multinational Enterprises. For the Company's employees there are also business ethics guidelines based on the rules in the Code regarding gifts, rewards and other benefits in business. An Ethical Council provides support to employees to which suspected deviations from ethical guidelines or other irregularities can be reported. Akademiska Hus has also set up an independent system for whistle-blowing, to which both Akademiska Hus employees and external parties can anonymously report suspected irregularities. In 2017 the Company received no reports about corruption that led to a police complaint through the Ethical Council, whistle-blower system or directly to employees.

##### IMPORTANT ISSUES 2017

- conversion to the Public Procurement Act
- implementation of new organisational structure
- customer relationships and deliverables
- digitisation
- innovation and sustainability
- social sustainability
- undergraduate and graduate student housing
- increased focus on internal management and control
- business ethics
- accident-free workplaces.

##### REMUNERATION

- The AGM resolved on principles for remuneration and other terms and conditions of employment for executives. The principles are in line with the State's "Guidelines for terms and conditions of employment for senior executives in state-owned companies".
- 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. See the table on page 77 for information about remuneration.
- 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. Remuneration to other senior executives is 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 2018.

For a detailed description of remuneration, pensions, periods of notice, severance pay and fees to auditors, see the administration report on page 54 and Notes 10 and 11.

# Internal control of financial reporting

The responsibility of the Board of Directors for internal control is governed by the Swedish Companies Act and the Code. This report has been prepared in accordance with the Annual Accounts Act and the Code 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 that they are prepared in compliance with relevant laws, regulations, accounting standards and the specific guidelines for external reporting that apply to state-owned companies.

The description below is based on the five components that the Committee of Sponsoring Organisations of the Treadway Commission (COSO) defined 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. Each year the Board of Directors adopts a number of policy documents such as the Rules of Procedure for the Board of Directors, the Rules of Procedure for the committees, instructions to the CEO, allocation of responsibility and authority, instructions for financial reporting, plan for handling financial risks and financing policy describing the division of responsibilities and delegation of authority. The control environment also encompasses the culture and the values based on which the Board of Directors and corporate management communicate and act, which is communicated in part via the Code of Conduct that is adopted by the Board of Directors each year.

The Board of Directors has overall responsibility for internal control of financial reporting. The Board of Directors has established an Audit and Finance Committee which has tasks that include preparing the Board's work with quality assurance of the Company's financial 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' accounting and financial reporting is handled by a central unit. The Chief Financial Officer is responsible for ensuring that internal accounting policies and guidelines for financial reporting are in place and in compliance with current legal requirements, listing requirements and accounting standards.

## RISK ASSESSMENT

Risk assessments regarding financial reporting, which aim to identify and evaluate the business areas and processes where the greatest risk of errors that could have a material impact on financial reporting can be found, are carried out on several levels in the Company. Executive Management 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. Risk analysis and risks relating to financial reporting are regularly discussed with the external auditors, who also present their annual risk assessment to the Audit Committee and the Board of Directors.

## 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 risk of significant errors that may arise in financial reporting, and comprise both general and detailed checks. Control activities take place at several different levels in the Company and include approval of transactions, authorisation of supplier invoices and payments, 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

Governing documents such as policies and accounting guidelines are available for all employees on the Company's intranet. Special guidelines and instructions relating to final account events are distributed by the head of accounting and controller to all concerned employees through a shared files area. Internal information channels in general include information from regular meetings of Executive Management, Leader Forums held four times a year, local information meetings for all staff and meetings in various forums for concerned specialist functions.

The Audit and Finance Committee receives regular updates from both the internal auditor and external auditors and is thereby kept up to date on current findings in internal management and control. The Audit Committee and the Board receive financial information from Executive Management at each balance sheet date.

External reporting complies with the State's ownership policy guidelines.

## 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. On each balance sheet date, the President and Chief Financial Officer review the financials with the individual responsible for each operational unit to monitor and discuss the financial performance and important business-related matters. The overall financial results of the support functions are monitored.

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 and Finance Committee has a specific responsibility to follow up audit matters and more extensive matters of principle with regard to financial reporting where issues concerning property valuation and the liability portfolio are particularly important.

During the year the Board of Directors decided to discontinue the internal audit function. Instead, dedicated resources will be allocated with the task of strengthening the internal management and control structure and procedures.

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.

# Auditor's Report

To the general meeting of the shareholders of Akademiska Hus AB, corp. id 556459-9156

## Report on the annual accounts and consolidated accounts

### OPINIONS

We have audited the annual accounts and consolidated accounts of Akademiska Hus AB for the year 2017, except for the corporate governance statement on pages 46–53. The annual accounts and consolidated accounts of the company are included on pages 34–95 in this document.

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 2017 and its financial performance and cash flow 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 2017 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 46–53. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

**VALUATION OF INVESTMENT PROPERTY**

See note 2 General accounting principles, note 16 Properties (Group) and note 17 Properties (Parent Company) on pages 69, 82 and 84 respectively in the annual accounts and consolidated accounts for detailed information and description of the matter.

**Description of key audit matter**

Investment property is held at fair value in the consolidated accounts.

As per 31 December 2017 Investment property amounts to MSEK 80,444, which is approximately 90 % of total consolidated assets. Accounting for investment property at fair value requires significant judgements and estimates of future events. Fair value has been determined through internal valuations. In addition, in order to validate reliability in valuations, external valuations have been obtained for a selection of properties held by the group.

Given the significant share of total consolidated assets and the significant judgements and estimates of future events required when valuing investment property we consider valuation of investment property as a key audit matter in our audit.

The risk is that fair value of investment property could be over- or underestimated and that any adjustment to fair value would directly affect the periods' result.

**Response in the audit**

We have considered if the valuation methods used are reasonable by comparing them with our experience from methods used by other property companies and external property appraisers and those assumptions and prerequisites normally used in investment property valuations.

We have assessed the expertise of the internal valuation organization.

We have taken part of and assessed the relevance of the information gathered by the Company from external sources to support significant assumptions and preconditions in valuation models used.

We have tested controls established by the Company to ensure that input data to internal valuations are accurate and complete.

We have, on sample basis, tested property valuations. In doing so, we used market data derived from external sources in order to challenge significant assumptions and estimates used, in particular on yields and imputed rates of interest.

We have checked the accuracy of disclosures on investment property given in the notes to the annual report, in particular on significant assumptions and key estimates used.

**OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS**

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 5, 11, 13, 16–22, 26–28, 31–33 and 107–108. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR**

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated

accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they 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.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

**AUDITOR'S RESPONSIBILITY**

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or

error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and

consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

## Report on other legal and regulatory requirements

### OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Akademiska Hus AB for the year 2017 and the proposed appropriations of the company's profit or loss.

We recommend to the general 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.

### BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

## 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. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

## AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of

the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a 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.

## THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for that the corporate governance statement on pages 46–53 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our 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 auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

KPMG AB, Box 3018, 169 03, Solna, was appointed auditor of Akademiska Hus AB by the general meeting of the shareholders on April 28th 2014. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2014.

Gothenburg 16 March 2018

KPMG AB  
Björn Flink  
Authorized Public Accountant