

Interim Report

3rd quarter – 2022

1 JANUARY – 30 SEPTEMBER 2022

Stable despite troubled times

Akademiska Hus increases its net operating income compared with the previous year and profit before changes in value and tax improved. Rising interest rates and uncertainty in the market caused the company's estimated property value to be adjusted downwards by SEK 1.7 billion for the quarter. **Read more in the Statement by the CEO on page 6.**

FINANCIAL KEY FIGURES

Period January – September

- Rental revenue was SEK 5,115 million (4,898).
- Net operating income amounted to SEK 3,897 million (3,610).
- Profit before changes in value and tax was SEK 3,454 million (3,210).
- Changes in property values amounted to SEK 3,357 million (8,009). For the quarter, the changes in value amounted to SEK -1,654 million (2,092).
- Net interest income amounted to SEK -296 million (-262) and changes in the value of financial instruments amounted to SEK 1,324 million (506).
- Profit before tax amounted to SEK 8,135 million (11,725) and profit for the period was SEK 6,460 million (9,738).
- Investments in redevelopment, extensions and new construction totalled SEK 1,742 million (1,937).
- Properties worth SEK 714 million (2,264) were sold. The capital gain amounted to SEK 8 million (29). Properties worth SEK 110 million (0) were acquired.
- The yield* (excluding properties under construction) was 4.7 per cent (4.7) over the past 12 months.

* See definition on page 24.

KEY EVENTS DURING THE QUARTER

- As of 1 July, the property Göteborg Lorensberg 24:2 was acquired from the City of Gothenburg's Parkeringsaktiebolag. The property, with a plot of 1,593 square metres, includes a parking garage with 163 spaces.
- Construction has begun on 170 apartments that will provide 350 undergraduate and graduate students with campus-based housing adjacent to the Ångström Laboratory and the Biomedical Centre (BMC) at Uppsala University. The initiative is an important contribution to reduce the current student housing shortage in Uppsala.
- Akademiska Hus receives top rating when the periodical "Fastighetsnytt" ranks Swedish property companies' solar panel initiatives. The review shows that Akademiska Hus is the property company in Sweden that has the most solar cell installations with 112 units and the most installed power – an impressive 12,000 kW.
- A line with self-driving buses now runs on the Chalmers Johanneberg campus in Gothenburg. The buses are also being tested during a period of time together with a delivery robot to see how they can work together on campus. The project is running under the auspices of Synergetic Autonomous Transports (SAT), where Akademiska Hus is one of eighteen partners.
- In September, Håll Nollan held its annual safety push, an event arranged by the organisation's members to draw attention to occupational safety at construction sites. Akademiska Hus participated at most of the company's construction sites across Sweden together with partners and contractors.
- Along with Umeå University, Akademiska Hus has developed a Learning Lab, a unique test environment where educators, undergraduate and graduate students can explore hybrid teaching and meet regardless of where they are located. The test environment has now had its grand opening and is ready for teaching.



This is Akademiska Hus

Akademiska Hus' remit is to own, develop and manage properties for colleges and universities. Our operations will be run on a commercial basis and generate a yield that is in line with the market.

In Sweden, the state largely finances higher education at colleges and universities, thereby securing the country's long-term supply of skills. Centres of education are responsible for the provision of premises and Akademiska Hus is the single largest property owner nationwide. We contribute experience and expertise based on our remit from the Parliament (the Riksdag): 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.

CREDITWORTHY TENANTS AND LONG-TERM CONTRACTS

The majority of Akademiska Hus' revenue, approximately 93 per cent, comes from colleges and universities. Since they are essentially government agencies, this customer group has the highest credit rating. To meet customer needs, we often invest in specially adapted premises, which results in longer lease terms. The average lease term for all signed leases at 30 September was 10.3 years (10.4 at year-end). The average remaining lease term is 6.1 years (6.2 at year-end). The financial vacancy rate accounts for 2.4 per cent (2.2 at year-end) of our total rental revenue. The vacancy rate regarding rentable space excluding properties that will be demolished is 2.9 per cent (3.1 at year-end). One reason for the relatively low vacancy rate is that new projects generally are not initiated until leases are signed.

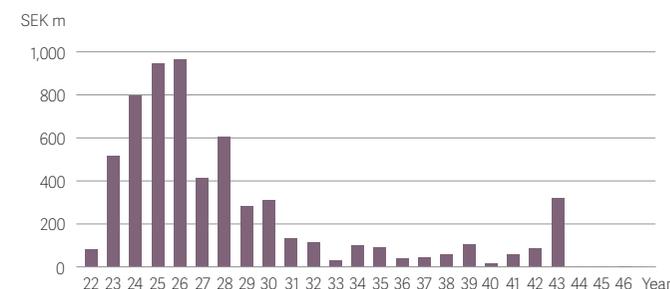
LONG-TERM FINANCING

Cash flow from current operations is reinvested for the most part in new construction as well as in new construction, redevelopment and extensions of existing holdings. The debt portfolio is financed via public financing programmes and primarily in the bondmarket. Akademiska Hus has had a long-term rating of AA from Standard & Poor's since 1996. These ratings reflect the state ownership, our strong financial position, creditworthy tenants and stable, predictable cash flows, as well as our market position as the leader in knowledge environments for Swedish colleges and universities.

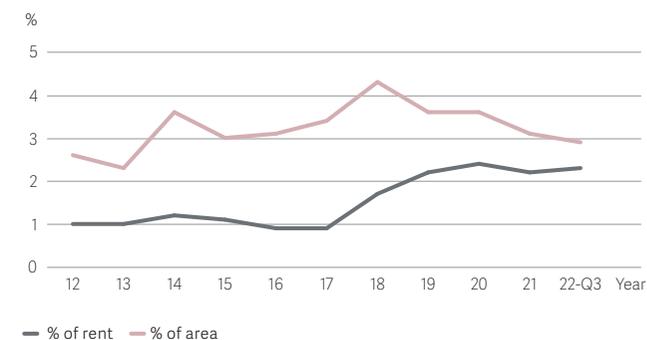
AA

We have had a "AA" long-term rating from Standard & Poor's since 1996.

MATURITY STRUCTURE ON LEASES



LOW LEVEL OF VACANT SPACE





| AKADEMISKA HUS IN BRIEF | 2022 July–Sept. | 2021 July–Sept. | 2022 Jan.–Sept. | 2021 Jan.–Sept. | Rolling 12-months Oct. 21–Sept. 22 | 2021 Full year | 2020 Full year |
|---|--------------------|--------------------|--------------------|--------------------|--|-------------------|-------------------|
| Income from property management, SEK m | 1,740 | 1,632 | 5,193 | 4,978 | 6,894 | 6,679 | 6,418 |
| Net operating income, SEK m | 1,331 | 1,176 | 3,897 | 3,610 | 4,994 | 4,707 | 4,485 |
| Profit before changes in value and taxes, SEK m | 1,158 | 1,048 | 3,454 | 3,210 | 4,380 | 4,136 | 3,920 |
| Key figures | | | | | | | |
| Equity ratio | 49.7 | 48.4 | 49.7 | 48.4 | 49.7 | 49.6 | 44.5 |
| Return on operating capital, % | * | * | * | * | 13.3 | 18.7 | 9.0 |
| Return on equity, % | * | * | * | * | 17.1 | 24.0 | 11.1 |
| Interest coverage ratio, % | * | * | * | * | 1,008 | 896 | 768 |
| Loan-to-value ratio, % | 26.8 | 31.2 | 26.8 | 31.2 | 26.8 | 29.8 | 35.6 |
| Yield, properties, % ¹ | * | * | * | * | 4.7 | 4.7 | 5.0 |
| Yield, properties, % ² | * | * | * | * | 4.5 | 4.4 | 4.7 |
| Assessed market value, properties, SEK m | 116,812 | 107,264 | 116,812 | 107,264 | 116,812 | 112,323 | 99,611 |

* Key figures are calculated only for the twelve-month period

¹ Excluding properties under construction and expansion reserves. ² Including properties under construction and expansion reserves

OWNER'S FINANCIAL OBJECTIVES:

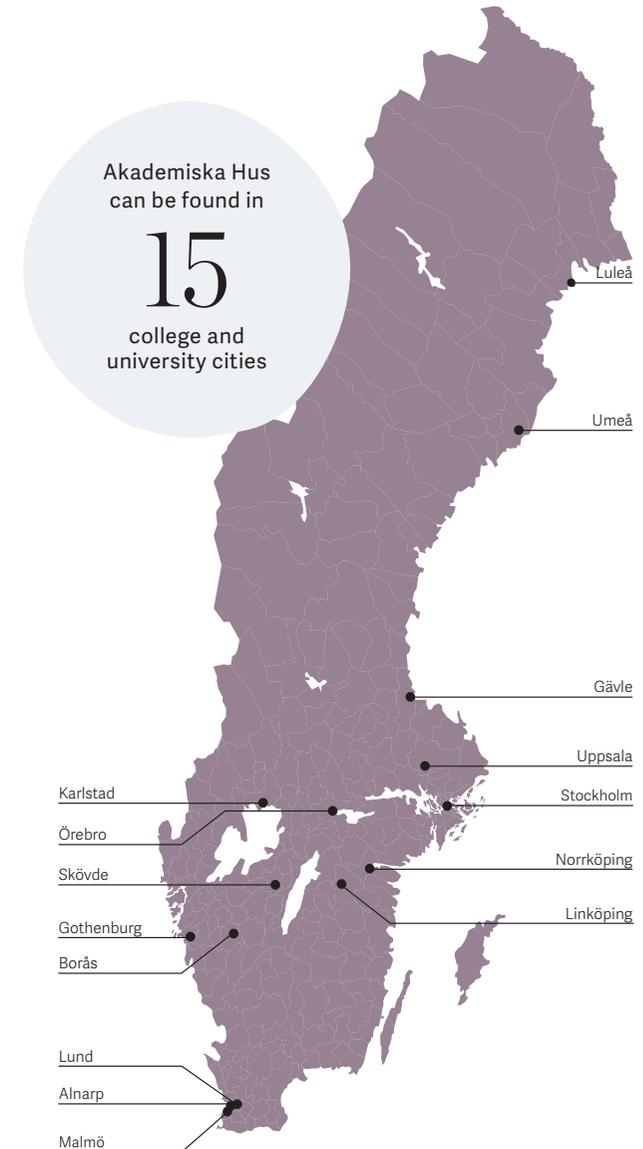
- Return on operating capital shall be at least 6.0 per cent over a business cycle.
- The ordinary dividend shall amount to between 40 and 70 per cent of the net profit for the year after tax, after reversal of unrealised changes in value and related deferred tax.
- The equity ratio should be between 35 and 45 per cent over a business cycle.

Our vision – to strengthen Sweden as a nation of knowledge

Together with academia, industry and the community, we develop and manage sustainable and attractive knowledge environments. In this way we strengthen Sweden as a nation of knowledge and create value for both our owner and our customers.

We are the market leader in Sweden in our segment, premises for higher education and research, and our nationwide presence enables us to improve efficiency and transfer examples from one part of the country to another. The collective financial strength that our property portfolio provides creates long-term security, which benefits Swedish research and education. Value-adding knowledge envi-

ronments entail both successfully developing customised premises and properties and that we constantly develop our collective deliverables and our service offering. The key to this is a close and effective dialogue with our customers. Read more in our annual report or on our website about how we work with our customers to develop value-adding knowledge environments.



Our six largest locations

| Market share, per city/town | Market value and area | Largest centres of education |
|-----------------------------|---|--|
| Stockholm | SEK 57 billion 1,055,000 m² | Stockholm University Karolinska Institutet Royal Institute of Technology |
| Uppsala | SEK 19 billion 597,000 m² | Uppsala University Swedish University of Agricultural Sciences, Ultuna |
| Gothenburg | SEK 12 billion 368,000 m² | University of Gothenburg Chalmers University of Technology |
| Lund | SEK 9 billion 360,000 m² | Lund University |
| Umeå | SEK 5 billion 238,000 m² | Umeå University Swedish University of Agricultural Sciences, Umeå |
| Linköping | SEK 5 billion 235,000 m² | Linköping University |

● Akademiska Hus ● Other

Source: Andel 2021, Swedish National Financial Management Authority

Our new target – a climate neutral operation by 2035

Akademiska Hus will gradually reduce the climate impact from the entire value chain to demonstrate climate neutrality by 2035. We will do so by switching to climate-efficient processes and solutions at all levels. Collaboration, with our customers and in the industry as a whole, is absolutely crucial to be able to achieve the target.

The climate challenge is urgent and the transition must accelerate now. We are therefore continuing to focus on achieving an actual reduction of our climate impact. In order to achieve climate neutrality by 2035, we need to challenge our own operations at every level. We will place great emphasis on meeting the current and future needs of our customers by prioritising sustainable and long-term designs that strengthen the campus identity. Alternative solutions will be tested early in the process in order to steer away from new construction and towards a more efficient use of the existing property portfolio. We will ensure that new additions are long-term, robust and circular, and where the life cycle of both the building's structure and its components is taken into account. An increased focus on climate impact during the early phases of the planning process, combined with business models that prioritise climate-efficient solutions are measures that we see as generating new synergies in the transition, which will benefit all parties.

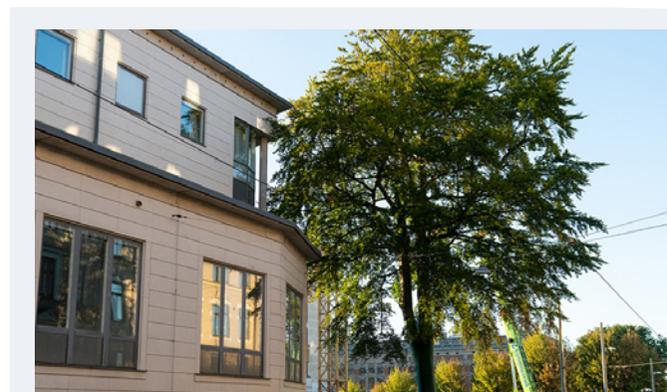
Climate-neutral construction poses many challenges, regardless of whether projects involve new construction, renovations or tenant adaptations. In cases involving new construction and renovations, we aim to reduce climate impact through efficient use of facilities, optimised physical design, construction and systems with optimised materials, reduced quantities of construction and demolition waste, and by actively recycling and using materials with a low climate impact.

FOCUS ON ENERGY IN PROPERTY MANAGEMENT

In property management, we have well established procedures for achieving greater energy efficiency through large investments in energy-saving technology, as well as a daily focus on optimising operations. We are gradually increasing the proportion of in-house produced renewable energy through solar installations all over Sweden and we aim to ensure that the energy used in the properties should be fossil-free.

As part of our effort to achieve our climate target, we are developing our procurement requirements to clarify demand and the need for both climate expertise and climate-efficient materials and technologies, which together are crucial for accelerating the reduction of actual emissions caused by the business.

Read more about our climate and energy strategy on our website:



TREES ARE PRESERVED WHEN SCHOOL OF BUSINESS, ECONOMICS AND LAW GETS NEW BUILDING

As one of Sweden's largest land stewards, the outdoor environments surrounding Akademiska Hus' buildings are a key aspect of the company's work. Campuses often have a wealth of green environments and serve as an important platform for ecological, environmental and social benefits. Construction is currently underway on a new building for the School of Business, Economics and Law in Gothenburg. Its location in the middle of the city with limited green spaces around it makes it extra important to preserve the existing greenery.

For example, in order for a beech tree just inside the construction site to withstand the surrounding stresses, sun protection has been mounted on the trunk and the tree's crown and roots have both been pruned under the supervision of arborists. The initiatives also include humidity measurement, watering, fertilising, structural pruning of the tree crown as needed and an annual inspection.

The School of Business, Economics and Law is one of two Akademiska Hus construction sites that are part of the "Återbruk Väst" (Recycle West) and CCBuild pilot development projects. At the two construction sites an array of products and materials have been recycled, as well as parts of the outdoor environment. Those plants which, unlike the beech tree, were unable to continue to grow on the site were given a new chance at life in a recycling park on Medicinareberget in Gothenburg. Today, many of the plants from the School of Business, Economics and Law have been relocated, including to Chalmers where they have received a more permanent home.

New strategy prepares us for the future

The turbulent times continue to affect the property industry and society at large. Because of rising interest rates and uncertainty in the market our property values have been adjusted downwards in the quarter by approximately SEK -1,654 million. Financing requirements at Akademiska Hus continued to be limited, with good access to borrowed capital. During the quarter we issued a bond denominated in CHF equivalent to SEK 1,100 million at a good margin. All in all, we have excellent liquidity and have maintained our high rating with good borrowing opportunities, which means that despite the global situation we have a stable foundation and are standing firmly.

Profit for the period before changes in value and taxes increased and amounted to SEK 3,454 million (3,210). The improved performance is attributable to an increase in net operating income of SEK 287 million compared with the previous year due to the completion of new buildings and changed accounting assessment of preventive maintenance.

Collaboration to cushion increased costs

The high energy prices affect us and our customers and we are continually and proactively working on improving our energy efficiency. For example, we are analysing the electricity loads at our properties to determine what can be shut down or controlled more efficiently, without affecting our properties or our tenants' operations. For the slightly longer term, we are implementing energy efficiency measures with an extra focus on saving electricity; in some cases, we are doing so ahead of schedule.

We also have a price hedging strategy that we have followed for a long time, in which we gradually hedge the electricity price. This strategy moderates the increase in costs, though despite this, when market prices rise, electricity prices will be affected upwards for us as well as for our customers.

Like most property companies, we have a clause in our rental agreements that entails an increase in rental prices based on inflation measured in the consumer price index (CPI). We understand that centres of education, like other

tenants, can be greatly affected by these rate hikes, which make it even more important for us to support customers through efficiency improvements in our premises, as well as other areas that affect their costs.

Consequently, in these times where we have to be prepared for different scenarios, it is particularly important and valuable to have a robust and flexible organisation that can handle the challenges that arise.

Strategy for the future

We have formulated our new three-year strategy for the company with great commitment and involvement from all parts of our operations, and we have also had students and customer representatives involved in the work. We continue to work towards our vision – to strengthen Sweden as a nation of knowledge – and in the new strategy we will focus on three strategic goals: Our campuses are environments that inspire, our expertise creates value for customers and we are a responsible community participant. One important strategic choice we have made is that we will reduce our new construction and instead focus on primarily using the resources we already have. Here is the Språkskrapan building in Gothenburg, where we are converting vacant office space into modern and sustainable student housing, one of several good examples.

Regarding student housing, new production is still needed to remedy the student housing shortage. We share the goal of the centres of education that no one should have to turn down the opportunity to study at a university because they cannot find housing. We are therefore pleased to share the good news that we have started another project in Uppsala, where we are now building housing for 350 students.

In conclusion, it was gratifying to see that Akademiska Hus garnered a top ranking in the review of Swedish property companies' solar panel initiatives conducted by the publication *Fastighetsnytt*. The review shows that we are the property company in Sweden that has the most solar cell installations with 112 units and the most installed power of an impressive 12,000 kW. Akademiska Hus has set

high climate targets, with the goal of being climate-neutral throughout the value chain by 2035. Important aspects of our climate-related initiatives include reducing the quantity of delivered energy and investing in locally produced renewable energy sources. By installing solar panels we create even more sustainable campuses across Sweden and take yet another major step towards achieving as energy-smart buildings as possible. Over the next few years we plan to take further measures and install more solar power arrays.



In September, Akademiska Hus broke ground for new student housing in Uppsala. Aquila will consist of 170 apartments that will provide 350 undergraduate and graduate students with campus-based housing adjacent to the Ångström Laboratory and the Biomedical Centre at Uppsala University. The initiative is an important contribution to reduce the current student housing shortage in the city.



Caroline Arehult
Chief Executive Officer

Uncertainty on the financial market

TRENDS

The war in Ukraine and sharply rising energy prices with effects spreading across both goods and services have been contributing causes of continued rising inflation rates in both the Eurozone and Sweden. According to the September forecast of the National Institute of Economic Research, inflation in Sweden is expected to reach its peak of approximately 11 per cent at year-end. Major central banks worldwide are currently engaged in fighting inflation through rapid interest rate hikes.

High electricity prices and a broad rise in prices in general, as well as higher mortgage rates, are expected to have a major impact on households, especially in Sweden which has a large proportion of interest-sensitive households. Taken together, these factors suggest that consumption will decrease and the economy will slow down. The National Institute of Economic Research forecasts approximately zero growth for 2023, but the strength of the decline is difficult to assess, in part because of uncertainties about how fiscal policy will be formulated in the future.

FINANCIAL MARKETS

The determination of the central banks to anchor inflation expectations around the inflation target has resulted in sharply rising market interest rates, with a greater impact on short-term interest rates than on long-term rates. In the third quarter, long-term inflation expectations fell, which means that the rise in interest rates has come from rising real interest rates. The higher interest rate situation and increased uncertainty about the economy have also led to widening credit spreads during the year, albeit from very narrow levels, and also largely explain the weak stock market performance.

The US Federal Reserve (the Fed) is closely monitoring the labour market for indications that the austerity measures are having an effect, but the statistics do not yet show any clear signs of weakening. This means that the Fed can come to continue to raise the key policy rate at a

rapid pace. The Fed's forecast for the key policy rate has been adjusted upwards and at the September meeting, the key policy rate was expected to go from the current range of 3.00–3.25 per cent to 4.50–4.75 per cent at the beginning of 2023, after which it would gradually be lowered in 2024 and 2025. The European Central Bank (ECB) raised the key policy rate during the quarter and currently it is 0.75 per cent. Continued rate hikes can be expected given the inflation trend, but the size of these increases will depend on incoming statistics. In September, the Swedish central bank (the Riksbank) raised the key policy rate to 1.75 per cent, and they expect additional increases of 75 basis points by the beginning of 2023. After that, the key policy rate is expected to remain stable and then weakly fall later in the forecast period. The decision to raise rates in September was unanimous, but individual opinions regarding continued rate hikes diverge somewhat. This situation reflects the uncertainty about the inflation trend and how hard households and businesses will be hit by the austerity measures.

PROPERTY MARKET

The tightening measures from the Swedish central bank have now begun to be seen in the transaction market with reduced activity and an effect on yield requirements. Commercial properties normally have a certain degree of inflation protection in that rental prices include an inflation component that increases with inflation, which applies to a large extent to the Akademiska Hus portfolio. Inflation also affects the cost of capital, which has a negative impact on property values. Persistent inflation and higher market interest rates entail more expensive financing for many property companies, which means that in the long run it is likely that yield requirements may be affected.

After an active start to the year, the transaction market has cooled off during the summer and was cautious during the third quarter. As of 30 September the aggregate transaction volume amounted to approximately SEK 154 billion

(246), which is 37 per cent lower than in the same period last year, which was a record-breaking year.

Housing is the largest segment at 28 per cent of the volume, followed by logistics/industry at 22 per cent and community properties at 16 per cent. The share of community properties has been somewhat higher than the average over the past few years (Newsec). As a result of the uncertain market situation and more expensive financing for many property companies, sellers and buyers have found it more difficult to reach common ground and a number of broken deals have now been noted.

Regarding the rental market for modern offices in Stockholm, Gothenburg and Malmö CBD, we see unchanged rent levels since the previous quarter. Rent levels are now SEK 9,700/m², SEK 4,000/m² and SEK 3,400/m², respectively, which is higher than the level at the beginning of the year (Newsec). Demand from tenants continues to be strongest for modern and flexible offices in good locations, with shorter lease terms than what was considered standard before the pandemic.

The community property sector continues to be an attractive segment among investors, largely due to the low vacancy risk and predictable cash flows. During the third quarter of the year the transaction market slowed to some extent and we note a more cautious property market even for community properties. This trend is largely due to high inflation and the uncertain economy. During the quarter we also noted that yield requirements and the cost of capital were impacted by the market situation with continued rising inflation and interest rates. Buyers and sellers are finding it difficult to reach common ground and consultants note that they are beginning to see higher yield requirements in current deals. This suggests that Akademiska Hus' market, premises for higher education and research, is also affected by the new economic situation with high inflation and rising interest rates.

Consolidated income statement

| Consolidated income statement, summary, SEK m | 2022 | | 2021 | | Rolling 12 months Oct. 21– Sept. 22 | |
|--|--------------|--------------|---------------|---------------|--|-------------------|
| | July–Sept. | July–Sept. | Jan.–Sept. | Jan.–Sept. | Oct. 21– Sept. 22 | 2021 Full year |
| Rental revenue | 1,712 | 1,612 | 5,115 | 4,898 | 6,786 | 6,568 |
| Other property management income | 28 | 20 | 78 | 80 | 108 | 110 |
| Total property management income | 1,740 | 1,632 | 5,193 | 4,978 | 6,894 | 6,679 |
| Operating costs | -253 | -195 | -801 | -690 | -1,094 | -983 |
| Maintenance costs | -28 | -128 | -78 | -273 | -223 | -418 |
| Property administration | -96 | -93 | -327 | -307 | -451 | -430 |
| Other property management expenses | -32 | -40 | -91 | -98 | -133 | -140 |
| Total costs from property management | -409 | -456 | -1,296 | -1,368 | -1,900 | -1,972 |
| NET OPERATING INCOME | 1,331 | 1,176 | 3,897 | 3,610 | 4,994 | 4,707 |
| Central administration costs | -17 | -12 | -49 | -45 | -71 | -67 |
| Development costs | -4 | -11 | -35 | -30 | -58 | -53 |
| Interest income | 77 | 11 | 115 | 22 | 128 | 36 |
| Interest expense | -208 | -95 | -411 | -284 | -531 | -404 |
| Site leasehold fees | -21 | -21 | -62 | -63 | -82 | -83 |
| PROFIT BEFORE CHANGES IN VALUE AND TAXES | 1,158 | 1,048 | 3,454 | 3,210 | 4,380 | 4,136 |
| Change in value, properties | -1,654 | 2,092 | 3,357 | 8,009 | 7,830 | 12,481 |
| Change in value, financial instruments | 16 | 128 | 1,324 | 506 | 1,197 | 380 |
| PROFIT BEFORE TAX | -479 | 3,268 | 8,135 | 11,725 | 13,407 | 16,997 |
| Tax | 102 | -532 | -1,675 | -1,987 | -2,895 | -3,207 |
| PROFIT FOR THE PERIOD | -377 | 2,736 | 6,460 | 9,738 | 10,513 | 13,790 |
| Of which attributable to the Parent Company's shareholder | -377 | 2,736 | 6,460 | 9,738 | 10,513 | 13,790 |

| Consolidated statement of compre- hensive income, summary, SEK m | 2022 | | 2021 | | Rolling 12 months Oct. 21– Sept. 22 | |
|---|------------|--------------|--------------|--------------|--|-------------------|
| | July–Sept. | July–Sept. | Jan.–Sept. | Jan.–Sept. | Oct. 21– Sept. 22 | 2021 Full year |
| Profit for the period | -377 | 2,736 | 6,460 | 9,738 | 10,512 | 13,790 |
| Reclassifiable items | | | | | | |
| Profit/loss from cash flow hedges | 381 | 50 | 481 | 76 | 562 | 157 |
| Tax attributable to cash flow hedges | -71 | -6 | -107 | -9 | -106 | -8 |
| Non-reclassifiable items | | | | | | |
| Revaluation of defined benefit pensions | — | — | — | — | 16 | 16 |
| Tax attributable to pensions | — | — | — | — | -3 | -3 |
| TOTAL, OTHER COMPREHENSIVE INCOME FOR THE PERIOD | 310 | 44 | 374 | 67 | 469 | 162 |
| COMPREHENSIVE INCOME FOR THE PERIOD | -67 | 2,780 | 6,834 | 9,805 | 10,981 | 13,952 |
| Of which attributable to the Parent Company's shareholder | -67 | 2,780 | 6,834 | 9,805 | 10,981 | 13,952 |

Comment: Operating profit

THIRD QUARTER

Profit for the quarter before changes in value and taxes increased by SEK 110 million since the beginning of the year and amounted to SEK 1,158 million (1,048). The improved performance is primarily attributable to an increase in net operating income of SEK 155 million compared with the previous year, which is an effect of the completion of additional new buildings, as well as an accounting-related change in the assessment of preventive maintenance. Rising interest rates have had a negative impact of SEK 47 million on net interest income compared with the previous year. The total change in value relating to properties amounted to SEK -1,654 million (2,092), mainly as an effect of the yield requirement, which was raised due to the increased uncertainty in the property market.

PROFIT FOR THE PERIOD

Profit for the period before changes in value and tax was SEK 3,454 million (3,210). The improved performance is attributable to an increase in net operating income of SEK 287 million compared with the previous year due to the completion of additional new buildings, as well as an accounting-related change in the assessment of preventive maintenance. The change in the value of properties amounted to SEK 3,357 million (8,009), of which SEK 8 million relates to realised changes in value. The average yield requirement was 4.51 per cent (4.58). The change for the year can be attributed to a change in yield requirements and cost of capital of SEK -1,689 million, while SEK 4,685 million of the change in value relates to an increase in the index due to an increase in the assumption regarding inflation. Increased standard for maintenance charge has also had an impact on value of SEK -316 million. Other change in value amounted to SEK 669 million (1,406).

RENTAL REVENUE

Rental revenue increased by SEK 217 million compared with the same period the previous year and totalled SEK 5,115 million (4,898). The completion of new buildings contrib-

utes approximately SEK 115 million to increased revenue, mainly attributable to Albano, the Ångström Laboratory and KI Residence. The index contributed with an increase of SEK 76 million. Increased revenue related to the completion of new buildings is offset by a decline in rental revenue of SEK 52 million attributable to properties sold in Uppsala, Malmö and Kristianstad. Parking revenue increased by SEK 17 million, thereby recovering to pre-pandemic levels. Utility costs passed on to tenants increased by SEK 36 million. In a comparable portfolio, contractual rental revenue increased by 4.1 per cent compared with the previous year.

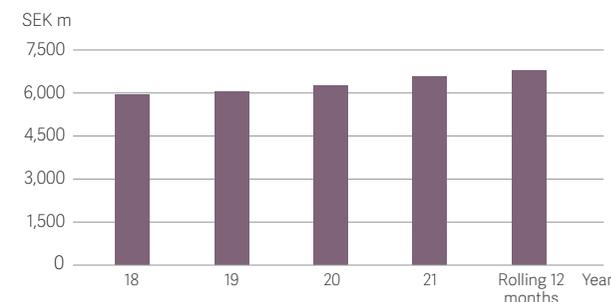
LEASING LEVEL

The financial vacancy rate accounts for 2.4 per cent (2.2 at year-end) of our total rental revenue, which corresponds to SEK 161 million on an annual basis (150 at year-end). Discussions with potential tenants related to vacant premises are underway at several centres of education, mainly the Solna and Frescati campuses. Vacant space in terms of area at the end of the period amounted to 103,000 square metres, corresponding to 2.9 per cent (3.1 at year-end) of our total rentable area of approximately 3.4 million square metres. Rentable floor space was affected during the period by the completion of new buildings and sold properties, resulting in a net increase of approximately 20,000 square metres.

OPERATING AND MAINTENANCE COSTS

Expenses for operation and maintenance decreased by SEK 84 million and amounted to SEK 879 million (963). Maintenance costs declined by SEK 195 million compared with the same period the previous year and totalled SEK 78 million (273). This decline is primarily an effect of a new accounting-related assessment regarding preventive maintenance, which from 2022 is capitalised on the properties, instead of being expensed. According to the new assessment, maintenance costs for the period decreased by SEK 183 million compared with the previous assessment. The comparative year was not adjusted. Operating costs involve inspection

STABLE AND RISING RENTAL REVENUE



STABLE NET OPERATING INCOME AND RISING NET OPERATING INCOME RATIO



and maintenance, as well as provision of utilities, and increased by SEK 111 million. The increase consists of utility costs and is mainly an effect of the rising price trend in the electricity market. Operating costs of SEK 801 million (690) include provision of utilities of SEK 526 million (426), equivalent to SEK 214/m² (175) over the past 12 months.

ADMINISTRATION COSTS

Total administration costs increased by SEK 24 million and amounted to SEK 376 million (352). The increase is attributable in part to increased expenses for travel,

internal conferences and IT costs, as well as to an increased reserve for payroll tax for pension costs of SEK 8 million that is an effect of changed assumptions in the calculation bases regarding old-age pension for ITP following a change implemented on 1 January 2022.

Development costs increased by SEK 5 million and amounted to SEK 35 million (30). The increase is mainly attributable to an increased investment in the digitalisation of our campuses.

NET INTEREST INCOME/EXPENSE

Net interest income, which primarily consists of interest on loans and net interest income from the interest rate swap portfolio, amounted to SEK 296 million (262) for the period, corresponding to an interest rate of 1.48 per cent (1.19), which includes capitalised interest expense of SEK 44 million (52) for projects in progress. The increase in net interest income can mainly be attributed to a higher STIBOR rate, which increases the cost of floating interest rate loans. See table describing the composition of net interest income and expense on page 23.

TOTAL FINANCING COST INCLUDING CHANGES IN VALUE

| | 2022 Jan.–Sept. | 2021 Jan.–Sept. | 2021 Full year |
|---|--------------------|--------------------|-------------------|
| Interest cost for loans, including charges, % | 1.47 | 1.12 | 1.22 |
| Interest swaps, net interest, % | 0.01 | 0.07 | 0.06 |
| Net interest income/expense, % | 1.48 | 1.19 | 1.28 |
| Changes in value, financial derivatives, % | -5.52 | -2.05 | -1.15 |
| Total financing cost, % | -4.04 | -0.86 | 0.13 |

CHANGES IN VALUE, FINANCIAL INSTRUMENTS

Changes in value in the derivative portfolio are positive and amounted to SEK 1,324 million (506) as of 30 September, which can largely be attributed to rising market interest rates since the beginning of the year. The derivative portfolio largely consists of interest rate derivatives that are primarily entered into with the aim of extending the fixed interest period in the liability portfolio, where approximately half of financing currently relies on floating interest rates. Just over one third of Akademiska Hus' interest risk expo-

sure derives from interest rate derivatives, which means that even minor changes in the interest rate situation affects earnings through changes in value that can become significant. Falling market interest rates combined with a flatter yield curve have a negative impact on profit, while the opposite is true for rising interest rates and steeper yield curve.

COMPARATIVE CALCULATION, TOTAL FINANCING COST

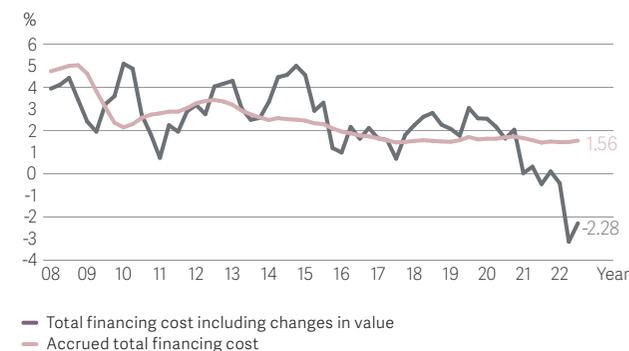
To clarify the underlying financing cost at Akademiska Hus, a comparative calculation is carried out in which the realised result of the closed interest rate derivatives is allocated to the underlying maturity of each instrument. This allocation corresponds to an interest expense of 0.06 per cent for the past twelve-month period. The accrual and the net interest income reflect the underlying financing cost and amount to 1.56 per cent as at 30 September, see the diagram on the right, in which interest rates are expressed as a rolling 12-month interest rate (annualised).

When calculating the interest coverage ratio, the capitalised interest expense and the accrued earnings from the closed interest rate derivatives mentioned above are included. The interest coverage ratio continues to be very high at 1,008 per cent (896), see diagram to the right.

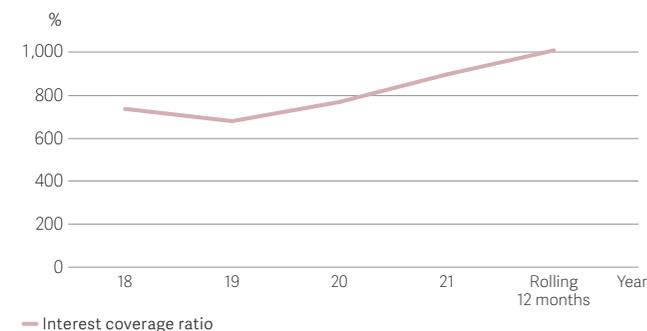
CHANGES IN VALUE, PROPERTIES

The market value of the Group's property holdings was set using an internal property valuation that is compared annually against external value statements where a selection of the holdings was externally valued. As at 30 September 2022, net changes in property values had an impact on profit of SEK 3,357 million (8,009), of which SEK 8 million relates to realised changes in value. During the first quarter of the year the trend for the property market was positive, for which reason Akademiska Hus lowered the average yield requirement and the cost of capital by 14 points. Since then, high inflation has had an impact on the property market, for which reason Akademiska Hus raised the cost of capital in the second and third quarters in total by 35 points, of which 20 points relate to higher inflation assumptions during the calculation period. During the third quarter, the average yield requirement was raised by approximately 15 points, which is attributable to changed circumstances in the prop-

COMPARATIVE CALCULATION TOTAL FINANCING COST, ROLLING 12-MONTH BASIS



INTEREST COVERAGE RATIO



erty market and the greater uncertainty in the current environment. The change in yield requirements and cost of capital has contributed to SEK -1,689 million in value changes during the year. During the third quarter the standard maintenance charge was also increased by SEK 5/m², which had a negative impact on value of SEK 316 million. The change in value for the year can be explained in part by a change in the assumption regarding inflation for 2023 of SEK 4,685 million. Other change in value of SEK 669 million (1,406) is attributable to projects in progress, renegotiated leases and other factors affecting value. This increase is primarily attributable to the Stockholm and Gothenburg regions.

The average yield requirement was 4.51 per cent (4.58).

Consolidated statement of financial position

| Consolidated statement of financial position, summary, SEK m | 30 Sept. 2022 | 30 Sept. 2021 | 31 Dec. 2021 |
|---|----------------|----------------|----------------|
| ASSETS | | | |
| Non-current assets | | | |
| Capitalised expenditure | 5 | 5 | 6 |
| Properties | 116,812 | 107,264 | 112,323 |
| Site leasehold rights | 2,663 | 2,736 | 2,663 |
| Equipment, fixtures and fittings | 29 | 35 | 34 |
| Derivatives | 3,023 | 3,176 | 3,474 |
| Other non-current receivables | 456 | 493 | 428 |
| Total non-current assets | 122,988 | 113,709 | 118,928 |
| Current assets | | | |
| <i>Current receivables</i> | | | |
| Derivatives | 506 | 116 | 152 |
| Other current receivables | 2,223 | 1,372 | 2,034 |
| Total current receivables | 2,729 | 1,488 | 2,186 |
| Cash and cash equivalents | | | |
| Cash and cash equivalents | 7,859 | 4,665 | 4,067 |
| Total cash and cash equivalents | 7,859 | 4,665 | 4,067 |
| Total current assets | 10,588 | 6,153 | 6,253 |
| TOTAL ASSETS | 133,576 | 119,862 | 125,181 |

| Consolidated statement of financial position, summary, SEK m | 30 Sept. 2022 | 30 Sept. 2021 | 31 Dec. 2021 |
|---|----------------|----------------|----------------|
| EQUITY AND LIABILITIES | | | |
| Equity | 66,453 | 57,955 | 62,103 |
| LIABILITIES | | | |
| <i>Non-current liabilities</i> | | | |
| Loans | 30,704 | 31,749 | 31,240 |
| Derivatives | 1,945 | 1,263 | 1,315 |
| Deferred tax | 17,153 | 15,193 | 16,180 |
| Long-term debt finance lease | 2,663 | 2,736 | 2,663 |
| Other non-current liabilities | 1,059 | 946 | 949 |
| Total non-current liabilities | 53,524 | 51,887 | 52,348 |
| <i>Current liabilities</i> | | | |
| Loans | 7,614 | 4,681 | 4,979 |
| Derivatives | 34 | 20 | 4 |
| Other current liabilities | 5,951 | 5,319 | 5,748 |
| Total current liabilities | 13,600 | 10,020 | 10,731 |
| Total liabilities | 67,123 | 61,907 | 63,079 |
| TOTAL EQUITY AND LIABILITIES | 133,576 | 119,862 | 125,181 |

Comment: Statement of financial position

PROPERTIES

As of the end of the third quarter, the assessed market value of Akademiska Hus' property holdings totalled SEK 116,812 million, an increase of SEK 4,489 million, corresponding to 4.0 per cent compared with year-end. Market value includes the completed portions of projects in progress. The unrealised change in value amounted to SEK 3,350 million (7,980), which corresponds to a 3.0 per cent increase compared with year-end (8.0). Remaining changes relate to investments in properties for the year of SEK 1,742 million (1,937), acquisitions of SEK 110 million (0) and sales of SEK 714 million (2,264). During the third quarter, Göteborg Lorensberg 24:2 was acquired as part of the "Nya Konst" project, while property sales were carried out during the second quarter.

During the first quarter of the year the trend for the property market was positive, for which reason Akademiska Hus lowered the average yield requirement and the cost of capital by 14 points. Since then, high inflation has had an impact on the property market, for which reason Akademiska Hus raised the cost of capital in the second and third quarters in total by 35 points. Higher yield requirements and cost of capital has contributed to a negative change in value of SEK 1,689 million. The assumption regarding inflation also has a positive impact on the value of our rental revenue of SEK 4,685 million.

During the third quarter, the average yield requirement was raised by approximately 15 points on average, which is attributable to changed circumstances in the property market and the greater uncertainty in the current environment. The standard maintenance charge was also increased by SEK 5/m², which had a negative impact on value of SEK 316 million.

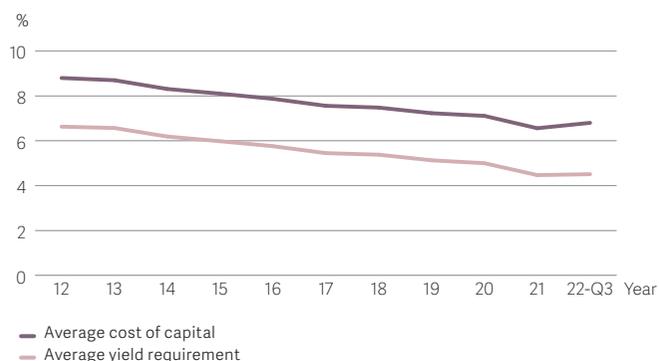
The market value was calculated by means of an internal property valuation covering all the Company's properties. The value is affected by property-specific conditions such as net operating income, rent levels, vacancy levels, lease term and property type, as well as by market-related yield requirement and cost of capital. The average yield requirement as at 30 September 2022 was 4.51

PROPERTIES 30 SEPTEMBER 2022 (incl. new construction in progress and capitalised interest costs)

| Change in property holdings, SEK m | 30 Sept. 2022 | 30 Sept. 2021 | 31 Dec. 2021 |
|---|----------------|----------------|----------------|
| Opening assessed market value | 112,323 | 99,611 | 99,611 |
| + Investments in new construction, extensions and redevelopment | 1,742 | 1,937 | 2,524 |
| + Acquisitions | 110 | — | — |
| - Sales | -714 | -2,264 | -2,264 |
| +/- Change in market value | 3,350 | 7,980 | 12,453 |
| Of which change in value due to a change in the cost of capital and yield requirement | -1,689 | 6,574 | 8,481 |
| Of which change in value due to the change in the standard maintenance charge | -316 | — | — |
| Of which change in value due to the change in the assumed rate of inflation | 4,685 | — | — |
| Of which other change in value | 669 | 1,406 | 3,972 |
| CLOSING ASSESSED MARKET VALUE | 116,812 | 107,264 | 112,323 |

* Of which SEK -1,593 million relates to change in value due to adjusted cost of capital.

YIELD REQUIREMENTS AND COST OF CAPITAL



per cent, an increase of 0.17 percentage points compared with the end of the second quarter. Compared with year-end, this entails an increase of 0.04 percentage points from 4.47 per cent. Akademiska Hus engages external rating agencies to verify the yield requirement and fixed costs on a quarterly basis to ensure that market rates are applied in the internal valuation. Each year 25–30 per cent of the property portfolio is also valued by external

PROPERTY PORTFOLIO'S ACCUMULATED VALUE GROWTH AND NUMBER OF SQUARE METRES FLOOR SPACE, M² GFA AND UFA



valuation professionals. External valuations are used as a benchmark for the internal valuation, thereby confirming its reliability that we are within the interval stated below.

All property valuation includes assessments that are associated with a certain degree of uncertainty. A normal uncertainty range in conjunction with a property valuation is +/- five to ten per cent, which would be equivalent to approximately +/- SEK 5,841 million to SEK 11,681 million in the Akademiska Hus portfolio.

FINANCING

The financing requirement at Akademiska Hus has been limited, but a bond issuance in Switzerland was carried out during the quarter. This is the third issuance in Switzerland this year. The volume was approximately CHF 100 million, corresponding to SEK 1,100 million, with a maturity of 10 years. Committed credit facilities in bank were unchanged and amounted to SEK 6,000 million. All credit facilities were unutilised at the end of the period. In addition, the credit facility at the European Investment Bank (EIB) of SEK 1,200 million remains unutilised. With the bond issuance, credit facilities and stable quarterly rental payments, Akademiska Hus has a strong liquidity reserve. Short-term funding under the ECP programme remained relatively unchanged during the quarter.

The net liability portfolio totalled SEK 31,312 million as at 30 September, corresponding to a decrease of SEK 2,127 million since year-end. This decline can mainly be attributed to an increase in cash and cash equivalents, though a decrease in CSA securities for surplus values in financial derivatives also had an impact. The equity ratio is 49.7 per cent (48.4).

NET LOAN LIABILITY

| SEK m | 30 Sept. 2022 | 30 Sept. 2021 | 31 Dec. 2021 |
|---------------------------------|----------------|----------------|----------------|
| Gross loan debt | -38,318 | -36,429 | -36,220 |
| Collateral for derivatives, net | -1,414 | -1,860 | -2,091 |
| Cash and cash equivalents | 7,859 | 4,665 | 4,067 |
| Other current receivables | 561 | 187 | 805 |
| Total net loan liability | -31,312 | -33,437 | -33,439 |

FIXED INTEREST PERIOD AND MATURITY

Akademiska Hus has a long average maturity, which at 30 September was 8.8 years. Bonds denominated in foreign currency are swapped for SEK with floating interest rates and therefore do not entail a corresponding extension of interest rate duration. Interest rate risk in the debt portfolio is instead primarily managed using interest rate derivatives.

Normally, financial markets price in long-term fixed interest periods and maturities at higher risk premiums. The objective of debt management is therefore to balance the additional costs of long-term fixed interest periods and maturities, and thus limit uncertainty, against savings of more short-term fixed interest periods and maturities, where greater uncertainty is accepted. With sharply rising interest rates during the year, the risks in the fixed income market are deemed to be more balanced than previously, resulting in a gradual reduction in the fixed interest period. As previously, debt management will focus on allocating the portfolio's interest rate risk to the most effective periods on the yield curve. As at 30 September, the interest rate duration in the total portfolio was 6.5 years.

The liability portfolio is allocated as follows:

- Basic portfolio – ECP, commercial papers, loans, bonds and interest rate derivatives.
- Long-term portfolio – bonds denominated in SEK with both fixed interest and maturity terms longer than 15 years.

FIXED INTEREST PERIOD AND MATURITY

| | Fixed interest, years, Sept. 2022 | Fixed interest, years, Dec. 2021 | Maturity, years, Sept. 2022 | Maturity, years, Dec. 2021 |
|------------------------|-----------------------------------|----------------------------------|-----------------------------|----------------------------|
| Basic portfolio | 4.4 | 5.6 | 7.1 | 7.5 |
| Long-term portfolio | 19.2 | 19.2 | 19.2 | 19.2 |
| Total portfolio | 6.5 | 7.9 | 8.8 | 9.5 |

| Year | Fixed interest, SEK m | Maturity, SEK m |
|--------------|-----------------------|-----------------|
| 2022 | 16,331 | 3,687 |
| 2023–2027 | 12,775 | 15,303 |
| 2028–2032 | 2,650 | 6,462 |
| 2033–2037 | 1,695 | 1,756 |
| 2038–2042 | 3,136 | 5,132 |
| 2043–2047 | 905 | 3,831 |
| 2048–2052 | 0 | 1,322 |
| TOTAL | 37,492 | 37,492 |

The table above shows the nominal amounts.

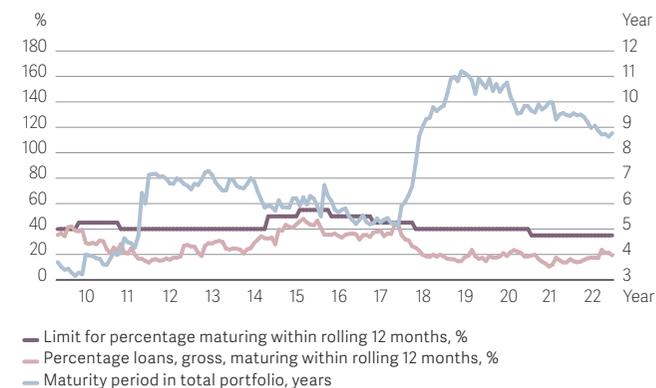
SUMMARY OF FINANCIAL RISKS AND MANDATE

| Financial risks | Mandate | 30 Sept. 2022 |
|--|--|---------------|
| Refinancing risk | | |
| portion of debt maturing within 12 months | Max 35% of total portfolio | 19.20% |
| Interest risk | | |
| average fixed interest period, basic portfolio | 3–6 years | 4.36 |
| proportion long-term portfolio | Max 20% of total portfolio | 11.97% |
| proportion index-linked bonds | Max 5% of total portfolio | 1.60% |
| Counterparty risk | | |
| | Limit system and CSA agreements with derivative transactions | Satisfied |
| Foreign currency risk | | |
| | No currency exposure with foreign financing is allowed | Satisfied |

FIXED INTEREST PERIOD IN TOTAL PORTFOLIO



AVERAGE MATURITY AND PORTION OF DEBT MATURING



PROJECTS

The project portfolio includes future investments over the next few years. The projects are largely located in Gothenburg and Lund, where there are several large new construction and renovation projects. Our approved and planned projects amounted to SEK 14,200 million, of which approximately SEK 4,200 million has already been invested in projects in progress. The approved and planned projects include five student housing projects with a combined budget of approximately SEK 2,600 million.

PROJECT PORTFOLIO

| SEK m | 30 Sept. 2022 | 31 Dec. 2021 |
|---|---------------|---------------|
| Approved projects | 9,000 | 7,500 |
| Planned projects | 5,200 | 6,500 |
| APPROVED AND PLANNED PROJECTS | 14,200 | 14,000 |
| of which already invested in projects in progress | -4,200 | -3,600 |
| REMAINDER OF APPROVED AND PLANNED PROJECTS | 10,000 | 10,400 |

The different investments are categorised as:

- Approved projects.
- Planned projects – have an inquiry or planning framework, where some form of agreement exists between the Company and the tenant.

APPROVED PROJECTS

| Project name | Location | Type of premises | Investment limits, SEK m | Percentage accrued, % | Miljöbyggnad certification system | Additional floor space, m ² , GFA | Expected completion | Customer |
|---------------------------------------|------------|------------------|--------------------------|-----------------------|-----------------------------------|--|---------------------|--------------------------------|
| Nya Konst | Gothenburg | Education | 1,953 | 4 | Gold | 33,000 | 2027-Q2 | University of Gothenburg |
| Natrium | Gothenburg | Laboratory | 1,803 | 57 | Gold | 28,000 | 2023-Q3 | University of Gothenburg |
| Forum Medicum | Lund | Education | 821 | 55 | Gold | 13,800 | 2023-Q2 | Lund University |
| School of Business, Economics and Law | Gothenburg | Education | 529 | 22 | — | 9,200 | 2025-Q2 | University of Gothenburg |
| LTH Maskinteknik | Lund | Education | 499 | 92 | — | 19,000 | 2023-Q2 | Lund University |
| Albano development and land | Stockholm | Education | 439 | 78 | Silver | — | 2023-Q3 | Stockholm University |
| Aquila Rosendal | Uppsala | Residential | 361 | 7 | — | 10,000 | 2024-Q3 | Akademiska Hus |
| A-, B-, E- and F-building, Luleå | Luleå | Education | 320 | 19 | — | — | 2025-Q2 | Luleå University of Technology |
| Universeum Building K | Umeå | Education | 272 | 6 | Gold | 6,500 | 2024-Q2 | Umeå University |
| Fysiologen building | Stockholm | Education | 164 | 6 | Silver | — | 2024-Q3 | Karolinska Institutet |
| Kemicentrum | Stockholm | Laboratory | 120 | 55 | — | — | 2024-Q1 | Royal Institute of Technology |
| Astrid Fagregus Lab | Stockholm | Laboratory | 103 | 46 | — | — | 2023-Q3 | Karolinska Institutet |
| Språkskrapan | Gothenburg | Residential | 103 | 62 | — | — | 2023-Q1 | University of Gothenburg |
| Projects under SEK 100 million | | | 1,513 | | | | | |
| Total | | | 9,000 | | | 119,500 | | |

CIRCULARITY CHARACTERISES SCHOOL OF BUSINESS, ECONOMICS AND LAW

Circularity has been the key word in the project that will result in a new building at the School of Business, Economics and Law in Gothenburg. Materials with a high climate impact that have been dismantled from the old building at the corner of Vasagatan – Haga Kyrkogata will be recycled. With a focus on finite resources and irreplaceable materials, marble floors, limestone facades and granite stones have been preserved for reuse. In addition, trees, shrubs and perennials have been removed and placed in a recycling park while waiting to be replanted. The building is scheduled for completion in 2025 and will then enable the faculty to expand and develop its education and research programmes in the fields of law and economics.



Changes in group equity

| Changes in group equity in brief, SEK m | Attributable to the Parent Company's shareholder | | | | | Total equity |
|---|--|---------------------------|---------------|---------------------------|-------------------------------------|---------------|
| | Share capital | Other contributed capital | Hedge reserve | Actuarial profit and loss | Profit for the year brought forward | |
| EQUITY, 1 JAN. 2021 | 2,135 | 2,135 | 0 | -102 | 46,124 | 50,292 |
| Dividends ¹⁾ | | | | | -2,142 | -2,142 |
| Total comprehensive income, Jan.–Sept. 2021 | — | — | 67 | — | 9,738 | 9,805 |
| EQUITY, 30 SEPT. 2021 | 2,135 | 2,135 | 67 | -102 | 53,720 | 57,955 |
| Total comprehensive income, Oct.–Dec. 2021 | — | — | 83 | 12 | 4,052 | 4,147 |
| EQUITY 31 Dec. 2021 | 2,135 | 2,135 | 150 | -90 | 57,772 | 62,103 |
| Dividends ²⁾ | | | | | -2,484 | -2,484 |
| Total comprehensive income, Jan.–Sept. 2022 | — | — | 374 | — | 6,460 | 6,834 |
| EQUITY, 30 SEPT. 2022 | 2,135 | 2,135 | 524 | -90 | 61,748 | 66,453 |

1) Dividend of SEK 2,142,000,000 was authorised by the Annual General Meeting on 28 April 2021.

2) Dividend of SEK 2,484,000,000 was authorised by the Annual General Meeting on 28 April 2022.

Consolidated statement of cash flows

| Consolidated statement of cash flows, summary, SEK m | 2022 Jan.–Sept. | 2021 Jan.–Sept. | 2021 Full year |
|--|--------------------|--------------------|-------------------|
| CURRENT OPERATIONS | | | |
| Profit before tax | 8,135 | 11,725 | 16,997 |
| Adjustment for items not included in cash flow | -4,417 | -8,714 | -12,911 |
| Tax paid | -274 | -341 | -416 |
| CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL | 3,444 | 2,670 | 3,670 |
| CASH FLOW FROM CHANGES IN WORKING CAPITAL | | | |
| Increase (+)/decrease (-) in current receivables | 98 | 200 | -450 |
| Increase (+)/decrease (-) in current liabilities | 164 | -146 | -56 |
| CASH FLOW FROM OPERATING ACTIVITIES | 3,706 | 2,724 | 3,164 |
| INVESTING ACTIVITIES | | | |
| Investments in properties | -1,798 | -1,835 | -2,407 |
| Sale of properties | 689 | 2,166 | 2,166 |
| Investments in other non-current assets | -4 | -14 | -18 |
| Increase (+)/decrease (-) in non-current receivables | -28 | 54 | 120 |
| Increase (+)/Decrease (-) in non-current liabilities | 94 | — | — |
| CASH FLOW FROM INVESTING ACTIVITIES | -1,047 | 371 | -139 |
| FINANCING ACTIVITIES | | | |
| Raising of interest-bearing loans, excluding refinancing | 13,284 | 7,731 | 9,866 |
| Repayment of loan | -9,701 | -7,751 | -10,442 |
| Realised derivatives and CSA | 34 | 55 | 83 |
| Dividend paid | -2,484 | -2,142 | -2,142 |
| CASH FLOW FROM FINANCING ACTIVITIES | 1,133 | -2,107 | -2,635 |
| CASH FLOW FOR THE PERIOD | 3,792 | 988 | 390 |
| Opening cash and cash equivalents | 4,067 | 3,677 | 3,677 |
| Closing cash and cash equivalents | 7,859 | 4,665 | 4,067 |

Comment: Statement of cash flows

Cash flow from operating activities before changes in working capital totalled SEK 3,444 million (2,670). The impact of investments in properties on cash flow was SEK -1,047 million (371). Cash flow from investing activities decreased by SEK -1,418 million compared with the corresponding period in 2021, which can be attributed to larger property sales in 2021.

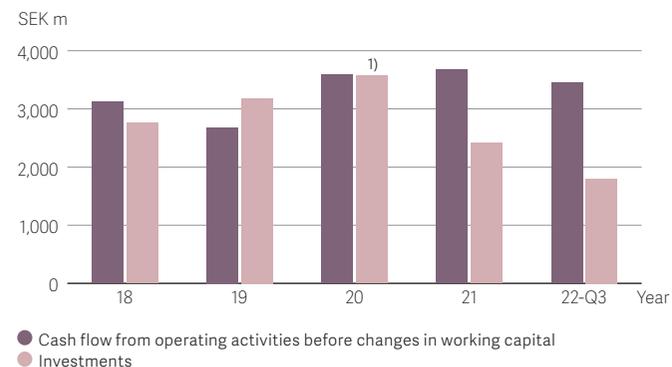
Cash flow relating to financing activities amounted to SEK 1,133 million (-2,107). During the period cash flow from financing activities increased compared with previous years, largely due to an increase in net borrowing.

Total cash flow for the year amounted to SEK 3,792 million (988).

CASH FLOW AND INVESTMENTS

Total cash flow from operating activities before change in working capital during the period 2018 to Sept. 2022 was SEK 16,510 million. Investments during the same period totalled SEK 13,710 million. The diagram shows that historically, cash flow from operating activities is reinvested largely in new construction as well as in redevelopment and extensions of existing holdings.

STABLE CASH FLOW FROM OPERATING ACTIVITIES



¹⁾ Includes payment for the acquisition of Alba Nova

Risk management

Akademiska Hus' material risks are described on pages 45–48 of the 2021 Annual Report. After the publication of the annual report, the company's risks have mainly been affected by the following. The war in Ukraine, remaining supply disruptions due to the pandemic and the energy crisis in Europe have led to increased uncertainty about both growth prospects and inflation trends in Europe. Raw material and energy prices have risen sharply, while uncertainty regarding the supply of raw materials and other goods have increased. For Akademiska Hus, higher prices or shortages of materials could entail increased project expenses, project delays and increased operating and maintenance costs. Efforts to manage these risks include securing project budgets in relation to the market before making investment decisions, close dialogue with customers and contractors during projects in progress regarding schedules, assessment of the opportunities to bring in contractors earlier in the process, and increasing the focus on recycling.

There is always a risk that the capital market will be less effective for various reasons, which would make it difficult to access capital, or financing may become considerably more expensive. This risk is higher in times of great geopolitical uncertainty. Akademiska Hus has had a limited need for funding during the quarter. Committed credit facilities through the bank, stable quarterly rental payments and a bond issuance contributed to continued good liquidity during the second quarter.

Even with these increased risks, we see no risk that the company's ability to survive as a going concern has been affected.

SENSITIVITY ANALYSIS, PROPERTY VALUE 30 SEPT. 2022

| Change | Increase by one percentage point | | | Decrease by one percentage point | | |
|---------------------------------|---------------------------------------|---|--|---------------------------------------|---|--|
| | Impact on net operating income, SEK m | Impact on change in value and assessed market value, SEK m ¹ | Impact on assessed market value, percentage points | Impact on net operating income, SEK m | Impact on change in value and assessed market value, SEK m ¹ | Impact on assessed market value, percentage points |
| Rental revenue | 68 | 530 | 0.5 | -68 | -530 | -0.5 |
| Vacant space | -64 | -1,007 | -0.9 | 64 | 1,007 | 0.9 |
| Operating costs | -11 | -126 | -0.1 | 11 | 126 | 0.1 |
| of which provision of utilities | -7 | -63 | -0.1 | 7 | 63 | 0.1 |
| Cost of capital | | -7,485 | -6.4 | | 8,313 | 7.1 |
| Yield requirement | | -11,313 | -9.7 | | 18,216 | 15.6 |

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

Parent Company income statement

| Parent Company income statement, summary, SEK m | 2022 July–Sept. | 2021 July–Sept. | 2022 Jan.–Sept. | 2021 Jan.–Sept. | 2021 Full year |
|---|--------------------|--------------------|--------------------|--------------------|-------------------|
| Income from property management | 1,715 | 1,632 | 5,318 | 4,978 | 6,679 |
| Property management expenses | -507 | -474 | -1,579 | -1,541 | -2,157 |
| NET OPERATING INCOME | 1,208 | 1,158 | 3,739 | 3,437 | 4,522 |
| Central administration costs | -17 | -11 | -49 | -45 | -67 |
| Development costs | -4 | -10 | -35 | -31 | -53 |
| Depreciation and impairment as well as reversed impairment in property management | -393 | -372 | -1,175 | -1,153 | -1,579 |
| PROFIT BEFORE FINANCIAL ITEMS | 794 | 765 | 2,480 | 2,208 | 2,823 |
| Result, shares in subsidiaries | — | -1,132 | 1,338 | — | — |
| Interest income | 77 | 11 | 115 | 22 | 36 |
| Interest expense | -224 | -112 | -455 | -335 | -471 |
| Change in value, financial instruments | 16 | 128 | 1,324 | 506 | 380 |
| Appropriations | — | — | — | — | 507 |
| PROFIT BEFORE TAX | 663 | -340 | 4,801 | 2,401 | 3,275 |
| Tax | -133 | 56 | -989 | -505 | -680 |
| PROFIT FOR THE PERIOD | 531 | -284 | 3,812 | 1,896 | 2,595 |

| Parent Company statement of comprehensive income, summary, SEK m | 2022 July–Sept. | 2021 July–Sept. | 2022 Jan.–Sept. | 2021 Jan.–Sept. | 2021 Full year |
|--|--------------------|--------------------|--------------------|--------------------|-------------------|
| Profit for the period | 531 | -284 | 3,812 | 1,896 | 2,595 |
| Reclassifiable items | | | | | |
| Profit/loss from cash flow hedges | 381 | 50 | 481 | 76 | 157 |
| Tax attributable to cash flow hedges | -71 | -6 | -107 | -9 | -8 |
| TOTAL, OTHER COMPREHENSIVE INCOME FOR THE PERIOD | 310 | 44 | 374 | 67 | 149 |
| COMPREHENSIVE INCOME FOR THE PERIOD | 840 | -240 | 4,186 | 1,963 | 2,744 |

Parent Company statement of financial position

| Parent Company statement of financial position, summary, SEK m | 30 Sept. 2022 | 30 Sept. 2021 | 31 Dec. 2021 |
|--|---------------|---------------|---------------|
| ASSETS | | | |
| <i>Non-current assets</i> | | | |
| Capitalised expenditure | 5 | 5 | 6 |
| Properties | 48,929 | 48,410 | 48,559 |
| Equipment, fixtures and fittings | 29 | 34 | 34 |
| Shares in Group companies | 1 | 1 | 1 |
| Derivatives | 3,023 | 3,176 | 3,474 |
| Other non-current receivables | 456 | 494 | 428 |
| Total non-current assets | 52,442 | 52,120 | 52,502 |
| <i>Current assets</i> | | | |
| Receivables from subsidiary | 880 | — | — |
| Derivatives | 506 | 116 | 152 |
| Other current receivables | 2,211 | 1,372 | 2,034 |
| Cash and cash equivalents | 7,859 | 4,665 | 4,067 |
| Total current assets | 11,455 | 6,153 | 6,253 |
| TOTAL ASSETS | 63,898 | 58,273 | 58,755 |

| Parent Company statement of financial position, summary, SEK m | 30 Sept. 2022 | 30 Sept. 2021 | 31 Dec. 2021 |
|--|---------------|---------------|---------------|
| EQUITY AND LIABILITIES | | | |
| Equity | 9,375 | 6,891 | 7,673 |
| Untaxed reserves | 3,425 | 3,933 | 3,425 |
| LIABILITIES | | | |
| <i>Non-current liabilities</i> | | | |
| Loans | 30,704 | 31,749 | 31,240 |
| Derivatives | 1,945 | 1,263 | 1,315 |
| Deferred tax | 2,734 | 2,473 | 2,448 |
| Other non-current liabilities | 743 | 571 | 584 |
| Total non-current liabilities | 36,126 | 36,056 | 35,588 |
| <i>Current liabilities</i> | | | |
| Loans | 7,614 | 4,681 | 4,979 |
| Derivatives | 34 | 20 | 4 |
| Other current liabilities | 7,323 | 6,692 | 7,086 |
| Total current liabilities | 14,971 | 11,393 | 12,069 |
| Total liabilities | 51,097 | 47,449 | 47,657 |
| TOTAL EQUITY AND LIABILITIES | 63,898 | 58,273 | 58,755 |

Parent Company

Akademiska Hus AB is the Parent Company in the Akademiska Hus Group and is wholly owned by the Swedish state. Operations mainly comprise owning and managing university and college properties. The majority of the Group's revenue is derived from leasing property for education purposes under government auspices. Essentially the entire Group's operations are conducted in the Parent Company, which means that the description of risks and uncertainties is the same in both the Group and the Parent Company.

REVENUE AND PROFIT/LOSS

The Company's sales for the period amounted to SEK 5,318 million (4,978). Profit before financial items was SEK 2,480 million (2,208). Revenue from subsidiaries for the quarter was SEK 1,338 million (0). Profit after tax was SEK 3,812 million (1,896).

DEPRECIATION

The revaluations of investment properties made in 2014 and 2015 are depreciated at a rate such that the revaluation is fully written off when the rest of the building is fully depreciated. Depreciation for the period totalled SEK 1,175 million (1,153).

INVESTMENTS

Investments in machinery and equipment amounted to SEK 4 million (14) and in properties to SEK 1,615 million (1,885).

EQUITY

Equity totalled SEK 9,375 million at the end of the period, compared with SEK 7,673 million at year-end. In May 2022 a dividend of SEK 2,484 million was paid to the shareholder.

KEY EVENTS DURING THE REPORTING PERIOD

As of 1 July, the property Göteborg Lorensberg 24:2 was acquired via a company transaction from the City of Gothenburg's Parkeringsaktiebolag. The property, with a plot of 1,593 square metres, includes a parking garage with 163 spaces.

Signing of the Report

The Chief Executive Officer hereby certifies that this Interim Report provides a true and fair overview of the Company's and the Group's operations, financial position and results and describes material risks and uncertainties that the Company and the companies that form part of the Group face.

Gothenburg, the day stated in my electronic signature

Caroline Arehult
Chief Executive Officer

Auditor's Examination Report

INTRODUCTION

We have reviewed the condensed interim financial information (interim report) of Akademiska Hus AB as of 30 September 2022 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, the day stated in our electronic signature

Öhrlings PricewaterhouseCoopers AB

Helena Ehrenborg
Authorised Public Accountant

Notes

NOTE 1 ACCOUNTING POLICIES

Akademiska Hus complies with the EU-endorsed International Financial Reporting Standards (IFRS). This Interim Report for the Group has been prepared according to IAS 34 Interim Financial Reporting, and for the Parent Company in accordance with the Annual Accounts Act and the recommendation of the Swedish Financial Reporting Board, RFR 2 Accounting for Legal Entities.

Unless stated otherwise below, the accounting policies and computation methods are the same as the accounting policies used in the most recent Annual Report.

Disclosures under IAS 34.16A are presented except in the financial statements and the related notes in other parts of the interim report.

The general principles for the valuation of financial instruments are that financial investment assets and all derivative instruments should be valued at fair value whilst other financial assets and financial liabilities are measured at amortised cost. Financial instruments are initially recognised at cost, corresponding to the fair value of the instrument plus transaction costs for all financial instruments, other than those that belong to the category Financial Assets, which are measured at fair value through profit and loss.

Beginning on 1 January 2022, the company is using a new approach to assess preventive maintenance. According to the new assessment, preventive maintenance must be reported in groups as additional capitalisation (cost) on the investment property in accordance with IAS 40. For the period, this has entailed lower maintenance costs of approximately SEK 183 million. The comparative year was not adjusted.

NOTE 2 ALTERNATIVE PERFORMANCE MEASURES

In accordance with European Securities and Markets Authority guidelines (ESMA) on reporting of alternative performance measures, the definition and reconciliation of alternative performance measures for Akademiska Hus are presented here. The guidelines entail additional disclosures regarding financial measures that are not defined in IFRS. The performance measures presented below are reported in the year-end report. They are used for internal governance and follow-up and are generally accepted in the property industry. Owner objectives have also been set for return on operating capital and the equity ratio. Since not all companies calculate financial measures in the same way, these are not always comparable to measures used by other companies.

Return on equity

Profit before tax less the standard tax (according to the current tax rate) in relation to average equity (OB+CB)/2.

Return on operating capital

Profit before tax excluding the changes in the value of financial instruments and net interest income/expense in relation to average operating capital.

Loan-to-value ratio

Net loan liability in relation to the closing value of properties.

Yield

Net operating income with reversal of site leasehold fees in relation to average assessed market value excluding buildings under construction and expansion reserves.

This performance measure shows the return from operations in relation to the value of the properties.

Net operating income ratio

Net operating income with reversal of site leasehold fees in relation to property management income.

The net operating income ratio shows how much the Company gets to keep from each krona earned from business operations. It is a type of efficiency measure that is comparable over time.

Net interest income and expense, breakdown, SEK m

| SEK m | 2022 Jan.–Sept. | 2021 Jan.–Sept. | 2021 Full-year |
|---|--------------------|--------------------|-------------------|
| Net interest income/expense, net loans and financial assets | -338 | -253 | -367 |
| Net interest derivatives | -1 | -18 | -18 |
| Other interest costs | -1 | -42 | -50 |
| Capitalised interest costs, projects | 44 | 52 | 67 |
| Total net interest income/expense | -296 | -262 | -368 |
| Change in value, independent financial derivatives | | | |
| -unrealised | 313 | 643 | 370 |
| -realised | 712 | -183 | -65 |
| Changes in value, fair value hedges | 299 | 46 | 75 |
| Total changes in value | 1,324 | 506 | 380 |
| Site leasehold fees | -62 | -63 | -83 |
| Reported net interest income and expense | 966 | 182 | -71 |

Net investments

Closing balance minus the opening balance for non-current assets plus depreciation and impairment losses less revaluations.

Net loan liability

All loans are included in gross loan debt. Net loan liability includes some current receivables, cash and cash equivalents and security transfers for derivative instruments. Pension provisions and similar items are not included.

| SEK m | 30 Sept. 2022 | 30 Sept. 2021 | 31 Dec. 2021 |
|---|------------------|------------------|-----------------|
| Gross loan debt | -38,318 | -36,429 | -36,220 |
| Collateral for derivatives, net | -1,414 | -1,860 | -2,091 |
| Cash and cash equivalents | 7,859 | 4,665 | 4,067 |
| Other current receivables | 561 | 187 | 805 |
| Total net loan liability | -31,312 | -33,437 | -33,439 |
| Average interest-bearing capital (full-year basis) | -32,196 | -30,317 | -32,924 |

Operating capital

Equity plus interest-bearing net loan liability.

Interest coverage ratio

Net operating income with reversal of site leasehold fees and the addition of central administration costs in relation to net financial income/expense excluding site leasehold fees, including period allocation of realised profits from derivative instruments and including capitalised interest in projects. The interest coverage ratio is a financial measure that shows how many times the Company is able to pay its interest with adjusted earnings before financial items.

Equity ratio

Equity in relation to total assets excluding site leasehold rights at the end of the period.

Definitions/Glossary

Comparable portfolio

Property holdings excluding properties that have been acquired and sold or have been classified as projects during the period or the comparison period.

Development costs

Development costs relate to costs for innovation and operational development, as well as associated staff costs. These company-wide strategic costs are aimed at developing operations for the company and/or the customer. They are not directly linked to the current property portfolio and are usually one-off posts.

FLOOR SPACE, m², GFA

Rentable floor space in square metres.

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, UFA

Rentable usable floor space in square metres.

Maintenance costs

Costs for measures taken aimed at reinstating the original standard and function of worn or damaged parts of a building.

Operating costs

Operating costs are costs incurred to keep a property, installation or similar facility functioning. Operating costs are divided into provision of utilities, inspection and maintenance.

Property administration

Cost of management, leasing of properties, project management and costs for operational support excluding central administration.

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.

Rental revenue

Rent, index-linked, and estimated rent for vacant rentable floor space and supplements, with a deduction for vacant space and rent reductions. Also included are additional operations, tenant adaptations and parking.

Yield

Net operating income with reversal of site leasehold fees in relation to average assessed market value excluding buildings under construction and expansion reserves. This performance measure shows the return from operations in relation to the value of the properties.

REPORT CALENDAR

| | |
|------------------------------|-----------------|
| Year-end report | 8 February 2023 |
| Annual Report 2022 | 15 March 2023 |
| Interim Report January–March | 26 April 2023 |
| Interim Report April–June | 7 July 2023 |

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