

Large changes in value provide higher earnings

Akademiska Hus increases its net operating income compared with the previous year and profit before changes in value and tax improved. As a result of lower yield requirements in the community property sector, the company has increased its assessed property value to SEK 116.5 billion.

Read more in the Statement by the CEO on page 6.

FINANCIAL KEY FIGURES

Period January–March

- Rental revenue was SEK 1,701 million (1,672).
- Net operating income amounted to SEK 1,259 million (1,227).
- Profit before changes in value and tax was SEK 1,117 million (1,084).
- Changes in property values amounted to SEK 3,529 million (1,433).
- Net interest income amounted to SEK -93 million (-99) and changes in the value of financial instruments amounted to SEK 657 million (513).
- Profit before tax amounted to SEK 5,303 million (3,030) and profit for the period was SEK 4,211 million (2,580).
- Investments in redevelopment, extensions and new construction totalled SEK 647 million (827).
- Properties worth SEK 0 million (1,585) were sold during the quarter. The capital gain amounted to SEK 0 million (-7).
- The yield* (excluding properties under construction) was 4.6 per cent (5.1) over the past 12 months.

* See definition on page 25.

KEY EVENTS DURING THE QUARTER

- Akademiska Hus is changing its organisational structure beginning on 1 April 2022. As a result, two new people who will be part of the executive management were hired during the quarter. Anna Alsborger took up the position of facilities manager on 1 February and Andreas Kupenberg will begin as Technology & Service Director on 13 June. In addition, Peter Anderson, who was previously hired as the new CFO, will begin on 1 May 2022. He will also be part of executive management.
- Akademiska Hus signed an agreement with the Stockholm School of Economics on the sale of the property Bergsmannen Större 8 in Vasastan, better known as “Studentpalatset” – the Student Palace. The property consists of 1,200 square metres of land and a five-storey building of 4,500 square metres. The Stockholm School of Economics took possession of the property on 1 April 2022.
- Akademiska Hus has signed an agreement with Skandia Fastigheter on the sale of the property Änggården 34:2 in Gothenburg, better known as “Botan”. The property has 11,300 square metres of land with three buildings that have a total of 10,000 square metres of rentable space. Skandia Fastigheter will take possession on 2 May 2022.
- Akademiska Hus is investing approximately SEK 360 million to build 170 apartments with room for 350 undergraduate and graduate students in the Rosendal neighbourhood. The initiative will make Uppsala more attractive as a student town and create campus-based housing adjacent to the Ångström Laboratory and the Biomedical Centre (BMC) at Uppsala University. The new undergraduate and graduate student housing will be called Aquila and will consist of 13,000 square metres of new construction.

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.

Akademiska Hus is wholly owned by the Swedish state and can be found throughout Sweden, primarily in the major university towns, but also in several smaller college towns.

We build and manage sustainable knowledge environments in close cooperation with colleges and universities. We help to strengthen the competitiveness of Swedish centres of education, where student housing plays a major role in campus development. There are many property owners in the segment of premises for higher education and research, but with its expertise, Akademiska Hus is the largest with a local share of approximately 60 per cent.

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 31 March 2022 was 10.6 years (10.5 at year-end). The average remaining lease term is 6.2 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 contracts are signed.

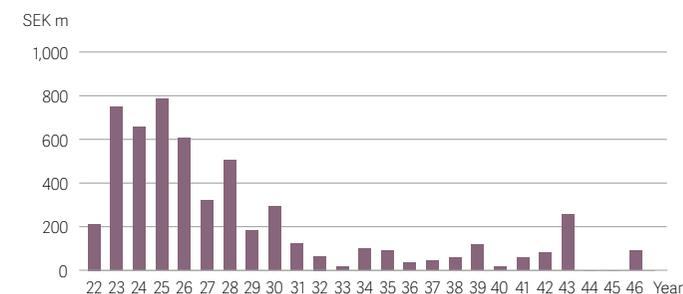
LONG-TERM FINANCING

Cash flow from current operations is reinvested for the most part in new construction, redevelopment and extensions of existing holdings. The debt portfolio is financed via public financing programmes, primarily in the bond-market. 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, credit-worthy tenants and stable, predictable cash flows, as well as our market position as the leader in knowledge environments for Swedish colleges and universities.

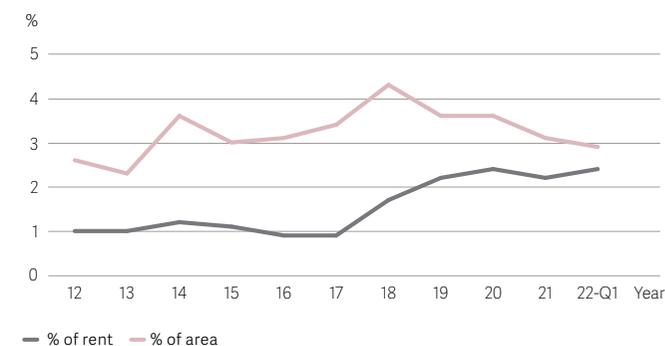
AA

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 Jan.–March	2021 Jan.–March	Rolling 12 months April 21–March 22	2021 Full year	2020 Full year
Income from property management, SEK m	1,727	1,696	6,710	6,679	6,418
Net operating income, SEK m	1,259	1,227	4,740	4,707	4,485
Profit before changes in value and taxes, SEK m	1,117	1,084	4,169	4,136	3,920
Financial key figures					
Equity ratio	51.2	46.6	51.2	49.6	44.5
Return on operating capital, %	*	*	20.8	18.7	9.0
Return on equity, %	*	*	25.7	24.0	11.1
Interest coverage ratio, %	*	*	927	896	768
Loan-to-value ratio, %	27.1	32.5	27.1	29.8	35.6
Yield, properties, % ¹	*	*	4.6	4.7	5.0
Yield, properties, % ²	*	*	4.4	4.4	4.7
Assessed market value, properties, SEK m	116,499	100,293	116,499	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.

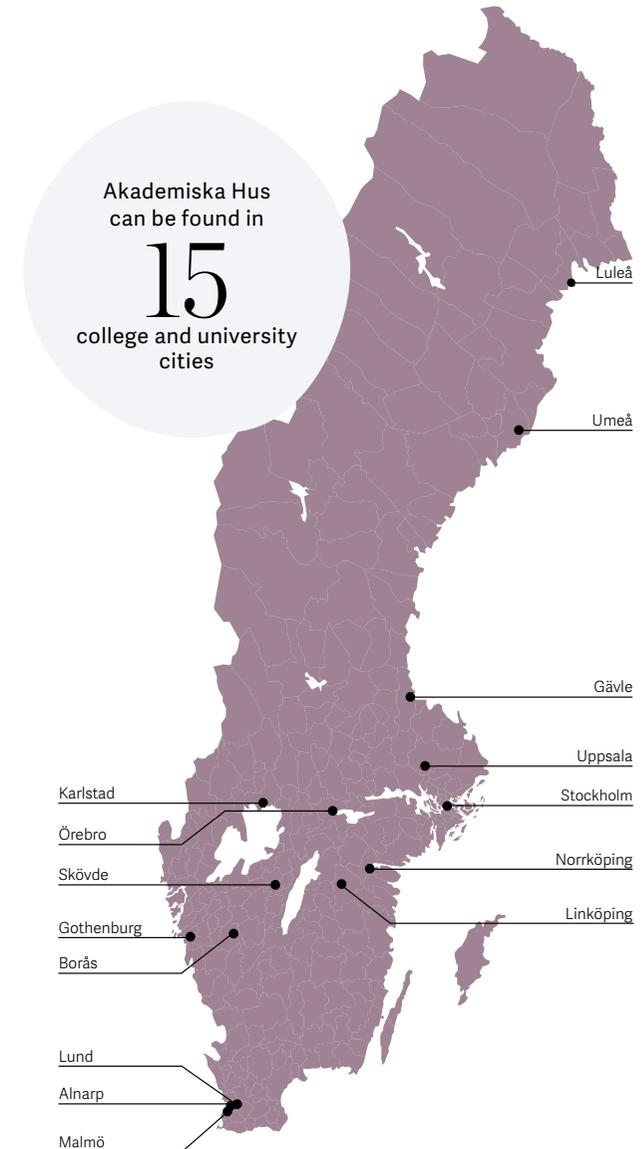
Our vision – to strengthen Sweden as a nation of knowledge

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 environments entail both successfully developing custom-

ised 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	Market share, per city/town	Market value and area	Largest centres of education
Stockholm	SEK 57 billion 1,040,000 m²	Stockholm University Karolinska Institutet Royal Institute of Technology	Lund	SEK 9 billion 360,000 m²	Lund University
Uppsala	SEK 19 billion 597,000 m²	Uppsala University Swedish University of Agricultural Sciences, Ultuna	Umeå	SEK 5 billion 239,000 m²	Umeå University Swedish University of Agricultural Sciences, Umeå
Gothenburg	SEK 12 billion 368,000 m²	University of Gothenburg Chalmers University of Technology	Linköping	SEK 5 billion 234,000 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 begin 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.

Regardless of whether the project involves new construction or renovations, a major focus on both energy and resource efficiency is crucial for being able to achieve climate neutrality. 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.

VIRTUAL CAMPUSES AT MORE CENTRES OF EDUCATION

An extensive 3D scanning of all buildings and outdoor environments of the Gävle and Umeå campuses was recently completed. Akademiska Hus, in collaboration with the two centres of education, wants to create a digital twin of the campus. The goal is to achieve a smarter use of premises by up to 20–30 per cent, reduce energy use and add new services that will make it both more fun and more attractive to be on campus.

Briefly, the digital model that is created during the scan must then be completed with other data. Using this approach, a digital copy is obtained which, when connected to a network, becomes a "digital twin". The initiative is part of Akademiska Hus' effort to digitise its property portfolio and the new technology offers many possibilities.

"The goal is to help our customers to achieve smarter use of today's buildings based on data and analyses generated by the digital twin. We mainly want to be able to evaluate whether we offer the right size of premises and ensure that we use the existing property holdings so well that new construction will not be necessary in the future. This is the most sustainable alternative and crucial for Akademiska Hus if we are to achieve our goal of climate neutrality," says Peter Karlsson, innovation manager at Akademiska Hus.



Heightened preparedness in extraordinary times

At the same time that we have experienced relief that the pandemic has finally released its grip on Swedish society and that campuses can once again be filled with undergraduate and graduate students, as well as staff, we now have an extremely troubled geopolitical situation to navigate. Russia's invasion of Ukraine is a humanitarian catastrophe and it is with great sadness that I follow the news and see the enormous suffering that afflicts the civilian population of Ukraine.

In addition to human tragedies come with all certainty the war also to have long-term economic consequences and it has already affected the price of raw materials, supplies and energy prices, which can ultimately affect both our construction projects and our operating and maintenance costs. We have now intensified our efforts with our risk analyses in order to be prepared to handle the challenges that can be expected.

New organisational structure for more transparent deliverables

Our mission, which includes working to assure the long-term, sustainable development of university and college campuses, feels more important than ever. In order to do an even better job and truly leverage our collective expertise so that it benefits all of our customers, we have implemented an organisational change that came into force on 1 April. As a result, I have also made some changes in the management group and hired managers for the two newly formed units Facilities, and the Technology & Service unit (www.akademiskahus.se/om-oss/bolagsstyrning/foretagsledning/).

Sustainability agreement drives collaboration

At the end of March, we signed another collaboration agreement regarding sustainability, this time with the University of Skövde. We share many common goals regarding sustainable development and through increased collaboration and coordination we can achieve an even

more sustainable and future-oriented campus. We can find a good example of a future-oriented campus in Örebro. For several years, we have worked in close collaboration with Örebro University to digitise the entire campus. We have now launched an exciting joint innovation project, Campus.AI, in which we let artificial intelligence analyse large amounts of data concerning how people move around in the premises to see how they can be used more efficiently and sustainably.

More student housing

Student housing continues to be an important component in our endeavour to develop living campuses. We will now build 170 apartments with room for 350 undergraduate and graduate students in the Rosendal neighbourhood in Uppsala. Campus-based housing will be created adjacent to the Ångström Laboratory and the Biomedical Centre (BMC) at Uppsala University.

Good times for community properties

There is still high pressure on the market for community properties, with strong demand for good properties despite the uncertainty in the security policy situation and rising inflation. We have signed an agreement to sell the property known as Studentpalatset to the Stockholm School of Economics. We are pleased that a building with such a strong historic tradition will continue to function as an inspiring study environment. We have also signed an agreement with Skandia Fastigheter on the sale of the property Änggården 34:2 in Gothenburg, better known as "Botan". As a result of the reduced yield requirements in Stockholm and Gothenburg in particular, our property value continues to rise and is now SEK 116.5 billion, an increase of 3.7 per cent since the turn of the year.

Profit for the quarter before changes in value and tax was SEK 1,117 million, an increase of SEK 33 million compared with the same period last year. The improvement can be attributed in part to completion of addition-



al new buildings and a change in the assessment of preventive maintenance.

Complex future

We are currently formulating a new three-year strategy that will begin to apply in 2023: exciting and fun, but also more difficult than ever. In part because the times we are currently living in are marked by the war in Ukraine, climate change and post-covid effects, and in part because the pace of development in society is higher than ever, especially in digitalisation. But regardless, our primary focus in the future will continue to be to contribute in the best way possible to strengthening Sweden as a nation of knowledge.

Caroline Arehult
Chief Executive Officer

Uncertainty on the financial market

TRENDS

At the beginning of the year, the financial markets shifted their attention from the spread of infection and restrictions as a result of the pandemic to the conflict in Ukraine and rising inflation. The macroeconomic impact of the Ukraine conflict is difficult to assess given the high level of uncertainty about future developments, but sanctions and trade embargoes worsen global growth prospects. The initial effects on the market have been clear, with higher raw material and energy prices, which has led to further inflationary impulses internationally. Inflation continued to be surprisingly high during the first quarter of the year. In the US, inflation rose gradually in 2021 and in March this year it was 8.5 per cent with core inflation at 6.5 per cent. Inflation also came as a surprise in Europe and Sweden, where rising core inflation can now also be seen, which for Sweden (CPIF excluding energy) reached 4.1 per cent in March. The rise in inflation can no longer be explained solely by energy prices, which has led to expectations of tightening monetary policy, not only in the US, but now also in Europe and Sweden.

Higher inflation with accompanying rising interest rates have led to declining consumer confidence during the quarter. Combined with the great uncertainty as a result of the Ukraine conflict, growth figures for Europe and Sweden have been revised downwards, albeit from a high level. The European Central Bank (ECB) has adjusted its growth prognosis downwards by 0.5 percentage points to 3.7 per cent in 2022. In Sweden, the National Institute of Economic Research forecasts a growth rate of 3.3 per cent for 2022.

FINANCIAL MARKETS

Persistent and rising inflation in the US has sharply raised expectations of the US central bank, the US Federal Reserve (Fed), in the spring. Although three rate hikes were forecast for 2022 back in December, according to the March meeting, the Fed expects to raise interest rates eight times in 2022, and some members are open to

further stepping up the pace. At the same time, reinvestments in the bond portfolio are expected to decrease starting already this spring. The US policy rate is expected to reach at least 2.5 per cent at year-end. Short-term interest rates have risen drastically, while bond yields have not risen to the same extent and the US yield curve has flattened. At the turn of the quarter, a 2-year interest rate was even higher than a 10-year interest rate.

In Europe and Sweden, rising inflation has also resulted in increased expectations of tightening monetary policy. The European Central Bank (ECB) is tapering its bond purchases during the year and indicated in February that net purchases could be completed in Q3, which opens up for one or more interest rate increases before the turn of the year. In Sweden, a number of members have been clear that the Swedish central bank's (the Riksbank) assessment at the February meeting was overplayed, given the inflation surprises that have come since then. The repo rate path is expected to indicate that interest rate hikes will come significantly earlier at the meeting in late April. Whether or not market expectations of almost five interest rate hikes before the year-end are incorporated remains to be seen, but a growing number of forecasts indicate at least two interest rate hikes this year. Swedish interest rates rose sharply during the quarter, mainly the short-term interest rates but also bond yields.

PROPERTY MARKET

Despite rising inflation and the expected restructuring of monetary policy as well as the uncertain security policy situation in Europe, the real estate market continued to develop well during the quarter. Transaction consultants note continued high demand from investors, but suggest that some financially weaker participants may find it more difficult to obtain funding moving forward.

Activity on the transaction market was at a record high during the first quarter of the year. Aggregate transaction volume as of 31 March amounted to SEK 53.6 billion

(52.1), which is three per cent higher than in the same period last year, which was a record-breaking year. Housing is the largest segment at 32 per cent of the volume, followed by community property at 19 per cent and logistics/industry at 16 per cent. The fact that housing and community property together account for over 50 per cent of the transaction volume suggests that investors continued to show the strongest demand for properties with secure and predictable cash flows, as was seen at the onset of the pandemic in 2020.

Regarding the rental market for modern offices in Stockholm, Gothenburg and Malmö CBD, we see rising rent levels since the turn of the year, where rent levels now amount to SEK 9,500/m², SEK 4,000/m² respectively SEK 3,400/m². 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.

Consolidated income statement

Consolidated income statement, summary, SEK m	2022 Jan.–March	2021 Jan.–March	Rolling 12-months April 2021– March 2022	2021 Full year
Rental revenue	1,701	1,672	6,597	6,568
Other property management income	26	24	113	110
Total property management income	1,727	1,696	6,710	6,679
Operating costs	-311	-294	-1,009	-983
Maintenance costs	-21	-62	-377	-418
Property administration	-111	-99	-442	-430
Other property management expenses	-26	-14	-142	-140
Total costs from property management	-468	-469	-1,970	-1,972
NET OPERATING INCOME	1,259	1,227	4,740	4,707
Central administration costs	-15	-15	-67	-67
Development costs	-13	-7	-59	-53
Interest income	16	6	45	36
Interest expense	-109	-105	-408	-404
Site leasehold fees	-21	-21	-83	-83
PROFIT BEFORE CHANGES IN VALUE AND TAXES	1,117	1,084	4,169	4,136
Change in value, properties	3,529	1,433	14,577	12,481
Change in value, financial instruments	657	513	524	380
PROFIT BEFORE TAX	5,303	3,030	19,270	16,997
Tax	-1,092	-451	-3,849	-3,207
PROFIT FOR THE PERIOD	4,211	2,580	15,421	13,790
Of which attributable to the shareholder in the Parent Company	4,211	2,580	15,421	13,790

Consolidated statement of comprehensive income, summary, SEK m	2022 Jan.–March	2021 Jan.–March	Rolling 12-months April 2021– March 2022	2021 Full year
Profit for the period	4,211	2,580	15,421	13,790
Reclassifiable items				
Profit/loss from cash flow hedges	66	8	215	157
Tax attributable to cash flow hedges	-23	-1	-30	-8
Non-reclassifiable items				
Revaluation of defined benefit pensions	—	—	16	16
Tax attributable to pensions	—	—	-3	-3
TOTAL, OTHER COMPREHENSIVE INCOME FOR THE PERIOD	43	7	198	162
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4,254	2,587	15,619	13,952
Of which attributable to the shareholder in the Parent Company	4,254	2,587	15,619	13,952

Comment: Operating profit

FIRST QUARTER

Profit for the period before changes in value and tax was SEK 1,117 million (1084). The improved performance is primarily attributable to an increase in net operating income of SEK 33 million compared with the previous year, which is an effect of the completion of additional new buildings, changed accounting assessment of preventive maintenance and increased utility costs.

The change in the value of properties was SEK 3,529 million (1,433), an increase of 3.14 per cent since year-end. The change can largely be attributed to the reduced cost of capital and yield requirement because of a positive market in the first quarter. Other change in value increased by SEK 546 million. The average yield requirement was 4.33 per cent (4.47).

RENTAL REVENUE

Rental revenue increased by SEK 29 million compared with the previous year and totalled SEK 1,701 million (1,672). The completion of new buildings contributes approximately SEK 50 million to increased revenue, mainly attributable to Albano Buildings 2 and 4, Ångström and KI Residence. Index contributed to an increase of SEK 29 million. The increase related to the completion of new buildings is offset by a decline in rental revenue of SEK 32 million attributable to properties sold in Uppsala, Malmö and Kristianstad. In addition, rental income fell by SEK 17 million, mainly because of lower tenant adaptations, but also because of lower energy costs passed on to tenants. In a comparable portfolio, contractual rental revenue increased by 3.0 per cent compared with the previous year. Other property management income amounted to SEK 26 million (24).

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 166 million on an annual basis (150 at year-end).

Discussions with potential tenants 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 99,000 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 increased during the period by approximately 10,000 square metres, mainly as a result of completion of new buildings.

OPERATING AND MAINTENANCE COSTS

Expenses for operation and maintenance decreased by SEK 24 million and amounted to SEK 332 million (356). Maintenance costs declined by SEK 41 million compared with the same period the previous year and totalled SEK 21 million (62). This decline is primarily an effect of a new accounting assessment regarding preventive maintenance, which from 2022 is capitalised on the investment property. According to the new assessment, maintenance costs for the first quarter decreased by SEK 30 million. The comparative year was not adjusted.

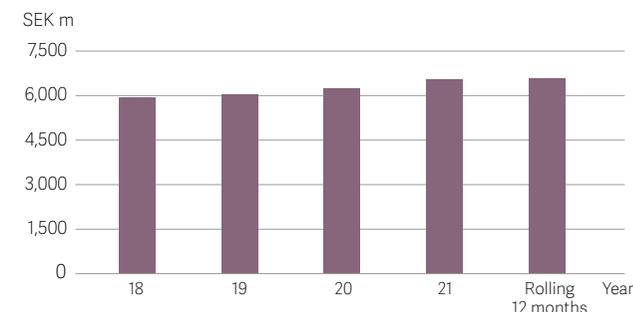
Operating costs involve inspection and maintenance, as well as provision of utilities, and increased by SEK 26 million. The increase consists of utility costs and is mainly an effect of rising electricity prices, a trend we have had since the autumn of 2021. Operating costs of SEK 311 million (294) include provision of utilities of SEK 205 million (196), equivalent to SEK 191/m² (168) over the past 12 months.

Other property management expenses amounted to SEK 26 million (14).

ADMINISTRATION COSTS

Total administration costs increased by SEK 12 million and amounted to SEK 126 million (114). The increase is primarily attributable to an increased reserve for payroll tax for pension costs of SEK 8 million, which is the effect of changed assumptions in the calculation bases regarding old-age pension for ITP, which was changed as of 1 January 2022.

STABLE RENTAL REVENUE



STABLE NET OPERATING INCOME AND RISING NET OPERATING INCOME RATIO



Development costs have increased by SEK 6 million and amounted to SEK 13 million (7). The increase is mainly attributable to investments in 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 93 million (99) for the quarter. This corresponds to an interest rate of 1.27 per cent (1.37), which includes capitalised interest expense for projects in progress of SEK 9 million (18). The lower net interest income is largely attributable to the low interest rate situation. See table describing the composition of net interest income and expense on page 22.

TOTAL FINANCING COST INCLUDING CHANGES IN VALUE

	1 Jan. 2022– 31 March 2022	1 Jan. 2021– 31 March 2021	2021 Full year
Interest cost for loans, including charges, %	1.26	1.19	1.22
Interest swaps, net interest, %	0.01	0.18	0.06
Net interest income/expense, %	1.27	1.37	1.28
Changes in value, financial derivatives, %	-8.33	-6.28	-1.15
Total financing cost, %	-7.06	-4.91	0.13

CHANGES IN VALUE, FINANCIAL INSTRUMENTS

Changes in value in the derivative portfolio are positive and amounted to SEK 657 million (513). This can largely be attributed to sharply rising long-term market interest rates that have entailed positive changes in value. The derivative portfolio largely consists of interest rate derivatives (mainly interest rate swaps and interest rate futures) 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 exposure derives

from interest rate derivatives, which means that even minor changes in the interest rate situation affects earnings through changes in market value. 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. Thus, in a fixed income market with large fluctuations in interest rates, the changes in value will be significant.

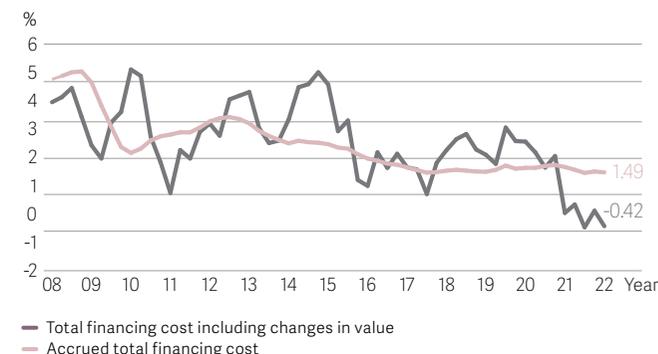
COMPARATIVE CALCULATION, TOTAL FINANCING COST

In recent years, Akademiska Hus has had a relatively long fixed interest period in the total liability portfolio, which includes interest rate derivatives. Changes in market interest rates generate changes in the value of the interest rate derivatives. A portion of interest rate derivatives is realised on an ongoing basis (monthly or quarterly), even if the maturity of the underlying instrument is long term.

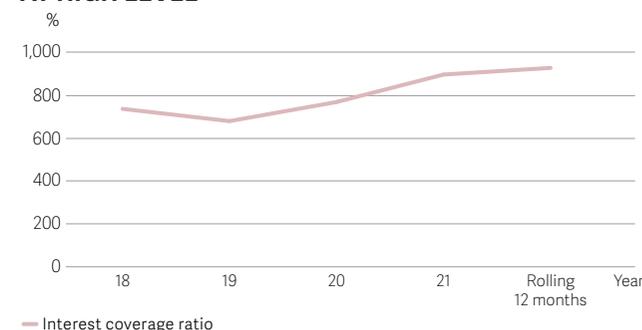
To clarify the underlying financing cost, a comparative calculation is carried out in which the cash flows of realised interest rate derivatives are also attributed (allocated) to the underlying maturity of each instrument. This allocation for the past twelve-month period corresponds with an interest expense of 0.23 per cent. The diagram at the top right shows this comparative calculation of the underlying financing cost, in which interest rates are expressed as rolling 12-month interest rate (annualised). The accrued financing cost amounted to 1.49 per cent as at 31 March. The calculation shows that the long fixed interest period has resulted in stable financing costs.

When calculating the interest coverage ratio, the capitalised interest expense and accrued earnings from the closed interest rate derivatives are included. The interest coverage ratio continues to be high at 927 per cent (810), see diagram on the right.

COMPARATIVE CALCULATION TOTAL FINANCING COST, ROLLING 12-MONTH BASIS



INTEREST COVERAGE RATIO CONTINUES AT HIGH LEVEL



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 of 31 March 2022 the unrealised changes in property value with an impact on profit was SEK 3,529 million, an increase of 3,14 per cent compared with the same period in 2021.

The increase is largely explained by the lower cost of capital and yield requirements for several sub-markets since the community property market has developed strongly during the first quarter, resulting in an increase in value of SEK 2,983 million. Other change in value of SEK 546 million is attributable to projects in progress, renegotiated leases and other factors affecting value.

The largest changes in value are attributable to the Stockholm and Gothenburg regions, where the decreases in the yield requirement and cost of capital account for the majority of change in value; the two metropolitan regions also have large positive change in value attributable to cash-flow related factors. In other respects, major changes in value are noted in the regional centres, where the market developed strongly during the beginning of the year.

Consolidated statement of financial position

Consolidated statement of financial position, summary, SEK m	31 March 2022	31 March 2021	31 Dec. 2021
ASSETS			
Non-current assets			
Capitalised expenditure	6	3	6
Properties	116,499	100,293	112,323
Site leasehold rights	2,663	2,736	2,663
Equipment, fixtures and fittings	33	39	34
Derivatives	2,130	3,269	3,474
Other non-current receivables	415	535	428
Total non-current assets	121,745	106,875	118,928
Current assets			
<i>Current receivables</i>			
Derivatives	188	93	152
Other current receivables	1,801	1,635	2,034
Total current receivables	1,989	1,728	2,186
Cash and cash equivalents			
Cash and cash equivalents	5,939	4,862	4,067
Total cash and cash equivalents	5,939	4,862	4,067
Total current assets	7,928	6,590	6,253
TOTAL ASSETS	129,673	113,465	125,181

Consolidated statement of financial position, summary, SEK m	31 March 2022	31 March 2021	31 Dec. 2021
EQUITY AND LIABILITIES			
Equity	66,356	52,879	62,103
LIABILITIES			
<i>Non-current liabilities</i>			
Loans	30,764	32,635	31,240
Derivatives	831	1,283	1,315
Deferred tax	17,218	13,932	16,180
Long-term debt finance lease	2,663	2,736	2,663
Other non-current liabilities	953	925	949
Total non-current liabilities	52,429	51,511	52,348
<i>Current liabilities</i>			
Loans	6,370	3,656	4,979
Derivatives	—	35	4
Other current liabilities	4,518	5,384	5,748
Total current liabilities	10,888	9,075	10,731
Total liabilities	63,317	60,586	63,079
TOTAL EQUITY AND LIABILITIES	129,673	113,465	125,181

Comment: Statement of financial position

PROPERTIES

As of the end of the first quarter, the market value of Akademiska Hus' property holdings totalled SEK 116,499 million, an increase of SEK 4,176 million and 3.7 per cent compared with the beginning of the year. Market value includes the completed portions of projects in progress. The unrealised change in value amounted to SEK 3,529 million (1,440). A percentage increase of 3.14 per cent towards the year-end (1.45). Remaining changes relate to investments in properties for the year of SEK 647 million (827).

During the first quarter of 2022, the trend for the property market as a whole was favourable, with a continued high transaction rate despite the uncertainty surrounding the security policy situation and rising inflation. The community property sector, which constitutes the absolute majority of Akademiska Hus' property portfolio, developed strongly with great demand from investors, suggesting that secure and predictable cash flows continue to be a priority.

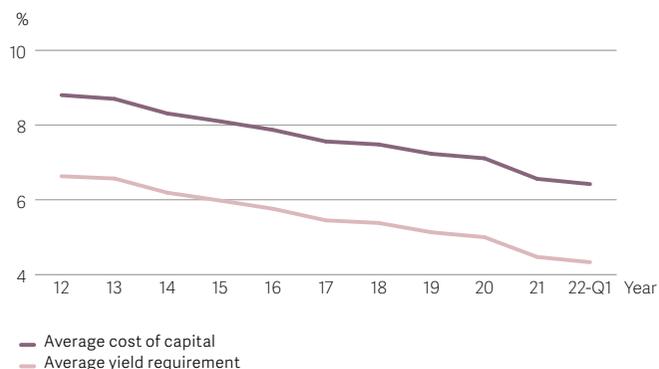
The market value was calculated by means of an internal property valuation covering all the Company's properties. The value is affected by property-specific conditions such as net operating income, rent levels, vacancy levels, lease term and property type, as well as by market-related yield requirement and cost of capital. The average yield requirement was 4.33 per cent, compared with 4.47 per cent as at 31 Dec. 2021, representing a decline of 0.14 percentage points. 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 valuation professionals. External valuations are used as a benchmark for the internal valuation, thereby confirming its reliability that we are with in the interval stated below.

PROPERTIES 31 MARCH 2022 (incl. new construction in progress and capitalised interest costs)

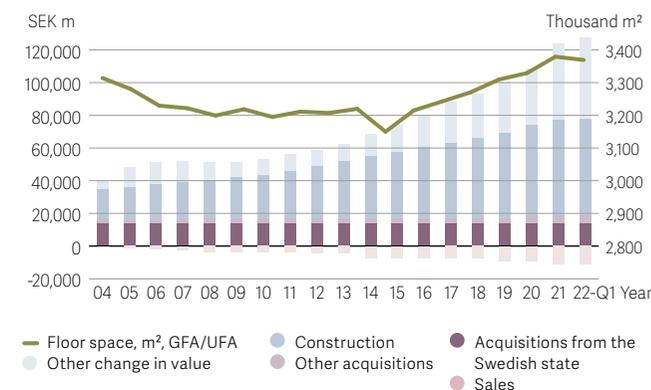
Change in property holdings, SEK m	31 March 2022	31 March 2021	31 Dec. 2021
Opening assessed market value	112,323	99,611	99,611
+ Investments in new construction, extensions and redevelopment	647	827	2,524
+ Acquisitions	—	—	—
- Sales	—	-1,585	-2,264
+/- Change in market value	3,529	1,440	12,453
Of which change in value due to a change in the cost of capital and yield requirement	2,983	1,219	8,481
Of which other change in value	546	221	3,972
CLOSING ASSESSED MARKET VALUE	116,499	100,293	112,323

YIELD REQUIREMENTS AND COST OF CAPITAL



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 +/- 5,825 million to SEK 11,650 million in the Akademiska Hus portfolio.

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



FINANCING

The growing geopolitical uncertainty resulting from the conflict in Ukraine has led to widening credit spreads during the quarter. Expectations of reduced reinvestments of maturing bonds in the Swedish central bank's (the Riksbank) bond portfolio also helped to move the trend in the same direction. Demand for Akademiska Hus' bonds has been robust and a public issuance in Switzerland was completed in March. The volume was approximately SEK 1,500 million with a maturity of 5 years. Committed credit facilities in bank were unchanged and amounted to SEK 6,000 million. All of these were unutilised as at 31 March. In addition, the credit facility at the European Investment Bank of SEK 1,200 million remains unutilised. With these credit facilities and stable rental payments, Akademiska Hus has a strong liquidity reserve. Short-term funding under the ECP programme has increased somewhat during the quarter.

The net liability portfolio totalled SEK 31,553 million as at 31 March, corresponding with a decrease of SEK 1,886 million during the quarter, which is mainly attributable to an increase in cash and cash equivalents. The equity ratio is 51.2 per cent (46.6).

NET LOAN LIABILITY

SEK m	31 March 2022	31 March 2021	31 Dec. 2021
Gross loan debt	-37,134	-36,291	-36,220
Collateral for derivatives, net	-1,121	-1,914	-2,091
Cash and cash equivalents	5,939	4,862	4,067
Other current receivables	764	702	805
Total net loan liability	-31,553	-32,641	-33,439

FIXED INTEREST PERIOD AND MATURITY

Akademiska Hus has a long average period for tied-up capital, which at 31 March was 9.0 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. The risk in the fixed income market has been deemed to be asymmetrical with a greater risk of sharply rising interest rates than sharply falling interest rates. This has led to an extension of interest rate duration during the previous year. 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 31 March the interest rate duration in the total portfolio was 7.9 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, March 2022	Fixed interest, years, Dec. 2021	Maturity, years, March 2022	Maturity, years, December 2021
Basic portfolio	5.5	5.6	6.9	7.5
Long-term portfolio	18.9	19.2	18.9	19.2
Total portfolio	7.9	7.9	8.9	9.5

Year	Fixed interest, SEK m	Maturity, SEK m
2022	15,611	5,278
2023–2027	12,744	15,264
2028–2032	1,650	3,151
2033–2037	1,695	1,758
2038–2042	3,136	5,137
2043–2047	905	3,831
2048–2052	0	1,322
TOTAL	35,741	35,741

The table above shows the nominal amounts.

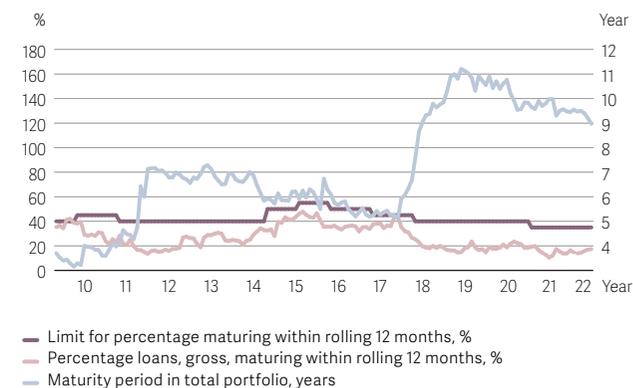
SUMMARY OF FINANCIAL RISKS AND MANDATE

Financial risks	Mandate	31 March 2022
Refinancing risk		
portion of debt maturing within 12 months	Max 35% of total portfolio	17.40%
Interest risk		
average fixed interest period, basic portfolio	3–6 years	5.51
proportion long-term portfolio	Max 20% of total portfolio	15.04%
proportion index-linked bonds	Max 5% of total portfolio	1.56%
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 Stockholm and Gothenburg, where there are several large new construction and renovation projects. Our approved and planned projects amounted to SEK 14,100 million, of which approximately SEK 4,100 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 2,300 million.

PROJECT PORTFOLIO

SEK m	31 March 2022	31 Dec. 2021
Approved projects	7,600	7,500
Planned projects	6,500	6,500
APPROVED AND PLANNED PROJECTS	14,100	14,000
of which already invested in projects in progress	-4,100	-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.

HORSERIDING STABLE BECOMES A CONCERT HALL AT THE ROYAL COLLEGE OF MUSIC

We are investing in a project to renovate the historic "Ridhus" building on the campus in downtown Stockholm. The refurbishment will transform the building, which is currently vacant, into a modern arena for concerts and exhibitions, a place where the Royal College of Music can collaborate with other higher education institutions, as well as cultural institutions and the business community. The Ridhus building is being converted into a multifunctional hall with flexible spaces that will be able to receive a maximum of 300 people simultaneously. The renovation project began in 2021 and is expected to continue until the spring of 2022.

APPROVED PROJECTS

Project name	Location	Type of premises	Investment limits, SEK m	Percentage accrued, %	Miljöbyggnad certification system	Additional floor space, m ²	Expected completion	Customer
Natrium	Gothenburg	Laboratory	1,803	47	Gold	28,000	2023-Q2	University of Gothenburg
Albano	Stockholm	Education	1,248	76	Silver	100,000	2022-Q2	Stockholm University
Forum Medicum	Lund	Education	821	42	Gold	13,800	2023-Q2	Lund University
School of Business, Economics and Law	Gothenburg	Education	529	21	—	9,200	2025-Q2	University of Gothenburg
LTH Maskinteknik	Lund	Education	499	80	—	19,000	2023-Q2	Lund University
Aquila Rosendal	Uppsala	Residential	361	0	—	10,000	2024-Q3	Akademiska Hus
A-, B-, E- and F-building, Luleå	Luleå	Education	320	11	—	—	2025-Q2	Luleå University of Technology
Universeum Building K	Umeå	Education	272	2	Gold	6,500	2024-Q2	Umeå University
Fysiologen building	Mid-Sweden	Education	164	6	Silver	—	2023-Q3	Karolinska Institutet
Kemicentrum	Stockholm	Laboratory	120	19	—	—	2024-Q1	Royal Institute of Technology
Astrid Fagreus Lab	Stockholm	Laboratory	103	38	—	—	2023-Q3	Karolinska Institutet
Språkskrapan	Gothenburg	Residential	103	37	—	—	2023-Q1	University of Gothenburg
Projects under SEK 100 million			1,257					
Total			7,600			186,500		

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, 31 JAN. 2021	2,135	2,135	0	-102	46,124	50,292
Total comprehensive income, Jan.–March 2021	—	—	7	—	2,580	2,587
EQUITY, 31 MARCH 2021	2,135	2,135	7	-102	48,704	52,879
Dividend 1)					-2,142	-2,142
Total comprehensive income, April–Dec. 2021			143	12	11,210	11,365
EQUITY 31 Dec. 2021	2,135	2,135	150	-90	57,772	62,102
Total comprehensive income, Jan.–March 2022	—	—	43	—	4,211	4,254
EQUITY, 31 MARCH 2022	2,135	2,135	193	-90	61,983	66,356

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

Consolidated statement of cash flows

Consolidated statement of cash flows, summary, SEK m	2022 Jan.–March	2021 Jan.–March	2021 Full year
CURRENT OPERATIONS			
Profit before tax	5,303	3,030	16,997
Adjustment for items not included in cash flow	-4,145	-2,192	-12,911
Tax paid	-150	-109	-416
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	1,008	729	3,670
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Increase (+)/decrease (-) in current receivables	154	-58	-450
Increase (+)/decrease (-) in current liabilities	-21	-25	308
CASH FLOW FROM OPERATING ACTIVITIES	1,141	646	3,528
INVESTING ACTIVITIES			
Investments in properties	-637	-737	-2,407
Sale of properties	—	1,460	2,166
Investments in other non-current assets	-2	-9	-18
Acquisition of shares in Group companies	—	—	—
Increase (+)/decrease (-) in non-current receivables	22	13	120
CASH FLOW FROM INVESTING ACTIVITIES	-617	727	-139
FINANCING ACTIVITIES			
Raising of interest-bearing loans, excluding refinancing	3,573	3,298	9,866
Repayment of loan	-1,358	-3,550	-10,442
Amortisation of loan related to acquisition	—	—	—
Interest paid	-65	-72	-362
Realised derivatives and CSA	-802	136	83
Dividend paid	—	—	-2,142
CASH FLOW FROM FINANCING ACTIVITIES	1 348	-188	-2,999
CASH FLOW FOR THE YEAR	1,872	1,185	390
Cash and cash equivalents at the beginning of the year	4,067	3,677	3,677
Closing cash and cash equivalents	5,939	4,862	4,067

Comment: Statement of cash flows

Cash flow from operating activities before changes in working capital totalled SEK 1,008 million (729). The impact of investments in properties on cash flow was SEK 637 million (737). Cash flow from investing activities decreased by SEK 1,344 million compared with the corresponding period in 2021, which can be attributed to property sales in 2021.

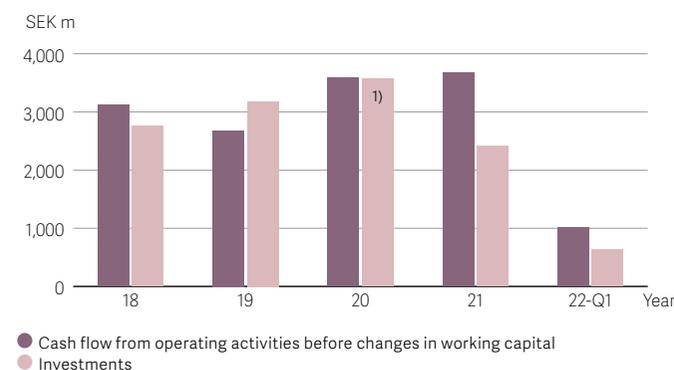
Cash flow relating to financing activities amounted to SEK 1 348 million (-188). During the period cash flow from financing activities increased compared with previous years, largely due to an increase in net borrowing, but offset somewhat by a lower inflow of CSA collateral as a result of lower receivables in relation to derivative counterparties.

Total cash flow for the year amounted to SEK 1,872 million (1,185).

CASH FLOW AND INVESTMENTS

Total cash flow from current operations before change in working capital during the period 2018 to March 2022 was SEK 14,074 million. Investments during the same period totalled SEK 12,549 million. The diagram shows that 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

The Board decides each year, in conjunction with the strategy seminar, on long-term development, the strategic plan, the competitive situation and total risk exposure. The Board of Directors also regularly monitors how the organisation handles the risks that can arise in business operations. This means that risks can be identified, analysed, assessed and handled effectively. Major disputes are reported on an ongoing basis to the Board of Directors.

The Ukraine conflict has led to increased uncertainty regarding growth prospects and inflation in Europe. During the spring, raw material and energy prices rose, while uncertainty about the supply of raw materials and other goods increased as a result of sanctions and trade embargoes. In addition, supply disruptions due to the pandemic continue. For Akademiska Hus, higher prices or shortages of materials could entail increased operating and maintenance costs, as well as project expenses. Efforts to minimise risk include securing project budgets in relation to the market before making investment decisions, dialogue with customers 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, as in the case of the Ukraine conflict. Akademiska Hus has had a limited need for funding during the quarter. Committed credit facilities through the bank, stable rental payments and a bond issuance contributed to continued good liquidity during the first quarter.

The impact of the pandemic is still considered to be limited. Despite global concerns regarding the effects of Covid-19, Akademiska Hus has managed well during the crisis. We therefore see no risk that the company's ability to survive as a going concern has been affected. Read more about the material risks that Akademiska Hus faces on pages 45–48 of the 2021 Annual Report.

SENSITIVITY ANALYSIS, PROPERTY VALUE 31 MARCH 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	66	522	0.4	-66	-522	-0.4
Vacant space	-63	-1,018	-0.9	63	1,018	0.9
Operating costs	-10	-124	-0.1	10	124	0.1
of which provision of utilities	-6	-62	-0.1	6	62	0.1
Cost of capital		-7,606	-6.5		8,474	7.3
Yield target		-11,956	-10.3		19,692	16.9

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

Parent Company income statement

Parent Company income statement, summary, SEK m	2022 Jan.–March	2021 Jan.–March	2021 Full year
Income from property management	1,727	1,696	6,679
Property management expenses	-565	-487	-2,157
NET OPERATING INCOME	1,162	1,209	4,522
Central administration costs	-15	-15	-67
Development costs	-13	-7	-53
Depreciation and impairment as well as reversed impairment in property management	-392	-479	-1,579
PROFIT BEFORE FINANCIAL ITEMS	742	708	2,823
Result, shares in subsidiaries	—	1,132	0
Interest income	16	6	36
Interest expense	-119	-123	-471
Change in value, financial instruments	657	513	380
Appropriations	—	—	507
PROFIT BEFORE TAX	1,297	2,236	3,275
Tax	-267	-457	-680
PROFIT FOR THE PERIOD	1,030	1,779	2,595

Parent Company statement of comprehensive income, summary, SEK m	2022 Jan.–March	2021 Jan.–March	2021 Full year
Profit for the period	1,030	1,779	2,595
Reclassifiable items			
Profit/loss from cash flow hedges	66	—	157
Tax attributable to cash flow hedges	-23	8	-8
Cash flow hedges, reclassified to the income statement	—	-1	—
TOTAL, OTHER COMPREHENSIVE INCOME FOR THE PERIOD	43	7	149
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,073	1,786	2,744

Parent Company statement of financial position

Parent Company statement of financial position, summary, SEK m	31 March 2022	31 March 2021	31 Dec. 2021
ASSETS			
Non-current assets			
Capitalised expenditure	6	3	6
Properties	48,778	48,307	48,559
Equipment, fixtures and fittings	33	39	34
Shares in Group companies	1	1,958	1
Derivatives	2,130	3,269	3,474
Other non-current receivables	415	535	428
Total non-current assets	51,362	54,110	52,502
Current assets			
Receivables from subsidiary	—	—	0
Derivatives	188	93	152
Other current receivables	1,801	1,624	2,034
Cash and cash equivalents	5,939	4,862	4,067
Total current assets	7,928	6,578	6,253
TOTAL ASSETS	59,290	60,689	58,755

Parent Company statement of financial position, summary, SEK m	31 March 2022	31 March 2021	31 Dec. 2021
EQUITY AND LIABILITIES			
Equity	8,746	8,856	7,673
Untaxed reserves	3,425	3,933	3,425
LIABILITIES			
Non-current liabilities			
Loans	30,764	32,635	31,240
Derivatives	831	1,283	1,315
Deferred tax	2,660	2,396	2,448
Other non-current liabilities	638	560	584
Total non-current liabilities	34,892	36,873	35,588
Current liabilities			
Loans	6,370	3,656	4,979
Derivatives	—	35	4
Other current liabilities	5,856	7,337	7,086
Total current liabilities	12,226	11,027	12,069
Total liabilities	47,119	47,900	47,657
TOTAL EQUITY AND LIABILITIES	59,290	60,689	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 1,727 million (1,696). Revenue from subsidiaries for the quarter amounted to SEK 0 million (1,132). Profit before financial items was SEK 742 million (708). Profit after tax was SEK 1,030 million (1,779).

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 quarter amounted to SEK 392 million (479).

INVESTMENTS

Investments in machinery and equipment amounted to SEK 2 million (9) and in properties to SEK 607 million (696).

EQUITY

Equity totalled SEK 8,746 million at the end of the quarter, compared with SEK 7,673 million at year-end. The Board proposed that the Annual General Meeting resolve on a dividend of SEK 1,163.47 (1,003.28) per share, a total of SEK 2,484 million.

KEY EVENTS DURING THE REPORTING PERIOD

During the first quarter of 2022, Akademiska Hus signed an agreement with the Stockholm School of Economics on the sale of the property Bergsmannen Större 8. The property consists of approximately 3,300 square metres of rentable space. The School of Economics will take possession of the property on 1 April 2022.

Akademiska Hus also signed an agreement with Skandia Fastigheter on the sale of the property Änggården 34:2 in Gothenburg, which has total rentable space of approximately 10,000 square metres. Skandia Fastigheter will take possession of the property on 2 May 2022 and will take over all existing leases in unchanged format.

Russia's invasion of Ukraine has had repercussions on the world economy. Akademiska Hus' financial situation will be marginally affected by this event.

KEY EVENTS AFTER THE END OF THE REPORTING PERIOD

In April, Akademiska Hus signed an agreement with Linköping Municipality for the sale of just over 110 000 square metres of land. The purchase consideration is approximately SEK 150 million. Linköping Municipality will take possession on 1 June 2022.

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, 28 April 2022

Caroline Arehult
Chief Executive Officer

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. 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 after 20.6 per cent tax rate in relation to average equity (OB+CB)/2.

Return on operating capital

Earnings before changes in value and tax with the addition of changes in value excluding net interest income/expense in relation to average operating capital (OB+CB)/2.

Loan-to-value ratio

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

Yield

Net operating income in relation to average assessed property value (OB+CB)/2.

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

Net operating income ratio

Net operating income 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

	2022 Jan.– March	2021 Jan.– March	2021 Full- year
Net interest income/expense, net loans and financial assets	-93	-88	-367
Net interest derivatives	-1	-15	-18
Other interest costs	-9	-14	-50
Capitalised interest costs, projects	9	18	67
Total net interest income/expense	-94	-99	-368
Change in value, independent financial derivatives			
-unrealised	403	622	370
-realised	167	-153	-65
Changes in value, fair value hedges	87	45	75
Total changes in value	657	513	380
Site leasehold fees	-21	-21	-83
Reported net interest income and expense	543	393	-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	31 March 2022	31 March 2021	31 Dec. 2021
Gross loan debt	-37,134	-36,291	-36,220
Collateral for derivatives, net	-1,121	-1,914	-2,091
Cash and cash equivalents	5,939	4,862	4,067
Other current receivables	764	702	805
Total net loan liability	-31,553	-32,641	-33,439
Average interest-bearing capital (full-year basis)	-32,631	-29,397	-32,924

Operating capital

Equity plus interest-bearing net loan liability.

Interest coverage ratio

Net operating income with the addition of central administration costs and development costs in relation to net financial income/expense, including accruals of profits realised 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 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, UFA

Rentable usable 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, GFA

Rentable 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, supervision and service.

Property administration

Cost of management, day-to-day accounting administration, leasing, contact with tenants, handling of registers, contracts and drawings, technical planning and follow-up and human resource administration.

Rental revenue

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.

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.

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

Interim Report January–June	8 July 2022
Interim Report January–September 2022	26 October 2022
Year-end report	February 2022
Annual Report 2022	March 2023

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