

Increased earnings despite uncertain times

Akademiska Hus has increased its earnings before changes in value and tax compared with the previous year. The improved performance is primarily attributable to an increase in net operating income, which is in part an effect of the completion of additional new buildings. The estimated property value is now SEK 118 billion. **Read more in the Statement by the CEO on page 6.**

FINANCIAL KEY FIGURES

Period January – June

- Rental revenue was SEK 3,403 million (3,285).
- Net operating income amounted to SEK 2,566 million (2,435).
- Profit before changes in value and tax was SEK 2,296 million (2,172).
- Changes in property values amounted to SEK 5,011 million (5,917).
- Net interest income amounted to SEK -165 million (-167) and changes in the value of financial instruments amounted to SEK 1,307 million (378).
- Profit before tax amounted to SEK 8,615 million (8,468) and profit for the period was SEK 6,837 million (7,013).
- Investments in redevelopment, extensions and new construction totalled SEK 1,178 million (1,430).
- Properties worth SEK 714 million (2,264) were sold during the quarter. The capital gain amounted to SEK 8 million (29).
- The yield* (excluding properties under construction) was 4.6 per cent (5.0) over the past 12 months.

* See definition on page 24.

KEY EVENTS DURING THE QUARTER

- Akademiska Hus is investing approximately SEK 1.9 billion in a new building that will enable the University of Gothenburg to locate the entire Faculty of Fine, Applied and Performing Arts between Götaplatsen and Korsvägen. The initiative will be a key component in the development of the Näckrosen campus and a meeting place for the humanities, art and culture will be created there.
- In May, the Ångström Laboratory in Uppsala celebrated its grand opening. The project, which has been underway since 2018, entails two additions of 30,000 square metres and an investment of SEK 1.1 billion, making it the largest initiative that Uppsala University and Akademiska Hus have ever undertaken together. The goal has been to create an innovative interdisciplinary research and education environment that meet the demands of the future for a leading international university.
- In April, construction of new housing for 125 undergraduate and graduate students kicked off in central Gothenburg, where Akademiska Hus is converting a former office building into 61 apartments in the Näckrosen area. The initiative is an important contribution to help reduce the current student housing shortage in the city, as well as an example of climate-smart construction through coliving, recycling and solar panels.

- Akademiska Hus sold the property Bergsmannen Större 8 in Vasastan, better known as “Studentpalatset” – the Student Palace – to the Stockholm School of Economics, with occupancy on 1 April 2022. Akademiska Hus also sold the property Änggården 34:2 in Gothenburg, better known as “Botan”, to Skandia Fastigheter, with occupancy on 2 May 2022. In addition to the above, two sales involving land occurred during the quarter. The purchase consideration for these sales totalled SEK 721 million, with capital gains of SEK 8 million.
- Akademiska Hus has once again conducted a major solar panel initiative in Stockholm. This time, two new arrays have been commissioned on the Royal College of Music campus on Östermalm. The solar panels will produce 135,000 kWh of environmentally friendly electricity annually and are part of the effort to help Akademiska Hus to achieve its vision of a zero carbon footprint.

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 June was 10.5 years (10.4 at year-end). The average remaining lease term is 6.2 years (6.2 at year-end). The financial vacancy rate accounts for 2.3 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.

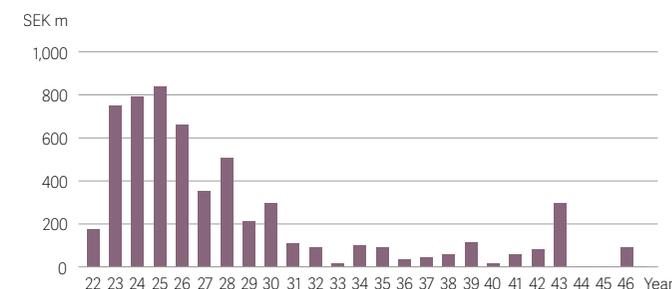
LONG-TERM FINANCING

Cash flow from current operations is reinvested for the most part in new construction as well as in new construction, re-development and extensions of existing holdings. The liability portfolio is financed via the public financing programme and 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, creditworthy tenants and stable, predictable cash flows, as well as our market position as the leader in knowledge environments for Swedish colleges and universities.

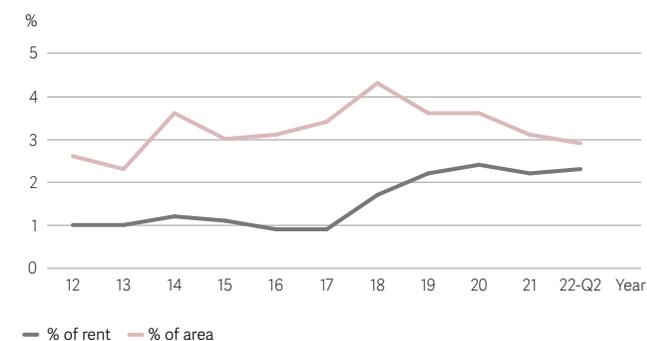
AA

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		2021		Rolling 12 months	2021 Full-year	2020 Full-year
	April–June	2021 April–June	2022 Jan.–June	2021 Jan.–June	July 21–June 22		
Income from property management, SEK m	1,726	1,650	3,453	3,346	6,787	6,679	6,418
Net operating income, SEK m	1,307	1,208	2,566	2,435	4,838	4,707	4,485
Profit before changes in value and taxes, SEK m	1,179	1,089	2,296	2,172	4,269	4,136	3,920
Financial key figures							
Equity ratio	50.8	47.2	50.8	47.2	50.8	49.6	44.5
Return on operating capital, %	*	*	*	*	17.3	18.7	9.0
Return on equity, %	*	*	*	*	22.4	24.0	11.1
Interest coverage ratio, %	*	*	*	*	996	896	768
Loan-to-value ratio, %	26.6	32.6	26.6	32.6	26.6	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	117,791	104,665	117,791	104,665	117,791	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:

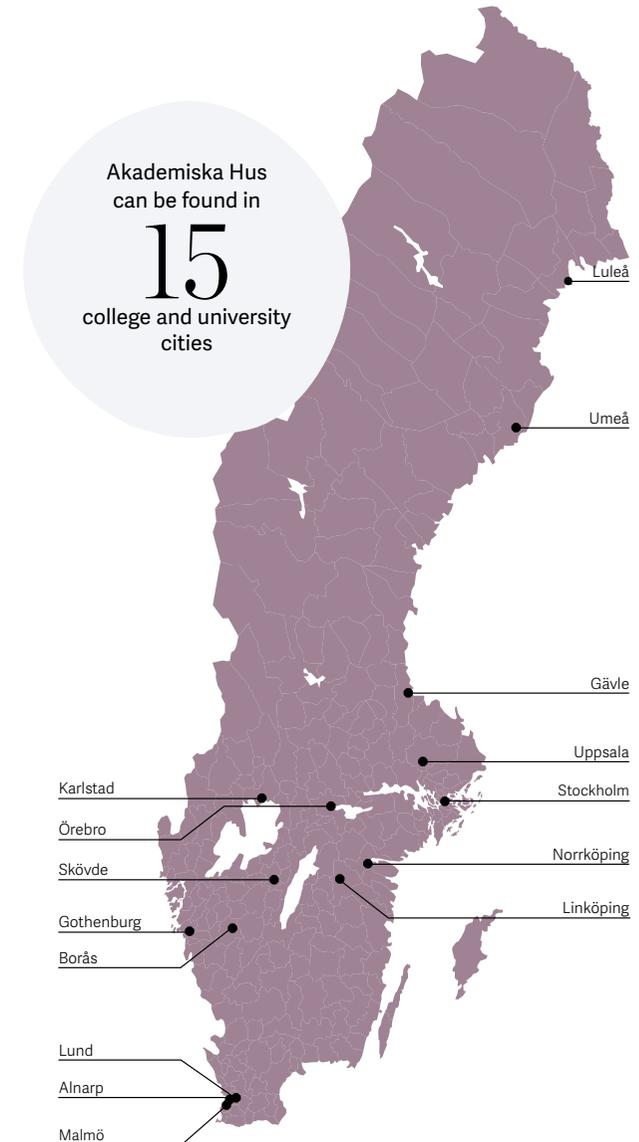
- Return on operating capital shall be at least 6.0 per cent over a business cycle.
- The ordinary dividend shall amount to between 40 and 70 per cent of the net profit for the year after tax, after reversal of unrealised changes in value and related deferred tax.
- The equity ratio should be between 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 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 58 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.



NEW SUSTAINABLE COLLABORATIONS

Akademiska Hus is one of several participants in the construction industry that are collaborating in a joint research and development project that will formulate guidelines on how to avoid moisture-related damage when designing houses and buildings made of wood.

“As one of Sweden’s largest property companies with ambitious targets for climate neutrality, we want to help develop concrete tools for moisture-proof wood construction that cover the entire construction process, from project planning to property management. The results of the project will provide us and the construction industry with greatly increased opportunities for more sustainable construction,” says Per Hilmersson, head of construction engineering at Akademiska Hus.

Akademiska Hus is also one of the parties that recently signed a declaration of intent regarding circular construction, along with some 40 other property owners in Gothenburg and the City of Gothenburg. It will lay the foundation for rapidly establishing a developed market for recycling in Gothenburg on a large scale, which is in line with sustainability work at Akademiska Hus and its path to climate-neutral operation by 2035. In addition, Akademiska Hus has been participating in the Vinnova-funded initiative CCBuild, Centre for Circular Construction, which is a national collaborative arena with the aim of increasing recycling and more circular material flows in the construction sector.

Stable situation despite uncertain times

The turmoil in our world persists and we are now beginning to see an impact on the Swedish property market, including in terms of the cost of financing. Nevertheless, Akademiska Hus is in a stable position. With our solid finances, our stable customer base with long average lease terms and our solid organisation, we have a base that now feels extra secure. However, we can see that our project expenses have risen and we are also affected by the shortage of building materials. We constantly analyse our planned and ongoing projects in order to be proactive in our management of changing circumstances.

As inflation has spread and interest rates have risen, there has been some uncertainty about the future outlook for the property market. Akademiska Hus' revenue is largely hedged against inflation in that high inflation contributes to higher rental revenue. Consequently, we have also adjusted our cost of capital in the valuation upwards by an average of ten interest points. The net effect of higher rental revenue and the higher cost of capital is a positive impact of approximately SEK 672 million on the value of our property holdings. Profit before changes in value and taxes increased compared with the same period last year and amounted to SEK 1,179 million (1,089) for the quarter, which can mainly be attributed to an increase in net operating income of SEK 99 million.

The project portfolio is moving south

We have now completed the Albano project in Stockholm and the Ångström Laboratory in Uppsala has opened. These were both major projects, with a combined project cost of approximately SEK 4 billion, which we delivered to satisfied customers on time and on budget. Their completion also entails a shift in the focus of our project portfolio to Gothenburg and Lund, with large projects such as Natrium and Forum Medicum. We have also decided to invest approximately SEK 1.9 billion in a new building in central Gothenburg that will enable the University of Gothenburg to gather the entire Faculty of Fine, Applied, and Performing Arts under one roof. The initiative will be a key component in the development of the Näckrosen campus into a meeting place for the humanities, art and culture. Student housing will also be

built in the area. We have started the renovation of the old "Språkskrapan" office building, which will now be converted into housing in the middle of the campus for 125 undergraduate and graduate students. The project is a good example of how we can achieve climate-smart construction through coliving, recycling and solar panels.

Positive customer meetings

Throughout the spring I continued to meet our customers at the centres of education around the country and had many rewarding conversations with vice-chancellors and others in management positions. We have presented our new climate and energy strategy during these meetings and discussed the importance of shifting from new construction to using our existing stock. Here, recycling and other circular solutions are a key to success for the sustainable development of our holdings. One example of how we will work moving forward with respect to this issue is the declaration of intent regarding circular construction that we and some 40 other property owners in Gothenburg signed with the City of Gothenburg. It will lay the foundation for rapidly establishing a developed market for recycling in Gothenburg on a large scale.

Tomorrow's learning environments are here

In April, it was time to celebrate the grand opening of the Learning Lab in Örebro, a test bed for accelerating the development of learning environments of the future that we created in collaboration with Örebro University. Learning Lab is our national concept where we test the learning environments of the future and explore the interplay between people, teaching practices, space and technology in close collaboration with educators and researchers. Currently three initiatives are underway in Gothenburg, Örebro and Umeå.

New insights and a new strategy

There are many exciting examples of how we take great strides in development together with our customers. Work is currently underway to develop the company's upcoming three-year strategy, and collaborative projects with the cen-



tres of education will continue to be an important component. The company's management group and the Board of Directors have several new members, all of whom have brought inspiring new perspectives to our operations. In order to gain insight into the future needs of our centres of education and their "users", the students, representatives of the higher education institutions and Sweden's student unions have also participated in various strategy workshops with members of our management, which has been incredibly valuable for the ongoing effort to formulate our path forward.

After my first ten months as CEO of Akademiska Hus, I can now conclude that it is an excellent company with broad and deep knowledge of both properties and learning environments. I also experience great dedication to our mission among the employees and a willingness to grow to become even better at what we do – a dedication and willingness to grow that I completely share with my colleagues. There is a solid foundation for our continued delivery to our customers and our owner and I look forward to an exciting continuation of our development journey.

Caroline Arehult
Chief Executive Officer

Uncertainty on the financial market

TRENDS

The remaining effects of the pandemic and the war in Ukraine continue to contribute to global inflationary pressures that have had a broad impact on producer prices in both the industrial and service sectors. Companies have largely succeeded at passing the price increase on to consumers. US inflation stabilised somewhat during the quarter but remains extremely high; in May, inflation was 8.6 per cent. The corresponding figure for the eurozone is 8.1 per cent and in Sweden inflation was 7.2 per cent in May. This high inflation has resulted in a sharp rise in interest rates both internationally and in Sweden. Short-term interest rates have risen most as a result of expected rapid interest rate increases from central banks, but bond yields are also considerably higher.

FINANCIAL MARKETS

The rise in inflation was first seen in the US and its central bank, the US Federal Reserve (the Fed) was therefore the first to change its monetary policy. The Fed began raising interest rates in March this year and has raised interest rates by 150 interest points during the six-month period. The Swedish central bank (the Riksbank) initially continued to pursue its forecast of an unchanged key policy rate in the coming years, but shifted gears at the April meeting with an interest rate increase. A second interest rate hike followed in June and the Swedish central bank forecast for further interest rate increases was brought forward so that the key policy rate will reach approximately 2 per cent in early 2023, after which it will remain virtually unchanged until 2025. In both the US and Sweden, inflation outcomes during the second quarter were higher than expected. These trends have led to expectations of faster interest rate increases, which are reflected in even higher market interest rates. The Fed's assessment at the June meeting indicates a key policy rate of approximately 3.5 per cent by year-end. The ECB has not yet implemented an interest rate hike, but at the most recent meeting, hikes were forecast in both July

and September, after completing bond purchases on 1 July. After that, the need for and size of further interest rate increases will be determined based on incoming statistics. The ECB also faces challenges with rising interest rate differentials between eurozone countries. This situation has raised concerns that the problems associated with the euro crisis will recur. Following an extraordinary meeting in June, the ECB announced that it intends to launch a new bond purchase programme to address this situation, but the details of such a program are still unclear.

High inflation accompanied by earlier and larger interest rate increases raise questions about the real economic effects. Earlier this year, a sharp decline in consumer confidence among households was noted, though companies have remained relatively optimistic. However, both weaker consumption and corporate investments are to be expected, which in turn entail deteriorating growth prospects and, by extension, a slowdown in the labour market as well. Nevertheless, there is great uncertainty regarding how quickly interest rate increases will slow down the rate of inflation and how much impact it will have on the real economy.

PROPERTY MARKET

In the property industry, high inflation and its impact on the market have been the major topic of conversation during the second quarter. 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. If inflation and higher market interest rates persist, which would lead to more expensive financing for many property companies, it is likely that in the long run yield requirements may increase.

Activity in the transaction market was relatively high at the beginning of the year. As of 31 May the aggregate transaction volume amounted to approximately SEK 89 billion (97), which is eight per cent lower than in the same period

last year, which was a record-breaking year. Housing is the largest segment at 27 per cent of the volume, followed by logistics/industry at 21 per cent and offices at 16 per cent. Community properties accounted for 14 per cent of transaction volume and are approximately on a par with the average in recent years. Many transactions continued to be at high levels. More expensive financing for many property companies has resulted in uncertainty regarding market developments moving forward and some broken deals have recently been noted.

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 9,700/m², SEK 4,000/m² and SEK 3,400/m², respectively. 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 second 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. Consequently, the segment has not seen any significant change in yield requirements and the cost of capital, and consultants note that they have not yet seen evidence of elevated yield requirements. This suggests that Akademiska Hus' market, premises for higher education and research, has not yet been affected by the new economic situation with high inflation and rising interest rates.

Consolidated income statement

Consolidated income statement, summary, SEK m	2022 April–June	2021 April–June	2022 Jan.–June	2021 Jan.–June	Rolling 12 months July 2021– June 2022	2021 Full-year
Rental revenue	1,702	1,613	3,403	3,285	6,686	6,568
Other property management income	24	37	50	60	100	110
Total property management income	1,726	1,650	3,453	3,346	6,787	6,679
Operating costs	-236	-209	-547	-494	-1,036	-983
Maintenance costs	-29	-83	-50	-145	-323	-418
Property administration	-121	-115	-231	-214	-448	-430
Other property management expenses	-34	-35	-59	-58	-142	-140
Total costs from property management	-420	-442	-888	-911	-1,948	-1,972
NET OPERATING INCOME	1,307	1,208	2,566	2,435	4,838	4,707
Central administration costs	-16	-18	-31	-33	-65	-67
Development costs	-19	-13	-31	-20	-65	-53
Interest income	22	15	38	21	63	36
Interest expense	-94	-83	-203	-188	-419	-404
Site leasehold fees	-21	-21	-42	-42	-83	-83
PROFIT BEFORE CHANGES IN VALUE AND TAXES	1,179	1,089	2,296	2,172	4,269	4,136
Change in value, properties	1,482	4,484	5,011	5,917	11,575	12,481
Change in value, financial instruments	650	-135	1,307	378	1,310	380
PROFIT BEFORE TAX	3,312	5,437	8,615	8,468	17,155	16,997
Tax	-685	-1,004	-1,777	-1,455	-3,529	-3,207
PROFIT FOR THE PERIOD	2,627	4,433	6,837	7,013	13,625	13,790
Of which attributable to the Parent Company's shareholder	2,627	4,433	6,837	7,013	13,625	13,790

Consolidated statement of comprehensive income, summary, SEK m	2022 April–June	2021 April–June	2022 Jan.–June	2021 Jan.–June	Rolling 12 months July 2021– June 2022	2021 Full-year
Profit for the period	2,627	4,433	6,837	7,013	13,625	13,790
Reclassifiable items						
Profit/loss from cash flow hedges	34	18	100	26	173	157
Tax attributable to cash flow hedges	-13	-2	-36	-3	-19	-8
Non-reclassifiable items						
Revaluation of defined benefit pensions	—	—	—	—	16	16
Tax attributable to pensions	—	—	—	—	-3	-3
TOTAL, OTHER COMPREHENSIVE INCOME FOR THE PERIOD	21	16	64	23	167	162
COMPREHENSIVE INCOME FOR THE PERIOD	2,648	4,449	6,901	7,036	13,792	13,952
Of which attributable to the Parent Company's shareholder	2,648	4,449	6,901	7,036	13,792	13,952

Comment: Operating profit

SECOND QUARTER

Profit for the quarter before changes in value and taxes increased by SEK 90 million and amounted to SEK 1,179 million (1,089). The improved performance is primarily attributable to an increase in net operating income of SEK 99 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. The total change in value regarding properties was SEK 1,482 million (4,484), where no change in the yield requirement occurred during the quarter, though there was a change in the assumption regarding inflation.

FIRST HALF OF THE YEAR

Profit for the period before changes in value and tax was SEK 2,296 million (2,172). The improved performance is attributable to an increase in net operating income of SEK 131 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 5,011 million (5,917), of which SEK 8 million relates to realised changes in value. The average yield requirement was 4.34 per cent (4.70). The change for the year can be attributed to a change in yield requirements and cost of capital of SEK 2,191 million, while SEK 1,464 million of the change in value relates to an increase in the index due to an increase in the assumption regarding inflation. Other change in value amounted to SEK 1,349 million (982).

RENTAL REVENUE

Rental revenue increased by SEK 118 million compared with the same period the previous year and totalled SEK 3,403 million (3,285). The completion of new buildings contributes approximately SEK 82 million to increased revenue, mainly attributable to Albano, the Ångström Laboratory and KI Residence. The index contributed with an increase of SEK 52 million. Increased revenue related to the comple-

tion of new buildings is offset by a decline in rental revenue of SEK 43 million attributable to properties sold in Uppsala, Malmö and Kristianstad. Parking revenue increased by SEK 15 million, thereby recovering to pre-pandemic levels. Utility costs passed on to tenants increased by SEK 13 million. In a comparable portfolio, rental revenue increased by 3.9 per cent compared with the previous year.

LEASING LEVEL

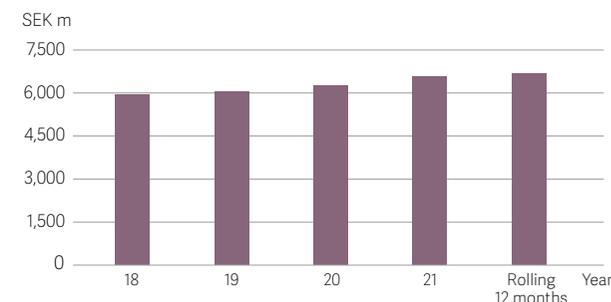
The financial vacancy rate accounts for 2.3 per cent (2.2 at year-end) of our total rental revenue, which corresponds to SEK 161 million on an annual basis (150 at year-end). Discussions with potential tenants regarding vacant premises are underway at several centres of education, mainly the Solna and Frescati campuses. Vacant space in terms of area at the end of the period amounted to 98,000 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 17,000 square metres.

OPERATING AND MAINTENANCE COSTS

Expenses for operation and maintenance decreased by SEK 42 million and amounted to SEK 597 million (639). Maintenance costs declined by SEK 95 million compared with the same period the previous year and totalled SEK 50 million (145). This decline is primarily an effect of a new accounting-related assessment regarding preventive maintenance, which from 2022 is no longer expensed, but is instead capitalised on the properties. According to the new assessment, maintenance costs for the first half of the year decreased by SEK 82 million compared with the previous assessment. The comparative year was not adjusted.

Operating costs involve inspection and maintenance, as well as provision of utilities, and increased by SEK 53 million. The increase consists of utility costs and is mainly an effect of rising electricity prices, a trend we have had since

STABLE RENTAL REVENUE



STABLE NET OPERATING INCOME AND RISING NET OPERATING INCOME RATIO



the autumn of 2021. Operating costs of SEK 547 million (494) include provision of utilities of SEK 361 million (305), equivalent to SEK 202/m² (172) over the past 12 months.

ADMINISTRATION COSTS

Total administration costs increased by SEK 15 million and amounted to SEK 262 million (247). 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.

Development costs increased by SEK 11 million and amounted to SEK 31 million (20). 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 165 million (167). This corresponds to an interest rate of 1.34 per cent (1.25), which also includes capitalised interest expense for projects in progress of SEK 27 million (36). See table describing the composition of net interest income and expense on page 22.

TOTAL FINANCING COST INCLUDING CHANGES IN VALUE

	2022 Jan.–June	2021 Jan.–June	2021 Full-year
Interest cost for loans, including charges, %	1.33	1.14	1.22
Interest swaps, net interest, %	0.01	0.11	0.06
Net interest income/expense, %	1.34	1.25	1.28
Changes in value, financial derivatives, %	-9.06	-2.48	-1.15
Total financing cost, %	-7.72	-1.22	0.13

CHANGES IN VALUE, FINANCIAL INSTRUMENTS

Changes in value in the derivative portfolio are positive and amounted to SEK 1,307 million (378), which can largely be attributed to sharply rising market interest rates. 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 exposure derives from interest rate derivatives, which means that even minor changes in the interest rate situation affects earnings through changes in market value that can become significant.

For Akademiska Hus interest rates derivative portfolio, falling market interest rates and a flatter yield curve normally have a negative impact on earnings, 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 0.17 per cent for the past twelve-month period. The accrual and the net interest income reflect the underlying financing cost and amount to 1.50 per cent as at year-end, see the diagram on the right for the total accrued financing cost, in which interest rates are expressed as rolling 12-month interest rate (annualised).

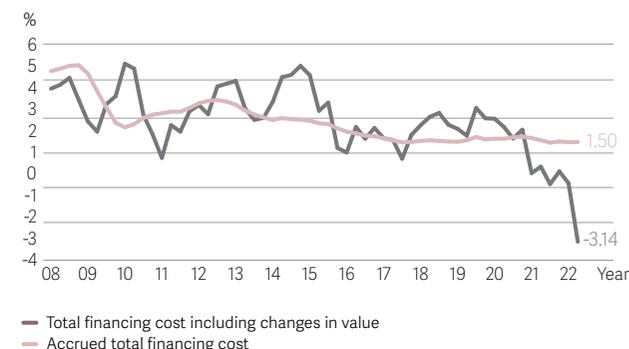
In recent years, Akademiska Hus has had a relatively long fixed interest period in the total liability portfolio, which includes interest rate derivatives, and the comparative calculation shows that the long fixed interest period has resulted in stable financing costs.

When calculating the interest coverage ratio, the capitalised interest expense and the accrued earnings from the closed interest rate derivatives mentioned above are included. The interest coverage ratio continues to be high at 996 per cent (843), see diagram below on the right.

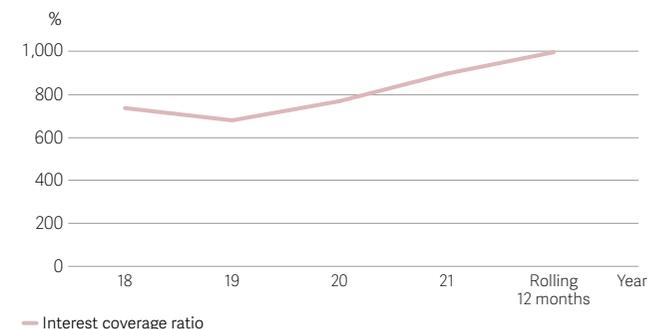
CHANGES IN VALUE, PROPERTIES

Net changes in property values for the first half of the year had an impact on profit of SEK 5,011 million (5,917), of which SEK 8 million relates to realised changes in value. The change can be attributed to a change in yield requirements and cost of capital of SEK 2,191 million. 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. During the second quarter, high inflation affected the property market, for which reason Akademiska Hus raised the cost of capital by an average of ten interest points, but left the average yield requirement unchanged. The change in value for the year can be explained in part by an increased index

COMPARATIVE CALCULATION TOTAL FINANCING COST, ROLLING 12-MONTH BASIS



INTEREST COVERAGE RATIO CONTINUES AT HIGH LEVEL



for 2023 of SEK 1,464 million due to a change in the assumption regarding inflation. Other change in value for the first half of the year amounted to SEK 1,349 million (982) and is attributable to projects in progress, renegotiated leases and other factors affecting value. This increase is primarily attributable to the Stockholm and Gothenburg regions. Overall, this results in an increase in the total change in market value of SEK 5,004 million in relation to year-end. The average yield requirement was 4.34 per cent (4.70).

Consolidated statement of financial position

Consolidated statement of financial position, summary, SEK m	30 June 2022	30 June 2021	31 Dec. 2021
ASSETS			
Non-current assets			
Capitalised expenditure	5	3	6
Properties	117,791	104,665	112,323
Site leasehold rights	2,663	2,736	2,663
Equipment, fixtures and fittings	31	36	34
Derivatives	2,015	3,396	3,474
Other non-current receivables	423	475	428
Total non-current assets	122,929	111,311	118,928
Current assets			
<i>Current receivables</i>			
Derivatives	406	104	152
Other current receivables	1,936	1,351	2,034
Total current receivables	2,342	1,454	2,186
Cash and cash equivalents			
Cash and cash equivalents	5,666	4,096	4,067
Total cash and cash equivalents	5,666	4,096	4,067
Total current assets	8,008	5,550	6,253
TOTAL ASSETS	130,938	116,861	125,181

Consolidated statement of financial position, summary, SEK m	30 June 2022	30 June 2021	31 Dec. 2021
EQUITY AND LIABILITIES			
Equity	66,520	55,186	62,103
LIABILITIES			
<i>Non-current liabilities</i>			
Loans	27,823	31,983	31,240
Derivatives	1,881	1,390	1,315
Deferred tax	17,293	14,801	16,180
Long-term debt finance lease	2,663	2,736	2,663
Other non-current liabilities	960	937	949
Total non-current liabilities	50,620	51,847	52,348
<i>Current liabilities</i>			
Loans	9,046	4,829	4,979
Derivatives	2	32	4
Other current liabilities	4,749	4,966	5,748
Total current liabilities	13,798	9,827	10,731
Total liabilities	64,418	61,674	63,079
TOTAL EQUITY AND LIABILITIES	130,938	116,861	125,181

Comment: Statement of financial position

PROPERTIES

As of the end of the second quarter, the market value of Akademiska Hus' property holdings totalled SEK 117,791 million, an increase of SEK 5,468 million, since the turn of the year. Market value includes the completed portions of projects in progress. The unrealised change in value amounted to SEK 5,004 million (5,889), which corresponds to a 4.46 per cent increase compared with year-end (5.91). Remaining changes relate to investments in properties for the year of SEK 1,178 million (1,430) and sales of SEK 714 million (2,264). During the second quarter, the property Bergsmannen Större 8 was sold to the Stockholm School of Economics, while the property Änggården 34:2 was sold to Skandia Fastigheter. In addition, there were two sales of land: part of Intellettet 1, as well as Tomtebodan, part of Haga 4:35 in Stockholm.

High inflation impacted the property market during the second quarter. Akademiska Hus raised the cost of capital by ten interest points for all properties because of a higher assumption regarding inflation for 2023. This resulted in a negative change in value of SEK 792 million. The assumption regarding inflation also affects our rental revenue, with a positive increase in value of SEK 1,464 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 June 2022 was 4.34 per cent, an increase of 0.01 percentage points compared with the end of the first quarter. Compared with year-end, this entails a decline of 0.13 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.

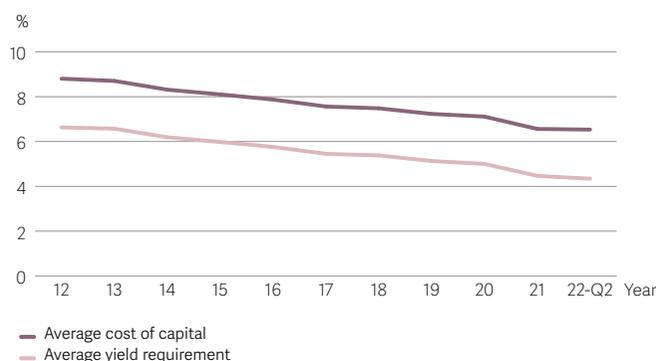
Each year 25–30 per cent of the property portfolio is also valued by external valuation professionals. External valuations are used as a benchmark for the internal valuation,

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

Change in property holdings, SEK m	30 June 2022	30 June 2021	31 Dec. 2021
Opening assessed market value	112,323	99,611	99,611
+ Investments in new construction, extensions and redevelopment	1,178	1,430	2,524
+ Acquisitions	—	—	—
- Sales	-714	-2,264	-2,264
+/- Change in market value	5,004	5,889	12,453
Of which change in value due to a change in the cost of capital and yield requirement	2,191*	4,907	8,481
Of which change in value due to the change in the assumed rate of inflation	1,464	—	—
Of which other change in value	1,349	982	3,972
CLOSING ASSESSED MARKET VALUE	117,791	104,665	112,323

* Of which SEK -792 million relates to change in value due to adjusted cost of capital.

YIELD REQUIREMENTS AND COST OF CAPITAL



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 5,890 million to SEK 11,779 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 financing requirement at Akademiska Hus has been limited, but a bond issuance in Switzerland was carried out during the quarter. The volume was approximately CHF 120 million, corresponding to approximately SEK 1,200 million, with a maturity of 6 years. Committed credit facilities in bank were unchanged and amounted to SEK 6,000 million. All credit facilities were unutilised at the half year mark. 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 has increased somewhat during the second quarter.

The net liability portfolio totalled SEK 31,274 million at 30 June, corresponding to a decrease of SEK 2,165 million during the year. This decline can mainly be attributed to a decrease in CSA securities for surplus values in financial derivatives, as well as higher cash and cash equivalents. The equity ratio is 50.8 per cent (47.2).

NET LOAN LIABILITY

SEK m	30 June 2022	30 June 2021	31 Dec. 2021
Gross loan debt	-36,869	-36,812	-36,220
Collateral for derivatives, net	-432	-1,663	-2,091
Cash and cash equivalents	5,666	4,096	4,067
Other current receivables	360	288	805
Total net loan liability	-31,274	-34,091	-33,439

FIXED INTEREST PERIOD AND MATURITY

Akademiska Hus has a long average maturity, which was 8.7 years at 30 June. 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 addi-

tional 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 over the past six months, 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. At 30 June, 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, June 2022	Fixed interest, years, Dec. 2021	Maturity, years, June 2022	Maturity, years, December 2021
Basic portfolio	4.3	5.6	6.9	7.5
Long-term portfolio	19.1	19.2	19.1	19.2
Total portfolio	6.5	7.9	8.7	9.5

Year	Fixed interest, SEK m	Maturity, SEK m
2022	16,750	4,203
2023–2027	12,756	15,277
2028–2032	1,650	5,365
2033–2037	1,695	1,757
2038–2042	3,136	5,137
2043–2047	905	3,831
2048–2052	0	1,322
TOTAL	36,892	36,892

The table above shows the nominal amounts.

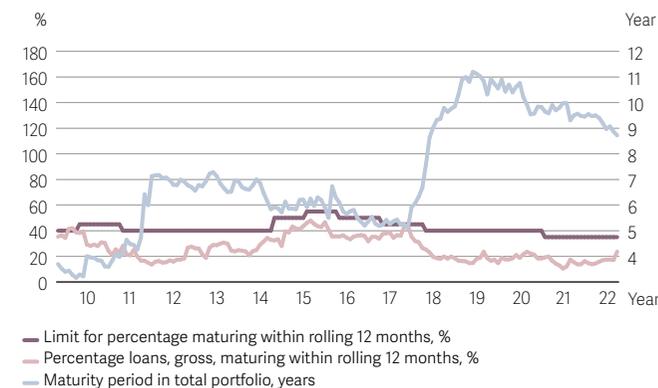
SUMMARY OF FINANCIAL RISKS AND MANDATE

Financial risks	Mandate	30 June 2022
Refinancing risk		
portion of debt maturing within 12 months	Max 35% of total portfolio	23.70%
Interest risk		
average fixed interest period, basic portfolio	3–6 years	4.34
proportion long-term portfolio	Max 20% of total portfolio	13.39%
proportion index-linked bonds	Max 5% of total portfolio	1.57%
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

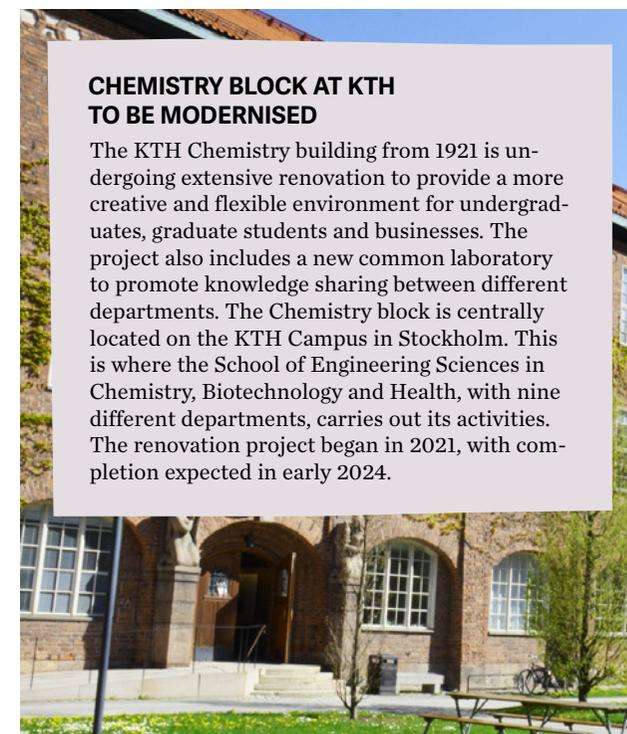
The project portfolio includes future investments over the next few years. The projects are largely located in Gothenburg and Lund, where there are several large new construction and renovation projects. Our approved and planned projects amounted to SEK 14,100 million, of which approximately SEK 3,800 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	30 June 2022	31 Dec. 2021
Approved projects	7,200	7,500
Planned projects	6,900	6,500
APPROVED AND PLANNED PROJECTS	14,100	14,000
of which already invested in projects in progress	-3,800	-3,600
REMAINDER OF APPROVED AND PLANNED PROJECTS	10,300	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.



CHEMISTRY BLOCK AT KTH TO BE MODERNISED

The KTH Chemistry building from 1921 is undergoing extensive renovation to provide a more creative and flexible environment for undergraduates, graduate students and businesses. The project also includes a new common laboratory to promote knowledge sharing between different departments. The Chemistry block is centrally located on the KTH Campus in Stockholm. This is where the School of Engineering Sciences in Chemistry, Biotechnology and Health, with nine different departments, carries out its activities. The renovation project began in 2021, with completion expected in early 2024.

APPROVED PROJECTS

Project name	Location	Type of premises	Investment limits, SEK m	Percentage accrued, %	Miljöbyggnad certification system	Additional floor space, GFA	Expected completion	Customer
Natrium	Gothenburg	Laboratory	1,803	52	Gold	28,000	2023-Q3	University of Gothenburg
Albano development and land	Stockholm	Education	439	75	Silver	—	2023-Q3	Stockholm University
Forum Medicum	Lund	Education	821	50	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	85	—	19,000	2023-Q2	Lund University
Aquila Rosendal	Uppsala	Residential	361	4	—	10,000	2024-Q3	Akademiska Hus
A-, B-, E- and F-building, Luleå	Luleå	Education	320	14	—	—	2025-Q2	Luleå University of Technology
Universeum Building K	Umeå	Education	272	5	Gold	6,500	2024-Q2	Umeå University
Fysiologen building	Mid-Sweden	Education	164	6	Silver	—	2023-Q3	Karolinska Institutet
C-Building Luleå	Luleå	Education	120	23	—	—	2025-Q1	Luleå University of Technology
Kemicentrum	Stockholm	Laboratory	120	35	—	—	2024-Q1	Royal Institute of Technology
Astrid Fagreus Lab	Stockholm	Laboratory	103	42	—	—	2023-Q3	Karolinska Institutet
Språkskrapan	Gothenburg	Residential	103	50	—	—	2023-Q1	University of Gothenburg
Projects under SEK 100 million			1,544					
Total			7,200			86,500		

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, 01/01/2021	2,135	2,135	0	-102	46,124	50,292
Dividends 1)					-2,142	-2,142
Total comprehensive income, Jan.–June 2021	—	—	23	—	7,013	7,036
EQUITY, 30/06/2021	2,135	2,135	23	-102	50,995	55,186
Total comprehensive income, July–Dec. 2021	—	—	127	12	6,777	6,916
EQUITY 31 Dec. 2021	2,135	2,135	150	-90	57,772	62,103
Dividends 2)					-2,484	-2,484
Total comprehensive income, Jan.–June 2022	—	—	64	—	6,837	6,901
EQUITY, 30 JUNE 2022	2,135	2,135	214	-90	62,125	66,520

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.–June	2021 Jan.–June	2021 full-year
CURRENT OPERATIONS			
Profit before tax	8,615	8,468	16,997
Adjustment for items not included in cash flow	-6,242	-6,348	-12,911
Tax paid	-202	-209	-416
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	2,171	1,911	3,670
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Increase (+)/decrease (-) in current receivables	292	247	-450
Increase (+)/decrease (-) in current liabilities	1	-320	-56
CASH FLOW FROM OPERATING ACTIVITIES	2,464	1,838	3,164
INVESTING ACTIVITIES			
Investments in properties	-1,139	-1,344	-2,407
Sale of properties	689	2,156	2,166
Investments in other non-current assets	-3	-9	-18
Increase (+)/decrease (-) in non-current receivables	4	73	120
CASH FLOW FROM INVESTING ACTIVITIES	-449	876	-139
FINANCING ACTIVITIES			
Raising of interest-bearing loans, excluding refinancing	8,409	6,213	9,866
Repayment of loan	-5,442	-6,082	-10,442
Realised derivatives and CSA	-899	-284	83
Dividend paid	-2,484	-2,142	-2,142
CASH FLOW FROM FINANCING ACTIVITIES	-416	-2,295	-2,635
CASH FLOW FOR THE PERIOD	1,599	419	390
Opening cash and cash equivalents	4,067	3,677	3,677
Closing cash and cash equivalents	5,666	4,096	4,067

Comment: Statement of cash flows

Cash flow from operating activities before changes in working capital totalled SEK 2,171 million (1,911). The impact of investments in properties on cash flow was SEK -1,139 million (-1,344). Cash flow from investing activities decreased by SEK -1,325 million compared with the corresponding period in 2021, which can be attributed to larger property sales in 2021.

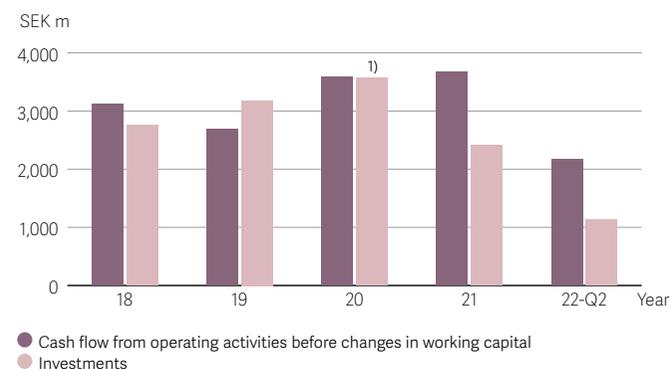
Cash flow relating to financing activities amounted to SEK -416 million (-2,295). During the period cash flow from financing activities increased compared with previous years, largely due to an increase in net borrowing, but offset somewhat by a lower inflow of CSA collateral as a result of lower receivables in relation to derivative counterparties.

Total cash flow for the year amounted to SEK 1,599 million (419).

CASH FLOW AND INVESTMENTS

Total cash flow from current operations before change in working capital during the period 2018 to June 2022 was SEK 15,237 million. Investments during the same period totalled SEK 13,051 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 Ukraine conflict and supply disruptions due to the pandemic have entailed increased uncertainty regarding growth prospects and inflation 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 JUNE 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	67	528	0,4	-67	-528	-0,4
Vacant space	-63	-1,028	-0,9	63	1,028	0,9
Operating costs	-10	-125	-0,1	10	125	0,1
of which provision of utilities	-7	-62	-0,1	7	62	0,1
Cost of capital		-7,724	-6,6		8,610	7,3
Yield target		-12,125	-10,3		19,950	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 April–June	2021 April–June	2022 Jan.–June	2021 Jan.–June	2021 Full-year
Income from property management	1,876	1,615	3,603	3,346	6,679
Property management expenses	-507	-418	-1,072	-940	-2,157
NET OPERATING INCOME	1,368	1,197	2,531	2,406	4,522
Central administration costs	-16	-18	-31	-33	-67
Development costs	-19	-13	-31	-20	-53
Depreciation and impairment as well as reversed impairment in property management	-390	-429	-782	-908	-1,579
PROFIT BEFORE FINANCIAL ITEMS	944	737	1,687	1,445	2,823
Result, shares in subsidiaries	1,338	—	1,338	1,132	—
Interest income	22	15	38	21	36
Interest expense	-112	-101	-231	-224	-471
Change in value, financial instruments	650	-136	1,307	378	380
Appropriations	—	—	—	—	507
PROFIT BEFORE TAX	2,841	516	4,138	2,752	3,275
Tax	-589	-104	-856	-561	-680
PROFIT FOR THE PERIOD	2,252	412	3,282	2,191	2,595

Parent Company statement of comprehensive income, summary, SEK m	2022 April–June	2021 April–June	2022 Jan.–June	2021 Jan.–June	2021 Full-year
Profit for the period	2,252	412	3,282	2,191	2,595
Reclassifiable items					
Profit/loss from cash flow hedges	34	18	100	26	157
Tax attributable to cash flow hedges	-13	-2	-36	-3	-8
TOTAL, OTHER COMPREHENSIVE INCOME FOR THE PERIOD	21	16	64	2,214	149
COMPREHENSIVE INCOME FOR THE PERIOD	2,273	428	3,346	2,214	2,744

Parent Company statement of financial position

Parent Company statement of financial position, summary, SEK m	30 June 2022	30 June 2021	31 Dec. 2021
ASSETS			
Non-current assets			
Capitalised expenditure	5	3	6
Properties	48,763	48,289	48,559
Equipment, fixtures and fittings	31	36	34
Shares in Group companies	1	1,958	1
Derivatives	2,015	3,396	3,474
Other non-current receivables	423	475	428
Total non-current assets	51,239	54,156	52,502
Current assets			
Receivables from subsidiary	879	—	—
Derivatives	406	104	152
Other current receivables	1,918	1,342	2,034
Cash and cash equivalents	5,666	4,096	4,067
Total current assets	8,869	5,541	6,253
TOTAL ASSETS	60,108	59,697	58,755

Parent Company statement of financial position, summary, SEK m	30 June 2022	30 June 2021	31 Dec. 2021
EQUITY AND LIABILITIES			
Equity	8,535	7,143	7,673
Untaxed reserves	3,425	3,933	3,425
LIABILITIES			
<i>Non-current liabilities</i>			
Loans	27,823	31,983	31,240
Derivatives	1,881	1,390	1,315
Deferred tax	2,638	2,364	2,448
Other non-current liabilities	641	566	584
Total non-current liabilities	32,983	36,303	35,588
<i>Current liabilities</i>			
Loans	9,046	4,829	4,979
Derivatives	2	32	4
Other current liabilities	6,117	7,459	7,086
Total current liabilities	15,165	12,320	12,069
Total liabilities	48,148	48,622	47,657
TOTAL EQUITY AND LIABILITIES	60,108	59,697	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 turnover for the period amounted to SEK 3,603 million (3,346). Revenue from subsidiaries for the quarter was SEK 1,338 million (1,132). Profit before financial items was SEK 1,687 million (1,445). Profit after tax was SEK 3,282 million (2,191).

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 at 30 June amounted to SEK 782 million (908).

INVESTMENTS

Investment in machinery and equipment amounted to SEK 3 million (10) and in properties to SEK 1,057 million (1,394).

EQUITY

Equity totalled SEK 8,535 million at the end of the second quarter, 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

Akademiska Hus completed four property sales during the quarter. The property Bergsmannen Större 8 in Vasastan, better known as "Studentpalatset" – the Student Palace – was sold via a packaging company to the Stockholm School of Economics, with a closing date of 1 April 2022. Ånggården 34:2 in Gothenburg, better known as "Botan", was also sold via a packaging company to Skandia Fastigheter, with a closing date of 2 May 2022. The property Valla, part of Intellectet 1, relates to 110,000 square metres of land sold to Linköping Municipality, with a closing date of 1 June 2022. In addition, a 60 square-metre plot, Tomtebodan part of Haga 4:35, was sold with a closing date of 13 May 2022. The total sales sum was SEK 204 million with capital gains of SEK 123 million.

KEY EVENTS AFTER THE END OF 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 on 8 July 2022

Anitra Steen
Chairperson

Peter Gudmundson
Board member

Mariette Hilmersson
Board member

Josef Mård
Employee representative

Sofi Sonesson
Employee representative

Christer Nerlich
Board member

Erik Sandstedt
Board member

Mariell Juhlin
Board member

Örjan Wikforss
Board member

Håkan Stenström
Board member

Caroline Arehult
Chief Executive Officer

This Interim Report has not been the subject of an examination by the auditors.

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 derivatives 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. At the turn of the year, this has entailed lower maintenance costs of approximately SEK 82 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.–June	2021 Jan.–June	2021 Full-year
Net interest income/expense, net loans and financial assets	-184	-160	-367
Net interest derivatives	-2	-17	-18
Other interest costs	-7	-26	-50
Capitalised interest costs, projects	27	36	67
Total net interest income/expense	-165	-167	-368
Change in value, independent financial derivatives			
-unrealised	561	432	370
-realised	687	-40	-65
Changes in value, fair value hedges	60	-14	75
Total changes in value	1,308	378	380
Site leasehold fees	-42	-42	-83
Reported net interest income and expense	1,101	169	-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 June 2022	30 June 2021	31 Dec. 2021
Gross loan debt	-36,869	-36,812	-36,220
Collateral for derivatives, net	-432	-1,663	-2,091
Cash and cash equivalents	5,666	4,096	4,067
Other current receivables	360	288	805
Total net loan liability	-31,274	-34,091	-33,439
Average interest-bearing capital (full-year basis)	-32,079	-29,828	-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.

NOTE 3 KEY EVENTS AFTER THE END OF 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.

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, 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 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

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

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