

Tomorrow's knowledge environments



ANNUAL AND SUSTAINABILITY
REPORT 2020

ah
AKADEMISKA HUS



We 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.



Contents

INTRODUCTION

This is Akademiska Hus	3
Year in brief	4
Statement by the CEO	6
Business intelligence and trends	8
Market summary	10
Strategy and targets	12

OUR VALUE PROPOSITION

Our essential areas	16
Value-adding knowledge environments	18
- <i>Customised properties and facilities</i>	18
- <i>Services to centres of education</i>	24
Resource efficient operations	28
Responsible relationships	32
Caring for people	34

ADMINISTRATION REPORT

Financing	38
Property valuation	41
Long-term contracts with creditworthy tenants	42
Risks and risk management	43
Corporate Governance Report	47
Board of Directors	54
Executive Management	55
Other information	56
Proposed Allocation of Unappropriated Earnings	57

FINANCIAL STATEMENTS AND NOTES

Income Statements	58
Statement of profit and loss and other comprehensive income	59
Statement of financial position	62
Changes in equity	66
Statements of Cash Flows	68
Notes	70
Certification	100
Audit Report	101

SUSTAINABILITY NOTES

Sustainability Notes	106
GRI Index	117
Assurance Report	120

OTHERS

Five-Year Summary	121
Key Figures	122
Definitions	124
Information and Addresses	125

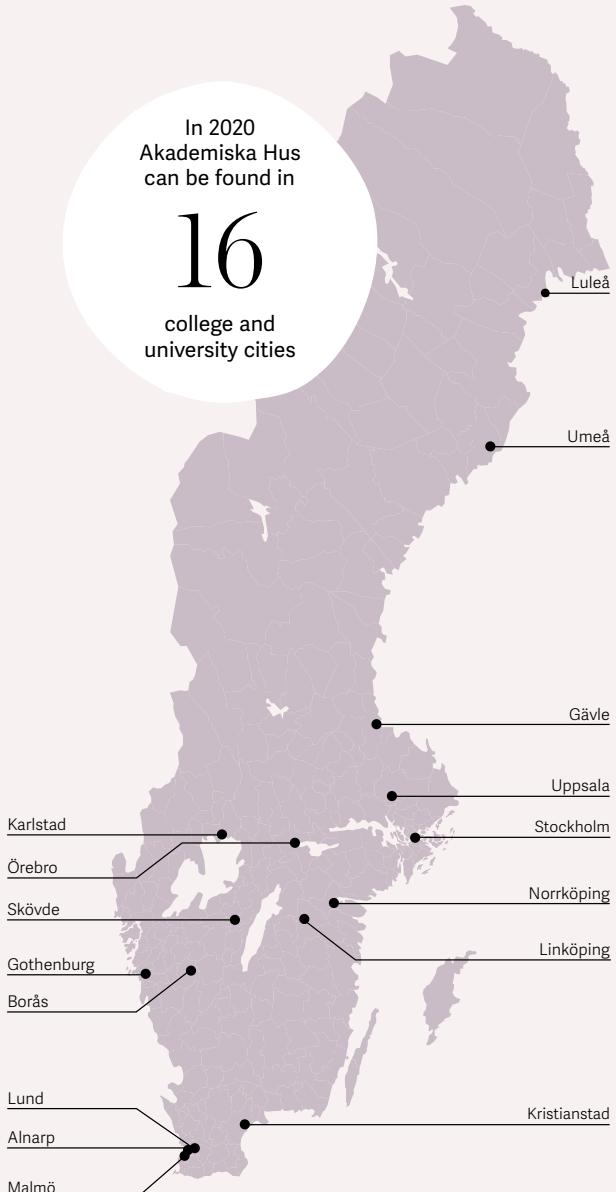
About the Annual Report 2020

The audited Annual Report includes pages 37-99. Our sustainability initiatives are incorporated in the Annual Report and presented in line with GRI Standards. The Sustainability Report constitutes the pages listed on page 106 and has undergone a cursory audit. The Sustainability Report also includes Akademiska Hus' Statutory Sustainability Report in accordance with chapter 6 of the Swedish Annual Accounts Act.

In 2020
Akademiska Hus
can be found in

16

college and
university cities



300

thousand

300,000 people study,
conduct research and work
in our buildings every day

3.4

million

The total area of our
properties is 3.4 million
square metres

Akademiska Hus is one of the largest property companies in Sweden and is owned by the Swedish state. Our area of focus is properties for higher education and research. Our mission is to provide the centres of education with the best possible conditions for their activities.



AA

rating

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

P-1

rating

We have had Moody's highest short-term rating of P-1 since 2017

99.6

billion

We have a property value of SEK 99.6 billion

14

billion

We have a project portfolio of SEK 14 billion

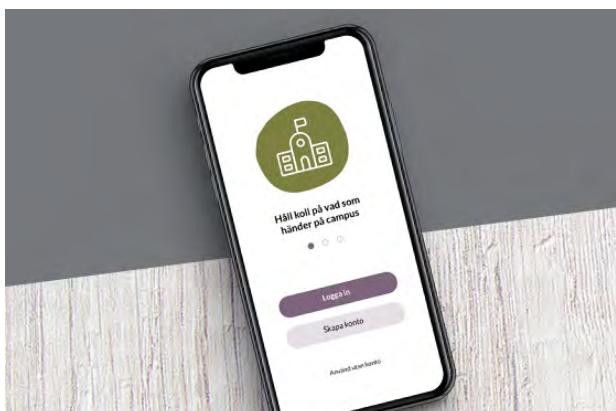
2020 – an eventful year

2020 was dominated by the global pandemic and we and our customers restructured our operations to a large extent. But the year also included, among other things, the grand opening of a unique test arena for learning environment, construction of new student housings and investments for billions, in among others Lund and Gothenburg.



Grand opening of arena focused on future education in Gothenburg

The Learning Lab is a unique test bed for education at Johanneberg Science Park on the Chalmers campus in Gothenburg. Together with customers and partners we can explore various spatial designs and the significance thereof for different learning situations. Experiences gained here will make us a better sounding board for our customers when designing learning environments around the country (read more on page 26).



My Campus App launched

Contacting us on campus should be easy. An important tool for communication with tenants in daily life is available since the spring of 2020. The My Campus App has quickly acquired many users and will be further expanded with more functions moving forward.

Changing operations in response to the pandemic

In March 2020, our customers made major changes in their operations at the centres of education. The pandemic was a fact and mainly all teaching at the college and university level was conducted digitally and remotely. Creativity was great and in many ways activities were reorganised to help reduce the spread of infection.



Investment and start of construction for Forum Medicum in Lund

We are investing approximately SEK 820 million in a new building at Lund University. Ground was broken in 2020. Forum Medicum will provide colocation of education and research in medicine and the health sciences and will be an important component in the future development of the Faculty of Medicine. The construction project is one of the largest initiatives that we have ever carried out together with Lund University.



Construction start for Natrium at University of Gothenburg

With a blast, the Natrium construction was launched at the University of Gothenburg in February. The building will gather large parts of the Faculty of Science under one roof, while promoting continued development within the life sciences on Medicinareberget. Akademiska Hus is investing approximately SEK 1.8 billion in the project, which will be completed in the spring of 2023.



Grand opening for AWL Innomedicum and Universum

A Working Lab (AWL) is our on-campus co-working concept and during the year, we celebrated the grand opening of AWL environments in Solna and Umeå. AWL has a clear focus within life science, much thanks to its proximity to Karolinska Institutet. With one AWL facility already opened in Gothenburg, the concept has now been launched in three cities around the country (read more on page 26).

Acquired and took possession of Alba Nova in Stockholm

In 2020 we acquired and took possession of Alba Nova in Stockholm. The building was acquired from the National Property Board of Sweden and the purchase was valued at SEK 2.2 billion. The approximately 40,000 square-metre building is located just a stone's throw away from the Albano Campus, where we are developing a new scientific hub connecting Stockholm University and the Royal Institute of Technology (KTH) with each other and the city. The first phase was completed in 2020 and the entire Albano Campus is expected to be completed in 2023.



Grand opening of student housing in Uppsala

The Hydra project in Uppsala was completed this year, providing room for 132 undergraduate and graduate students on the Ultuna Campus. Hydra is also the first example of student housing built according to the Academic Living concept, which is characterised by proximity to campus, with a major focus on sustainability and shared housing. The brand was shortlisted as a finalist for the Swedish Design Award 2020 (read more on page 27).

A different campus year

2020 was a year unlike any other in modern times. The decision to close campuses in the spring semester and switch to distance based education and digital working methods entailed a revolutionary change for the centres of education, which had to reorganise operations in a very short time.

The mobility that we took for granted became severely limited, which clearly had a large impact on the university world. The number of international students was reduced by fifty percent for the autumn semester, while graduate students who moved between countries and centres of education had to adapt their activities to the new reality. The pandemic also meant socioeconomic consequences and increased unemployment. Colleges and universities will therefore have a particularly important role moving forward when society is ready to start over. This is especially evident in the education and research initiatives that the Government presented in the autumn of 2020. Innovation, research and education are key to jointly implementing a sustainable restart of society, as we emerge from the pandemic and head for a new normal.

During the autumn semester, a cautious return to on-campus education was initiated, but on a relatively small scale. Despite the circumstances, we have engaged in close and constructive dialogue with our customers in order to assist them with their activities.

We do not yet know what the long-term consequences of the pandemic will be. One important insight is that hybrid solutions are required, where some students can participate in person at the same time that others participate virtually. This situation places new demands on both the design of the premises and technical equipment. Together with our customers, we are now working to understand what we can do from our respective roles to develop the premises so they meet the future demands for premises in respect to research and education. We have also initiated an array of pilot projects in which we are trying new solutions. Efficiency of premises and more openings for students are in demand and represent important areas of focus.

To handle the challenges, we have our already ongoing digital transformation programme, which is ensuring both our core delivery and future deliveries. We have transitioned to more virtual methods in all of our processes. Digitalisation of our property portfolio provides opportunities for new services, more efficient use of existing premises and strengthened development of learning environments for the future.

We have also supported our service tenants on campus with various measures during the year, such as rent reductions and deferred rent, but since they represent such a small portion of our customer base these measures have only had a marginal impact on earnings.

RISING PROPERTY VALUES DESPITE THE PANDEMIC

Community properties, with their low vacancy risk and predictable cash flows, comprise the largest portion of the Akademiska Hus portfolio and this segment, along with housing, has proved most resilient during the current pandemic. At year-end the assessed fair value of our properties totalled SEK 99.6 billion, an increase of nine per cent compared with the end of 2019. Our liquidity also continued to be solid despite the circumstances. Interest in our bonds has been strong and during the year we issued over SEK 6 billion, including SEK 1.5 billion in our second green bond.

In December we acquired the 40,000 square-metre Alba Nova building in Stockholm, valued at about SEK 2.2 billion. Through this purchase, we can assume overall responsibility to an even greater extent for the development of the Albano Campus into a modern and competitive knowledge environment.

SUSTAINABILITY INITIATIVES CONTINUE

Our sustainability work is more important than ever and we have completed an array of initiatives that are leading us to our challenging climate targets. One example is that we have continued our investments in solar panels. We now have a total of almost 70 facilities in our property holdings that generate over 5 million kWh of sustainable electricity annually for Swedish centres of education. Campus Örebro will be the first existing campus to be certified to Citylab standards, a sustainability certification standard for entire neighbourhoods, and we have made a strong start on recycling for greater circularity in almost all of our construction projects, where Nya Handels in Gothenburg is a good example. But sustainability does not only relate to the climate and energy issue, but also include human well-being. We have therefore focused strongly on outdoor environments on campus, which have become even more important as locations for work, studies and meetings.

CONSTRUCTION PROJECT FOR THE FUTURE

We continue to develop and build knowledge environments. And even if we will see fewer new construction initiatives and more remodelling and streamlining of existing holdings moving forward, we have a number of projects in progress and some exciting constructions starts during the year, including Natrarium at Medicinareberget in Gothenburg, Forum Medicum and the remodelling of the M-building in Lund and the Retzius Laboratory at Karolinska Institutet.

CENTRES OF EDUCATION AND STUDENTS MOVE IN

Other highlights during the year include the first phase (Building 3) of the multibillion Albano project in Stockholm, which was completed and ready for occupancy, as was the first phase of Nya Ångström in Uppsala. Approximately 400 undergraduate and graduate students were also able to move in to our student housings that were completed during the year – Polstjärnan in Luleå and Hydra in Uppsala.

Our projects are distinctive because they are carried out in close collaboration with our customers and with a focus on quality and sustainability. We proudly received the Building of the Year award and the Solar Energy award for the long-awaited student building at Campus Valla in Linköping, which was completed in 2019 and contains more than 1,000 study areas and a number of other spaces for meetings and interaction. We also received the important Håll Nollan award for safer construction sites along with NCC for the Ångström Laboratory in Uppsala, as well as the prestigious international Mipim Award for Bio-medicum at Karolinska Institutet.

During the pandemic, interest in flexible workplaces and contracts increased and during the year we opened two new co-working sites within the framework for our A Working Lab (AWL) concept in Umeå and at Karolinska. We also launched our brand for student housing – Academic Living.

Our customer satisfaction rating has risen across the board, which makes me proud of everyone who is working hard to do their best for our customers. In this year's CSI survey we saw the positive results of all of our efforts and we are moving in the right direction. Achieving high customer satisfaction requires committed and dedicated employees, and that is just what we have at Akademiska Hus.

To say the least, it has been an eventful and tumultuous year. We will still have to wait a while to gain an understanding of what the new normal will be once the pandemic recedes and how we will develop our operations so that we remain relevant and value-creating for the centres of education in the future. Higher education, research and innovation are key factors for making a sustainable transition of society and together with the centres of education, we strive to optimise the conditions to make this happen. We do so in close dialogue with our customers to develop attractive and efficient knowledge environments.

We are in the final sprint of our strategy, which ends in 2021. One of the cornerstones is to further strengthen our strategic collaboration together with our customers and develop sustainable, future-oriented campuses and knowledge environments that advance Sweden as a nation of knowledge. I hope that 2021 will once again allow us to see them populated by students, researchers, teachers, entrepreneurs and others who make campuses the vibrant and dynamic environments they were built to be.

Kerstin Lindberg Göransson
Chief Executive Officer



Megatrends in transformation

During the pandemic, society has been challenged and the pace of implementing change has reached new heights. At the same time, climate change continues to be one of our greatest challenges. The power to act and collaboration are becoming increasingly crucial to meet these challenges.

Global megatrends such as digitalisation and climate change affect all societies and their stakeholders. In a rapidly changing world, as part of the built environment industry we must always consider how we relate to the world around us in order to navigate these challenges and find our path forward.

ACCELERATING DIGITALISATION

The pandemic has driven significant changes within the field of digitalisation, especially the rapid acceleration in digital working methods. Education and work have been carried out from home to a large extent and meetings that previously required travel by plane are now held remotely using digital tools. While platforms and systems were available for this purpose earlier, they were not used to the same extent as now. Only the future will show just how much of these behavioural changes will become permanent. In this change, a window has also been opened to adjust to a more sustainable society. Here, the property industry has the opportunity to influence and a responsibility to restructure so that resource-efficient solutions are promoted.

CLIMATE CHANGE REQUIRES THE POWER TO ACT

If 2019 was the year that the global climate movement gained new momentum, 2020 was mainly characterised by the pandemic. In many ways, it can probably be stated that the climate issue and other global social issues were forced to step back. The top item on the political agenda and in the media has largely focused on reducing the spread of infection and not how mankind will successfully slow down the global warming.

Nevertheless, climate change is a global concern that affects everyone. The consequences of which will be far-reaching if we do not successfully break the current trend and reduce the climate impact of our society. Science shows that greenhouse gas emissions must be cut in half between 2020 and 2030 if we are to have a chance at achieving the target of the Paris Agreement. In order to reduce emissions quickly the combined efforts of

politicians, business and society at large will be required to promote and intensify climate change initiatives. We must work together to meet current expectations for coping with climate change.

COLLABORATION IS KEY

During the pandemic, society has demonstrated a strong ability to rapidly adapt to new circumstances. In fact, 2020 has shown that extensive behavioural changes can be achieved through broad collaboration and strong consensus to meet a difficult challenge in society. If used wisely, insights from the pandemic can help us succeed in the effort to stop global warming and convert to a sustainable society.

“Making peace with nature is the defining task of the 21st century. It must be the top, top priority for everyone, everywhere.”

ANTONIO GUTERRES,
Secretary-General of the UN

In order to succeed with the climate change, however, more collaboration and networking is required within the property industry, as well as in society at large. Greater transparency is required regarding technological advances and new business models, as well as better preparedness for sudden changes. This requires great understanding that we cannot reach our goals on our own – meeting the challenge of climate change is a shared responsibility.

Trends in higher education and research

Tomorrow's knowledge environments face major changes. In order to provide professional support to our customers, we must understand and relate to industry-specific trends in higher education and research.

OPERATIONS UNDERGOING MAJOR CHANGES

In March 2020, Swedish centres of education needed to rapidly reorganise in order to follow recommendations from the Public Health Agency of Sweden to reduce the spread of infection. Campuses were shut down and all teaching began to be conducted remotely. The change posed a major challenge both practically and pedagogically for colleges and universities. The effects of this change on the quality of education and whether the changes will be permanent are still uncertain. However, the first indications indicate that the campus will continue to play an important role as a physical location, but that the needs and design of learning environments will change. If the effect of the pandemic entails the start of a major pedagogical change, with a larger proportion of digital education, then knowledge and learning environments also need to be adapted to meet these new needs.

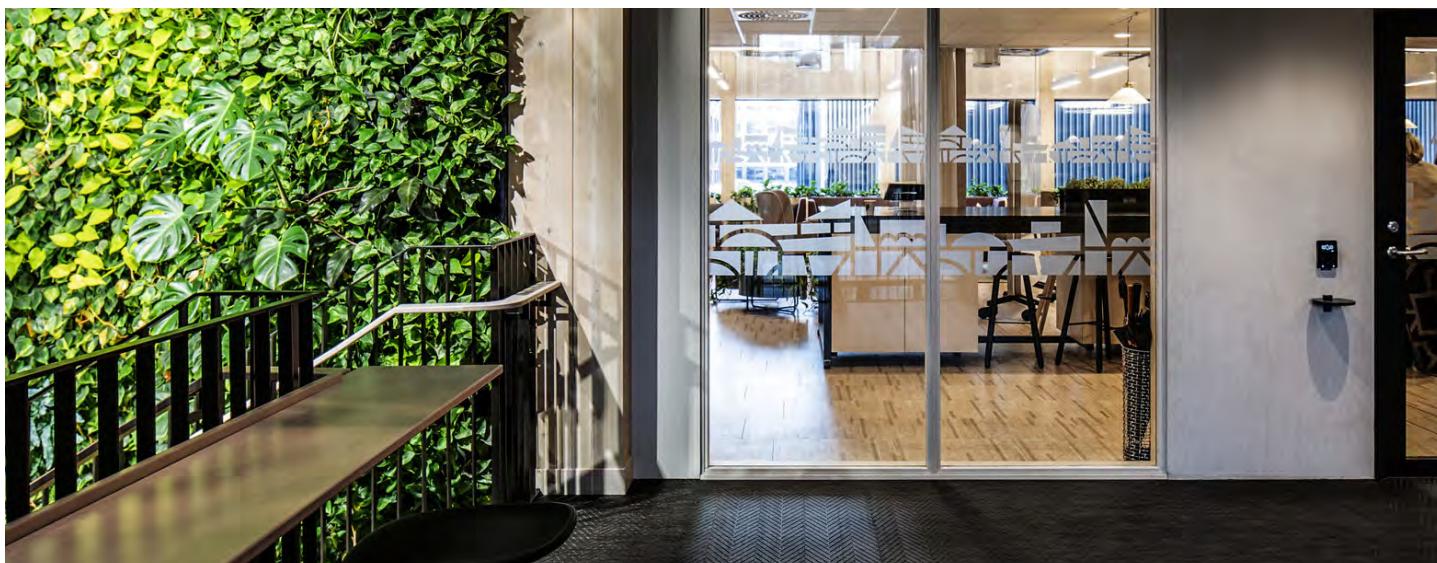
NEW PLAYERS AND INTERNATIONALISATION

In today's society, degrees increasingly have a limited shelf life and for many, lifelong learning is a reality in which skills must constantly be updated, or sometimes completely replaced. We

see a steady increase in the number of players offering shorter vocational training programmes and certificates that quickly lead to jobs. The growing number of online courses is also changing the playing field, intensifying the competition for tomorrow's students. Future generations will increasingly see the world as their playing field and centres of education will therefore need to stand strong in international competition.

DEFINING THE CLIMATE ISSUE

In general, students are extremely aware of the climate challenge and also have clear expectations of authorities and businesses regarding their practical efforts to achieve a more sustainable society. In 2019, the higher education sector joined forces to formulate a common climate framework, which most universities have signed, in which they commit to reducing their own climate impact to be in line with society's overarching goals. More efficient use of premises, climate-smart construction and energy efficiency improvements are typical issues that the universities are now addressing in their strategies and which require collaboration involving the centres of education, property owners and other stakeholders.



Swedish higher education and research model

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 providing premises and Akademiska Hus is the single largest property owner nationwide.

The Parliament and the Government have overall responsibility for higher education and research in Sweden. In most cases, the higher education institutions are public authorities and have three main duties: Teaching and research, collaboration with the surrounding community and acting to ensure that research results benefit the public. According to the Government mandate, they are also tasked with planning for the future supply of facilities. This is where Akademiska Hus contributes with experience and expertise.

STRONG INTEREST IN STUDIES

In its 2020 annual report (based on data from 2019 and earlier), the Swedish Higher Education Authority (UKÄ) shows that interest in higher education is at a historically high level in Sweden. UKÄ also shows that the total number of students is growing compared with the previous annual report, as are the number of applicants, acceptances and first-year enrollees. The report also shows a pronounced increase in the number of older first-year students, as well as a continued increase in remote education. Our assessment is that the increased number of students does not entail an increase in the need for premises at the centres of education at this time. The annual report is based on data that predate the onset of the pandemic in Sweden and thus does not include the major effects associated with the pandemic regarding operations at the centres of education.

THE EFFECTS OF THE PANDEMIC ARE UNDER REVIEW.

The Government has tasked UKÄ with assessing the impact of the pandemic on higher education, with the final report due on 1 December 2022. In the spring and summer of 2020 we saw a sharp decline in the Swedish economy along with rising unemployment, especially among young people, due to Covid-19. At the same time, the Government provided extra funds to colleges and universities of the purpose of increasing the number of openings for students so that more people will be able to study. The effects of this measure could be seen in Swedish higher education in the autumn term of 2020. The number of Swedish first-year students and registered students rose sharply. At the same time, the proportion of international students fell sharply. UKÄ notes that the pandemic and its effects influenced both interest in studies and international mobility, which will likely be clearly shown in the next annual report.

STRONG STATE FOCUS ON RESEARCH

Sweden is one of the countries in the world that invests most in research and development (R&D) in relation to GDP (OECD). In the autumn 2020 Research and Innovation Bill, the Government presented initiatives for the next four years. In 2021 the funding will be increased by SEK 3.4 billion and the level will be raised to SEK 3.75 billion in 2024. The Government justifies the increased funding by stating that research and innovation

“The pandemic shows us the importance of initiatives in research, innovation and new knowledge. Research concerns all of us.”

MATILDA ERNKRANS (S)
Minister responsible for higher education and research



contribute to the growth and prosperity of society, the competitiveness of business and industry, and the ability to meet national and global societal challenges. Swedish research and innovation will receive a total of SEK 13.6 billion between 2021 and 2024.

STRONG INTEREST IN COMMUNITY PROPERTIES

The property market demonstrated strong growth at the beginning of the year with rising rent levels and falling yield requirements for office buildings in several major cities and regional centres. The positive trend was then damped by the pandemic, which created uncertainty in several regards. Demand for commercial premises was negatively impacted by implemented restrictions to slow the spread of infection, since they entailed less movement in and around urban environments. The pan-

demic had the strongest impact on the retail and hospitality segments, while demand for housing and community properties increased since investors prefer properties with low vacancy risk and more predictable cash flows.

Interest in community properties continues to be strong. Investors consider underlying strong market factors such as high population growth and a strong need for investments in the public sector. Akademiska Hus' main market, premises for higher education and research, is usually resilient to a weaker economy since the number of students tends to be higher during such conditions. In the wake of the pandemic, there is a growing need for new openings for students and the Parliament has approved the Government's budget bill for increased funding to colleges and universities, which will allow for almost 19,000 new openings in 2021.

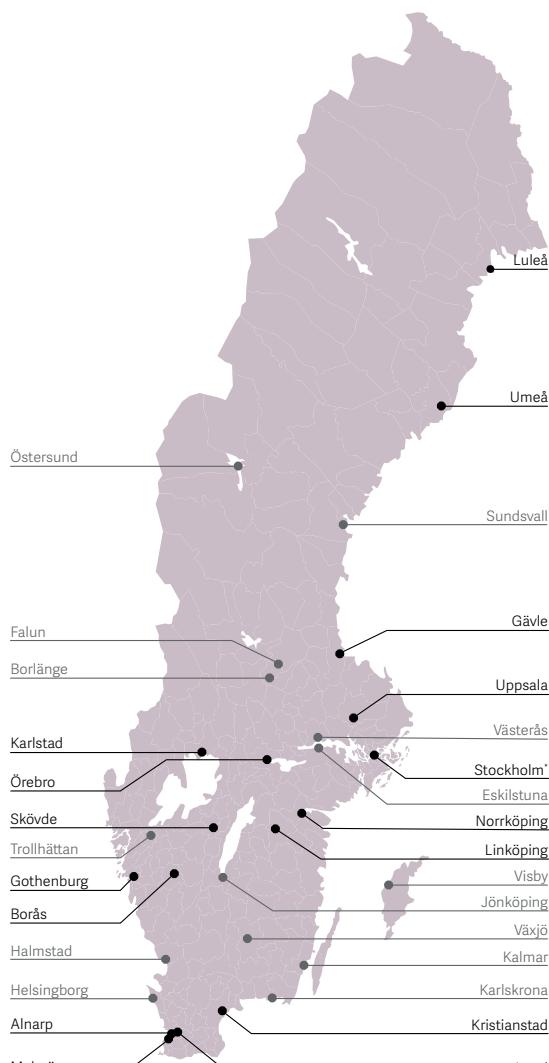
College and university cities

We are one of the largest property companies in Sweden with a total area of about 3.4 million square metres. Since the inception of Akademiska Hus in 1993, we have invested about SEK 56 billion to strengthen growth at higher education institutions. Most of our cash flow is reinvested each year in our projects and our robust financial position creates stability while promoting a long-term approach for our customers.

Akademiska Hus
can be found in
16
college and
university cities

We have a
market share of
62
per cent of college and
university properties

	Outcome 2020	Budget 2021	Forecast 2022	Forecast 2023
PROPERTY HOLDINGS				
Average rentable area, 1,000 m ²	3,355	3,390	3,430	3,460
Property values, SEK m	99,611	102,000	104,500	106,500
Net investment in properties, SEK m	2,770	2,500	2,500	2,000
FINANCIAL KEY FIGURES				
Rental revenue, SEK m	6,419	6,700	6,900	7,050
Net operating income, SEK m	4,485	4,900	5,100	5,250
Profit before changes in value and taxes, SEK m:	3,920	4,300	4,500	4,600



* Stockholm includes Solna and Huddinge.

We strengthen Sweden as a nation of knowledge

Based on the vision – We strengthen Sweden as a nation of knowledge – we serve as a strategic partner for centres of education in the development of tomorrow's knowledge environments.

BUSINESS CONCEPT

Working in collaboration with our customers, we develop, build and manage knowledge environments that make the centres of education more attractive and contribute to sustainable development in the community. We offer products and services based on the needs of the centres of education and where the campus experience is strengthened through relevant services.

STRATEGY

Our strategy through 2021 – Collaboration in the development of future knowledge environments – equips us to meet the challenges and ensures the company's long-term relevance as a property company for Swedish centres of education. The building blocks of the strategy are Upgraded core delivery, Enhanced customer relationships and Innovative business development.



UPGRADED CORE
DELIVERY



ENHANCED CUSTOMER
RELATIONSHIPS



INNOVATIVE BUSINESS
DEVELOPMENT

Collaboration for future knowledge environments

Our strategy, which extends through 2021, has proven to be both robust and future-oriented and has been particularly important to reaffirm in troubled times.

In recent years, our focus on digitalisation in both our own operations and our buildings has prepared us well to be able to conduct business and take care of our campuses, despite the circumstances. One of the cornerstones of our strategy is collaboration and our goal is that our customers should consider us to be a strategic partner. The rapid transition to distance education and new digital working methods, along with the increased focus on climate and sustainability initiatives, have strengthened and accelerated this collaboration with many centres of education. Our three building blocks in the strategy – strengthening and upgrading the core delivery, expand customer relationships and focusing on innovative development – have enabled us to future-proof our portfolio and our relevance for Swedish centres of education.



UPGRADED CORE DELIVERY

We upgrade our core delivery and simplify and improve daily life for customers by taking long-term responsibility for a sustainable business and delivering high-quality facilities with a good user experience. Through the collective nationwide expertise of our employees, we leverage economies of scale to ensure continual development and greater efficiency in daily life.

We also built structural capital within learning environments during the year. We have made progress in the digitalisation of our operations. For example, we built digital twins of properties and entire campuses, including creating a technical platform for managing readings. We deployed more digital tools for operations and management, and we launched the My Campus app.



ENHANCED CUSTOMER RELATIONSHIPS

We enhance relationships with all of our customers. A strong customer relationship is based on mutual respect and trust and is crucial for us to be able to work together to create campuses of the future. We must be sensitive and have insight into the needs and wishes of each customer regarding collaboration, always in balance with a viable commercial approach.

We created pronounced working methods for closer collaboration with customers in large projects and we tested a tool

for a more systematic customer dialogue that will now be used throughout the country. We signed strategic partnership agreements with several centres of education; projects related to development of outdoor environments and an array of digital seminars about campus development from various perspectives are other examples of activities that strengthen customer relationships.

“We are strengthening our relationship with several of our customers, which can be seen in the results of this year’s CSI survey. We are extremely pleased and there are many good examples of exciting development projects with our customers.”

JONAS BJUGGREN
Administrative Manager, Akademiska Hus



INNOVATIVE BUSINESS DEVELOPMENT

We create clear added value for both customer and owner through collaboration with customers in regard to development and innovation.

We monitor the rapid changes in our industry to stay leading and leverage the potential of digitalisation. We must develop our value proposition in order to continue to be relevant for our customers. During the year, we developed test operations with customers in areas such as outdoor environments, educational environments, climate-neutral construction and data-driven efficient premises. Completed pilot projects in digitalisation of properties and operations are leveraged together with the centres of education. We opened two co-working environments in Solna and Umeå under the A Working Lab brand. We established innovation partnerships with more centres of education and contributed to the advancement of the industry by participating in initiatives such as Real Estate Core, Accessy and CC Build.

Targets for evaluation of our strategy

The targets of the operation steer towards the company's overall objectives and contribute in five different perspectives: Finance, Customer, Property, Employees and Development. Akademiska Hus regularly measures and monitors the internal goals based on several indicators. The outcome is crucial to the annual revision of the business plan and strategy.

Below is a compilation of indicators and outcomes over the past four years, as well as target levels for the current year and for 2021, which is the final year of the current strategy.

Finance

We deliver the owner's financial targets over a business cycle.

	Outcome				Target	
	2017	2018	2019	2020	2020	2021
Return on operating capital, %	13.7	9.2	10.3	9.0	≥ 6.0	≥ 6.0
Equity ratio, %	43.3	45.8	44.5	44.5	35-45	35-45
Dividend to the owner, %	60	60	60	70	40-70	40-70

Customer

We provide better deliverables than others and we are our customers' first choice.

	Outcome				Target	
	2017	2018	2019	2020	2020	2021
Customer Satisfaction Index	60	62	61	67	≥68	≥70

Property

Our work helps to increase the long-term value of our property portfolio.

	Outcome				Target	
	2017	2018	2019	2020	2020	2021
Energy reduction (kWh/sq m), %	1.6	-0.3	4.6	5.0	≥3.7	≥3.7

Employees

We have dedicated employees who achieve high standards.

	Outcome				Target	
	2017	2018	2019	2020	2020	2021
Performance index (AHPI)	*	65	73	79	≥77	≥77
Accident-free workplaces, ELTAR	*	2.4	2.4	2.5	≤3	≤2

Development

We are increasing the share of collaborative innovation projects with our customers, as well as construction of student housing.

	Outcome				Target	
	2017	2018	2019	2020	2020	2021
Number of undergraduate and graduate student housing units	*	510	710	1,163	1,530	1,700
Innovation in collaboration, %	*	47	62	63	≥60	≥70

*The targets were defined and measured for the first time in 2018

Comments on target fulfilment

Through measurable targets, we receive confirmation that our work is moving us forward. Below are comments on our target fulfilment and how we work to achieve our goals by 2021.

FINANCE

The 2019 Annual General Meeting resolved to change the financial targets. The targets should be achieved over a business cycle. The target for return on operating capital will be at least 6.0 per cent. The equity ratio target should be in the interval 35-45 per cent and the dividend target should be 40-70 per cent of profit before changes in fair value and tax.

The major changes in fair value in recent years, along with the increasing net operating income, are the main reasons that the return on operating capital exceeded the target. The return on operating capital in 2020 was 9.0 per cent. The return is somewhat lower compared with the previous year because of the lower changes in the fair value of properties, in light of the uncertainty in the property market. The equity ratio, which was 44.5 per cent before the dividend, is unchanged compared with the previous year.

CUSTOMER

The score for this year's CSI survey was 67, which is a significant increase compared with recent years, where the outcome was just over 60. We achieved a positive effect from the initiatives we took in 2020, through which we strengthened our core delivery at the same time that we initiated several exciting strategic collaborations with our core customers. Worth mentioning are the launch of My Campus App, our new digital communication interface, and several collaborative efforts focused on sustainability and efficient use of premises. We are especially pleased that our customers experience a good response from our staff, which is the perspective that receives the highest rating in our survey. The target for 2021 is 70.

PROPERTY

Our energy initiatives continue to yield results: we have now reduced our purchased energy volume per unit area by 41 per cent since 2000 and the target of a 50 per cent reduction by 2025 still feels possible to achieve. The annual target for 2020 of 3.7 per cent was more than exceeded and landed at 5.0 per cent. The outcome over 36 months is also better than 2019. This achievement is mainly an effect of implementing more energy-saving measures than we had planned over the past two years.

We see great commitment from management with respect to energy initiatives and in 2020 we also succeeded in strengthening our collaboration with customers to influence our purchased energy volume. However, it should be noted that our energy targets were positively impacted by the outcome of a favourable climate in 2020 and the effects of Covid-19. Moving forward, we still

believe that we can achieve our targets with continued energy-saving measures, customer collaborations and an increased focus on optimising operations. Our energy reduction target for 2021 is 3.7 per cent.

EMPLOYEES

The Akademiska Hus Performance index (AHPI) reflects the conditions for employees to perform according to their assignment. In 2020, the AHPI was 79 (73), which exceeded the target of 77. The score indicates that the people in the organisation feel that they have clear assignment and are well-equipped to succeed with that assignment. The response rate was just over 90 per cent, which shows a strong commitment among employees. In 2020, the units worked based on their results to create clear missions for each employee and to better equip them to achieve good results. The target for 2021 is an AHPI of 77.

A quantitative target was introduced in 2018 for the goal of an accident-free workplace. We use ELTAR, which is the accident rate for our contractors, as our measure (read more on page 116). We actively participate in the organisation Håll Nollan's work to achieve long-term improvement of quality and standards relating to surveys and to increase understanding of these matters within the industry. The outcome for 2020 is 2.5, compared with the target of ≤ 3. The 2021 target is that ELTAR should not exceed 2.

DEVELOPMENT

With our student housing we want to create innovative homes for a sustainable quality of life. The undergraduate and graduate student housing initiative is in full swing and during 2020 1,163 residents moved in. The target for 2020 was 1,530 residents, where the difference in relation to 1,163 can be attributed to a delay in the occupancy date of one of our larger projects. The target for 2021 is still 1,700.

Innovation often occurs in collaboration with customers and other partners when we allow different skills and perspectives to meet. In order to gradually encourage more collaboration with our customers at centres of education, we set targets and since 2018 we have monitored the proportion of innovation projects that are run in collaboration with the centres of education. With a continued focus on development of the innovation process and through a broader dialogue with the centres of education in 2020, 63 per cent of innovation projects are now collaborative efforts. For 2021 we set an even higher target – we want at least 7 of 10 innovation projects to be carried out in collaboration with our customers.



Aula Medica, a high-profile building for Karolinska Institutet on the Solna Campus.

How we contribute to a stronger nation of knowledge

Our goals and strategies are aimed at strengthening our deliverables and the services we offer our customers. Through sustainable campus development, we want to create the best conceivable conditions for colleges and universities around the country.

In the role of Sweden's largest property developers and managers, we have major opportunities to contribute to a more sustainable society and it is when we work in close collaboration with our customers that we achieve the best results.

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 experiences 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.

We base our sustainability initiatives on the ten principles of the Global Compact and focus these efforts by basing our value

creation on the UN Global Sustainable Development Goals. The sustainability perspective is deeply integrated into the targets and activities of the business plan, supporting the Global Goals and associated targets that we considered to be the highest priorities. By doing so, we contribute to the Global Goals.

Our four essential areas

In dialogue with our stakeholders, Akademiska Hus has identified four areas that need to be prioritised if we are to succeed with long-term value creation. Our overall value proposition can therefore be described based on the following essential areas:

VALUE-ADDING KNOWLEDGE ENVIRONMENTS

With climate-smart and innovative investments in our campuses and a viable commercial approach, we create long-term benefit for both stakeholders and the environment. We also focus heavily on the social perspectives related to well-being and accessibility.



page 18



RESPONSIBLE RELATIONSHIPS

High transparency in our customer relationships creates appreciation of our role and our mission. We set clear requirements for high ethical standards that both we and our suppliers must meet, so that together we can contribute to a sustainable society.



page 32



CARING FOR PEOPLE

By working proactively for a healthy and safe work environment for both employees and customers, as well as suppliers, we improve the industry and strengthen our relationship with our stakeholders.



page 34

Property portfolio under constant development

Stable finances enable us to develop our campuses even in troubled times. Our project operations include new construction, additions and renovation projects that equip the centres of education for their activities in both the short and long term.

Project operations account for a large part of Akademiska Hus and given our extensive experience of building for education and research, we are a proactive and long-term partner for our customers. The projects vary substantially, ranging from minor renovations to advanced new research facilities. Akademiska Hus is both developer and manager, for which reason we build for long-term management and we invest in sustainable and innovative solutions. Investments are pursued from project concept to approved investment, using a systematic process to work closely with customers.

FINANCIAL STRENGTH AND DIGITALISATION

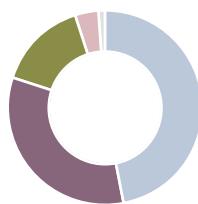
The importance of a strong financial position became extra clear in 2020. Despite the pandemic and a fluctuating global economy, our projects have been able to make progress and we now also have the opportunity to invest for the future. Our single largest project, Albano in Stockholm, benefitted greatly

from its digital working methods in 2020. Since the drawings and all documentation for the construction project were handled digitally, more people were able to work remotely, making it easier to meet the Public Health Agency recommendations to reduce the spread of infection.

COLLABORATION IMPORTANT IN CONSTRUCTION PROCESS

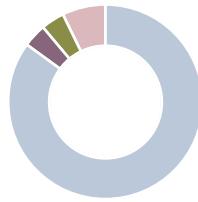
Our projects must result in the right conditions for students, researchers and teachers. We must therefore work to understand the needs of our customers. We want to partner with customers from the concept development stage in order to create the most efficient and sustainable projects together. By having clear requirements and expectations throughout the construction process, from early phases to the transfer, we can deliver a product of the right quality according to a common vision.

BREAKDOWN BY PREMISE CATEGORY



- Classrooms and lecture halls, 47%
- Laboratories, 33%
- Offices, 15%
- Other, 4%
- Residential, 1%

TENANT CATEGORIES



- Colleges and universities, 85%
- Publicly financed operations, 4%
- Chalmersfastigheter, 4%
- Other, 7%



Scope and specialization based on customer needs

There is great variation among our properties. A campus can include high-tech laboratories, offices, education environments, student housing and co-working spaces. Our national presence and broad expertise enable us to transfer lessons gained from experience in one part of the country to another. With this approach, good examples can benefit more people and together we can find ways to create sustainable conditions for education and research in Sweden.



WE BUILD SUSTAINABLY

Together with our customers, we have high aspirations for sustainability. Our role as a long-term property owner provides incentive for building wisely and sustainably. Our goal is always to deliver the highest possible customer value through resource efficiency and good cost management. Akademiska Hus strives to minimise environmental impact through sustainable construction processes and carefully considered material and design choices. We certify all new construction projects to the Gold level of the Miljöbyggnad certification system and aim for all major renovation projects to qualify for at least the Silver level. New construction and major renovation student housing projects must qualify for at least a Silver rating in the Miljöbyggnad environmental certification system, but without any requirement for formal certification.

We want to create the most efficient and sustainable buildings possible for our customers. To learn more about circular

material flows and business models, we are participating in the “CC Build” project, an arena for collaboration involving property owners, architects, public stakeholders and researchers who want to find methods and promote increased recycling in the construction industry. A pilot project based on circularity has been conducted in conjunction with a new building for the School of Business, Economics and Law at the University of Gothenburg. The goal was to try new working methods for recycling in the planning and construction process; despite an extremely narrow timeframe, the project was successful beyond expectations.

Building sustainably also involves safety and reducing the risk of accidents at our construction sites. We work proactively for safer workplaces and are one of the orchestrators of the industry-wide organisation “Håll Nollan” initiative (read more on page 32).



ADAPTING BASED NEEDS

The need for premises in a knowledge environment shifts and varies over time. One good example of how we adapted a building based on new circumstances is the Hydra student housing project in Uppsala. The building, which was built in the 1930s, was originally a laboratory, but has now been converted to student housing. This project is also the first to be built according to the new Akademiska Hus concept for undergraduate and graduate student housing – Academic Living (read more on page 27).

PROJECT REVIEWS

In 2020 reviews were carried out for a number of our ongoing construction projects. The reviews are conducted to identify and manage risks associated with the projects and to contribute to constant improvements in our management system and project methodology: the “Common construction process”. The reviews create a basis that supports both the individual employees in how they do their jobs, as well as the culture within the entire project organisation. The results of the 2020 reviews are encouraging, where we as a learning organisation continuously show improvement. No serious deviations could be noted and the proposals for improvement that were identified will be highlighted in future development efforts. For example, we will work more with a methodology for a shared vision with our customers, for greater clarity and even better communication in our construction projects.

OUR PROJECT PORTFOLIO

The project portfolio is divided into two parts – approved and planned projects – and totals SEK 13,900 million, of which SEK 4,900 million is already invested. All planned projects have an inquiry or planning framework, where some form of agreement exists between us and the tenant.

During the year, four major projects were commissioned for a total of SEK 1,100 million; two of the largest projects were Albo Building 3 and the Medical Biology Centre in Umeå. New construction projects with long lease terms, usually between 10 and 25 years, account for the majority of our project portfolio. The investment portfolio contains projects for new construction, extension, and renovation of existing properties. The emphasis in the project portfolio remains in Stockholm and Gothenburg, but projects are underway in all of our larger towns and cities. Three of the larger projects in the project portfolio are student housing projects, which account for a total of SEK 880 million.

PROJECT PORTFOLIO, SEK M

	31 Dec. 2020	31 Dec. 2019
Approved projects	9,400	9,100
Planned projects	4,500	4,300
Approved and planned projects	13,900	13,400
of which already invested in projects in progress	-4,900	-4,600
Remainder of approved and planned projects	9,000	8,800

Customised properties and facilities

COMMISSIONED PROJECTS 2020 OVER SEK 100 MILLION

Project name	Location	Type of premises	Investment limits, SEK m	Miljöbyggnad certification	Additional floor space, m ²	Completion	Customer
Albano Building 3	Stockholm	Education	438	Silver	7,800	2020-Q2	Stockholm University
Medical Biology Centre	Umeå	Laboratory	306	Silver	1,800	2020-Q1	Umeå University
Hydra	Uppsala	Residential	193	—	4,600	2020-Q3	Akademiska Hus
ITC IT upper secondary school	Uppsala	Education	156	—	—	2020-Q3	IT Gymnasiet Sverige AB
TOTAL			1,093				

APPROVED PROJECTS PER 31 DEC. 2020 OVER 100 SEK MILLION

Project name	Location	Type of premises	Investment limits, SEK m	Percentage accrued, %	Miljöbyggnad certification	Additional floor space, m ²	Expected completion	Customer
Albano	Stockholm	Education	2,864	87	Silver	100,000	2022-Q2	Stockholm University
Natrium	Gothenburg	Laboratory	1,803	18	Gold	28,000	2023-Q2	University of Gothenburg
Ångström Phase 4	Uppsala	Laboratory	1,185	42	Silver	30,000	2022-Q4	Uppsala University
Forum Medicum	Lund	Education	821	14	Gold	13,800	2023-Q2	Lund University
LTH Maskinteknik	Lund	Education	499	24	—	19,000	2022-Q2	Lund University
KI Residence	Stockholm	Residential	434	84	—	15,500	2021-Q2	Karolinska Institutet
A-, B-, and E-building	Luleå	Education	320	0	—	—	2023-Q4	Luleå University of Technology
Retzius	Stockholm	Laboratory	179	30	—	—	2022-Q2	Akademiska Hus
C-Building	Luleå	Education	122	9	—	—	2022-Q2	Luleå University of Technology
Projects under SEK 100 million			1,173					
TOTAL			9,400					

PLANNED PROJECTS PER 31 DEC. 2020 OVER 100 SEK MILLION

Project name	Location	Type of premises	Investment limits, SEK m	Additional floor space, m ²	Expected completion	Customer
Nya Konst	Gothenburg	Education	1,659	36,300	2026-Q2	University of Gothenburg
Deltakvarteret	Luleå	Education	1,540	32,000	2027-Q4	Luleå University of Technology
School of Business, Economics and Law	Gothenburg	Offices	528	9,300	2024-Q2	University of Gothenburg
Social Science Centre	Lund	Education	223	2,600	2026-Q2	Lund University
Aquila	Uppsala	Residential	338	8,000	2022-Q3	Akademiska Hus
Språkskrapan	Gothenburg	Residential	104	2,800	2023-Q1	Akademiska Hus
Projects under SEK 100 million			108			
TOTAL			4,500			

Four large projects in progress 2020



STOCKHOLM – ALBANO CAMPUS

Activity: A completely new campus for Stockholm University and KTH

Architects: BSK Arkitekter, Christensen & Co Arkitekter, Cedervall Arkitekter AB, Nivå landskapsarkitekter

Planned completion: 2022 (First occupancy in 2020)



GOTHENBURG – NATRIUM

Activity: Education and research environments for the University of Gothenburg

Architect: Kanozi Arkitekter

Planned completion: 2023



GOTHENBURG – SCHOOL OF BUSINESS, ECONOMICS AND LAW

Activity: Education and research environments for the University of Gothenburg

Architect: Johannes Norlander Arkitektur

Planned completion: 2025



UPPSALA – ÅNGSTRÖM

Activity: Education and research environments for Uppsala University

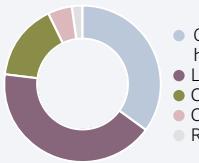
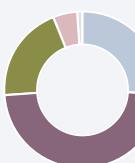
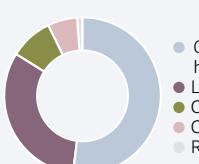
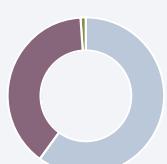
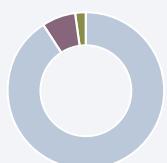
Architect: PE Teknik & Arkitektur

Planned completion: 2022 (Occupancy in building wing in 2020)

Read more about the projects in the table presenting approved projects on page 21.

Customised properties and facilities

OUR SIX LARGEST LOCATIONS

Location	2020	Premise category	Tenants
STOCKHOLM*			
Area, m ²	975,000		
Number of properties	293		
Fair value, SEK m	48,393		
Share of Akademiska Hus' total land value, %	49		
Rental revenue, SEK m	2,445		
			
			
UPPSALA			
Area, m ²	607,000		
Number of properties	238		
Fair value, SEK m	16,624		
Share of Akademiska Hus' total land value, %	17		
Rental revenue, SEK m	1,043		
			
			
GOTHENBURG			
Area, m ²	368,000		
Number of properties	73		
Fair value, SEK m	9,605		
Share of Akademiska Hus' total land value, %	10		
Rental revenue, SEK m	472		
			
			
LUND			
Area, m ²	359,000		
Number of properties	132		
Fair value, SEK billion	7,810		
Share of Akademiska Hus' total land value, %	8		
Rental revenue, SEK m	663		
			
			
UMEÅ			
Area, m ²	239,000		
Number of properties	40		
Fair value, SEK m	4,220		
Share of Akademiska Hus' total land value, %	4		
Rental revenue, SEK m	333		
			
			
LINKÖPING			
Area, m ²	234,000		
Number of properties	48		
Fair value, SEK billion	3,941		
Share of Akademiska Hus' total land value, %	4		
Rental revenue, SEK m	392		
			
			

* Stockholm includes Solna and Huddinge.

A collective deliverable for increased customer value

We constantly develop our service offering to meet the daily needs of our customers, thereby enabling the centres of education to focus on education and research. Expertise ranging from management, energy and technology to campus development and learning environments can all be found here. Always with a focus on sustainability.

As the single largest builder in Sweden focused on education and research, we have a large responsibility to provide the centres of education with the right conditions for their activities. Sustainable knowledge environments comprise a complex product containing many different components. With the high pace of change in society, the need for dialogue and cooperation with customers and other stakeholders to develop environments and services that secure long-term sustainable campuses is higher than ever.

QUALITATIVE MANAGEMENT CLOSE TO CUSTOMERS

High-quality management, with a strong focus on efficient operation and maintenance processes, makes it possible for us to provide premises with both high quality and a positive user experience. Through sensitive dialogue with both customer and suppliers, we simplify and improve the daily lives of our customers. Our aspiration is to be the customers' first choice. We manage about 3.4 million square metres in a highly varied portfolio, with the goal that the properties must maintain a high standard for a long time. At the same time, they must be able to be adapted to keep up with changing needs, which requires modern technical installations and control systems.

In 2020 the My Campus app was launched. With the app, users can easily find contact information for the person or position they are looking for, create and monitor error reports, and provide feedback. It is also possible to read the updates and other practical information about the campus and buildings where the user is. In the future, we plan to include more functions for the platform, which has rapidly gained a high user frequency around the country.

INNOVATION FOR STRONGER CORE DELIVERY

We live in a rapidly changing world. Innovation and digitalisation are therefore high-priority areas of focus in order to actively and quickly contribute to sustainable development in the community and to strengthen our overall delivery of products and services. Innovation initiatives at Akademiska Hus are based on three selected areas: Future knowledge and learning



SERVICES BASED ON NEEDS

Through systematic dialogue with our stakeholders, we learn what our customers' needs look like today and how they change over time. Our services will provide solutions for these needs. We continually work on updating our service offering to meet the demands of our customers. Examples include contributing to the long-term sustainability initiatives of our customers through proactive assessment of their need for premises and thereby increase resource efficiency, as well as developing new services and benefits within management. The centres of education demand and expect that we will provide attractive knowledge environments and campuses, both indoors and outdoors, that help to strengthen the customers in the national and international arenas.

environments, Campus and urban development, and Construction and energy technology. The strategic focus on innovation has resulted in an advanced innovation culture and a strong portfolio of innovation projects. In 2020, 63 per cent of innovation projects were conducted in collaboration with customers and other partners.



SENSORS MAKE THE ÖREBRO CAMPUS SMARTER

The campus in Örebro has been equipped with over 4,000 sensors that measure parameters such as light, temperature, humidity and movement. The information provides increased support to management and operations, but also opens the possibility of using the premises more efficiently and sustainably, since the sensors provide a more comprehensive picture of how the environments are actually used. The project is a step in the collaborative project Örebro Campus Lab. The sensors, which were activated in the autumn of 2020, are placed in classrooms, lecture halls and offices. This is a good example of how innovation and digitalisation can jointly contribute to the journey towards clear climate targets.



CAMPUS DEVELOPMENT METHOD

With a long-term perspective, we develop knowledge environments that are flexible and can be further developed to meet both current and future needs. Working with a centre of education to interpret and convert these visions so that the physical environment can best support its strategies is at the heart of campus development. We collaborate with the administration, employees and students of the centre of education to explore how the physical environment can be developed to create buildings and outdoor environments that are attractive and flexible. We follow a structured approach with a focus on the long-term and sustainability. Working with our customers to translate our common knowledge into clearly defined campus development plans is key to success. Our method of developing campuses not only includes questions and visions about new buildings. It also involves how we maximise spaces between buildings and how we create a total vision that makes the campus a place where people enjoy life and thrive.

TOMORROW'S LEARNING ENVIRONMENTS

Due to the pandemic, a large part of the teaching at the centres of education has been changed from conventional teaching to digital format. The insight that it is possible to provide remote education on a large scale has further raised questions about the spatial changes in on-campus learning environments in which this trend may culminate. Far from all aspects of education are compatible with online classes and the need to meet in person is raised by both students and teachers. Campuses will continue to be an important place for learning and social interaction even in the future, but the environments may need to be modified to support both in-person and online learning once the pandemic recedes.

In order to design learning environments based on a requirement-oriented and long-term approach, we have collaborated with some of our customers to develop a common process methodology that we call a "Requirement Dialogue". At the same time a pilot project based on the method has been conducted with Gävle University. Researchers, teachers, students and the property department at the university have participated in the effort along with Akademiska Hus. The result is a long-term plan and basis for prioritisation regarding the types of learning environments that are needed to strengthen the knowledge environment on campus, similar to a campus plan but specifically for learning environments.

We are seeing a general increase in demand for learning environments that support educational methods based on more student-active learning, which has different spatial and more flexible requirements than more conventional classrooms. In Gothenburg, the Learning Lab, a flexible arena for testing the significance of the room to learning and a place where we can work with our customers and other partners to jointly find

ways to design learning environments of the future, celebrated its grand opening in 2020.

A WORKING LAB

A Working Lab is Akademiska Hus' national concept for co-working, makerspace, future learning environments (Learning Lab) and other flexible meeting places. Our concept facilitates development of campus-based environments and provides an opportunity for students, researchers, industry and other community participants to meet under new flexible conditions. The concept is under development in collaboration with those who occupy our premises. Here companies and businesses can rent space for the time they need and gain access to services and physical environments based on their specific needs. In 2020 co-working environments opened in Umeå and Solna, though the concept has previously been established in Gothenburg. AWL in Umeå is a place for innovation for academia and industry, while AWL Innomedicum in Solna, with proximity to Karolinska Institutet, has quickly become an established arena for collaboration and co-working in the life sciences. AWL is an industry-leading example of the advantages of the sharing economy for tenants, such as the opportunity for several parties to share a laboratory.

MORE UNDERGRADUATE AND GRADUATE STUDENT HOUSING

There are many good reasons to build more housing for students and researchers in Sweden. The most obvious is, of course, that they should not have to turn down educational opportunities or academic positions because of a housing shortage. In addition, housing contributes to more vibrant campuses and strengthens the significance of the centres of education for community development, as well as for Sweden's growth as a knowledge nation. For us, housing for students and researchers represents an important piece of the puzzle in order for the big picture to work.

In all, Akademiska Hus is involved in the production of 11,000 undergraduate and graduate student housing units by 2026. The aim is to build 5,700 of these 11,000 units under our own management. The undergraduate and graduate student housing facilities we build are rented as a block, mainly with long contracts that run for ten years. We support and coordinate innovation projects aimed at identifying new services and sustainable housing options for undergraduate and graduate students. For example, we carry out studies together with HSB Living Lab in Gothenburg and KTH Live-In Lab in Stockholm with a focus on how we can optimally design shared living arrangements from a sustainability perspective.

ACADEMIC LIVING AND CO-LIVING

In 2020 Academic Living was launched – the Akademiska Hus concept for innovative on-campus student housing. A cornerstone of the concept is co-living, which is a form of housing that combines private space with common facilities. The idea is based on creating an environment that provides space for the privacy of the individual, while allowing for a social life within the framework of the residential concept. Collective housing is not a new phenomenon, but the co-living housing concept offers a complement to the current housing market. In an interdisciplinary study that we published in 2020, we show several advantages from a climate and psychosocial perspective of sharing housing with others during the college years. Hydra in Uppsala was completed in 2020 and is the first student housing project that we built according to the Academic Living concept.

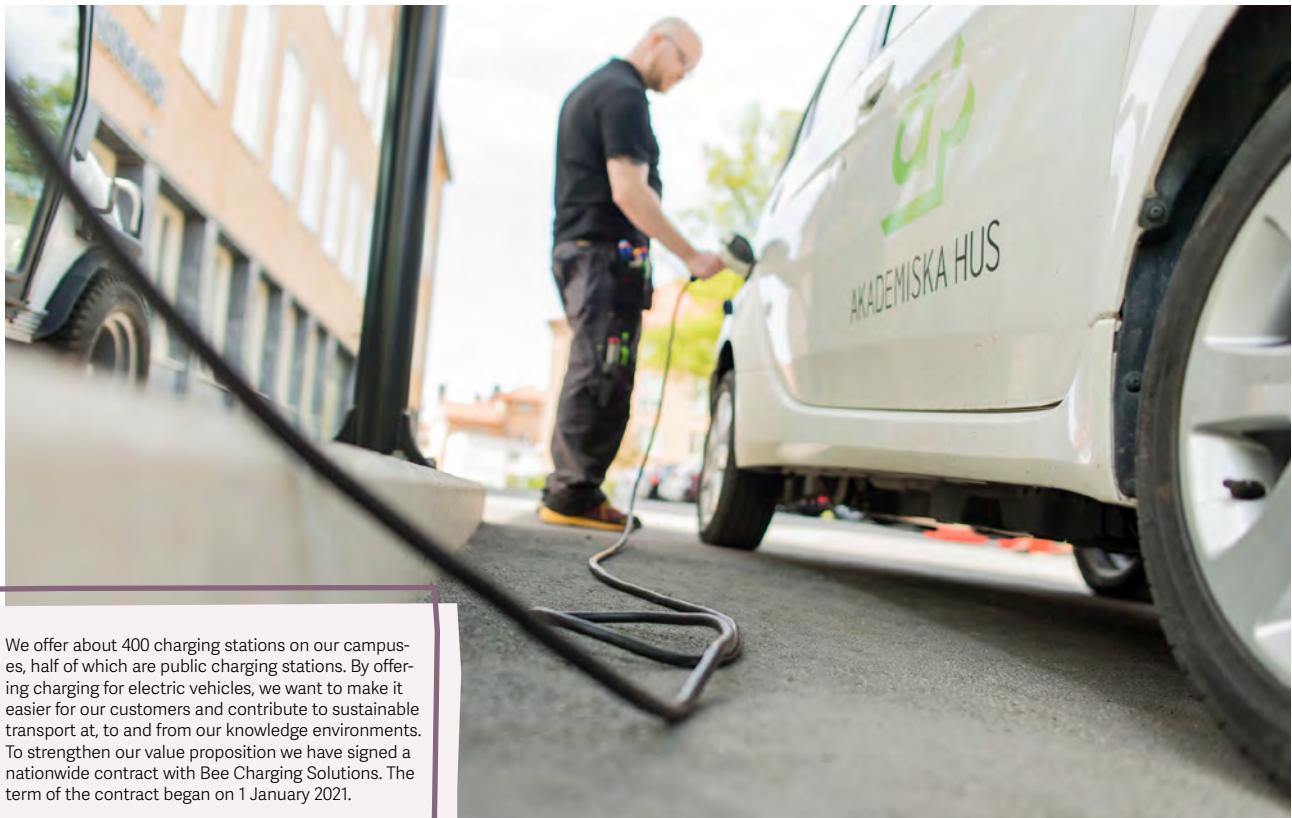


SIGNIFICANCE OF THE OUTDOOR ENVIRONMENT FOR A KNOWLEDGE ENVIRONMENT

Mental health is the foundation of our well-being, our health and our ability to perform. Research shows that green environments of the right quality can make a place more relaxing and stimulating, with a positive impact on recovery and the ability to concentrate. For the past two years, Akademiska Hus has participated in a Vinnova project together with the Swedish University of Agricultural Sciences in Alnarp, with the vision of developing a method that will serve as a guide to ensure that the development of green environments can meet these criteria. By focusing on the green environment and its ecosystem, biological diversity can be preserved and strengthened at the same time that we create environments that promote well-being. When planning outdoor environments, we also consider security – an issue that is becoming increasingly important in today's society. When properly developed, the green environments are an important resource on campus – as a learning environment, a place for recovery and for sustainable performance. With qualitative green spaces we promote public health while contributing social benefit.

Accelerating climate change initiatives

The climate is changing around the world and there is little time in which to reverse the trend. Our activities contribute to the collective climate impact of society and we have a responsibility to act. With support from our climate targets, we are solidifying our plans for what we, along with other players in the industry, must do to convert to a sustainable society.



We offer about 400 charging stations on our campuses, half of which are public charging stations. By offering charging for electric vehicles, we want to make it easier for our customers and contribute to sustainable transport at, to and from our knowledge environments. To strengthen our value proposition we have signed a nationwide contract with Bee Charging Solutions. The term of the contract began on 1 January 2021.

In the face of accelerating climate change, strong and rapid measures are needed to mitigate the negative effects. A great responsibility rests on the business community, for which reason Akademiska Hus has formulated defined climate targets that encompass the entire value chain. To achieve these targets, we have placed the climate issue high on the agenda so that climate-efficient technical solutions at the forefront of development are both in demand and prioritised. At the same time, we cannot achieve success completely on our own. In addition to political decisions and policies, the transition requires strong

collaboration and shared responsibility in the industry to drive the complex changes that are necessary to achieve a climate-neutral society.

In 2020, a year in which the Covid-19 pandemic has had a major impact on society, we can sense occasional rays of hope. Clearly, the entire society and structures can be rapidly transformed, including our behavioural patterns. This paves the way for new opportunities and sustainable behaviours in several areas. The ability and confidence to change is crucial and will enable a transformation to a sustainable society.

How we achieve sustainable energy delivery

Our energy strategy has three main components. We want to reduce the quantity of delivered energy to one half of what it was in 2000 by 2025. We want to influence and interact with our energy suppliers to achieve a fossil-free and renewable product. We also want to create new renewable electricity.



REDUCE



INFLUENCE



CREATE

ENERGY EFFICIENT SOLUTIONS

Akademiska Hus has a target of reducing energy consumption in its operations by 2025 to half of what it was in 2000. The primary focus is on reducing the need for energy in its existing holdings by both making the properties more energy efficient and using energy smarter. By focusing especially on operational optimisation and taking advantage of having consolidated campuses, we can increase efficiency by sharing surplus energy between nearby buildings, which can also lead to reduced power requirements. The target for energy reduction also includes all energy delivered to Akademiska Hus, including energy that our customers use in their operations. Through collaboration with our customers, we can offer business models that help reduce climate impact by providing clear incentives to use less energy. Our renewable energy initiative with solar panels also helps to reduce our climate impact. We currently have almost 70 solar energy facilities all over the country that generate over 5 million kWh of renewable electricity annually for Swedish centres of education. Over the next few years we plan to take further measures and install more solar power facilities, which, when completed, will help Akademiska Hus to achieve solar power production in excess of 10 million kWh per year.

Our energy strategy also includes an aspiration to influence and cooperate with our energy suppliers to facilitate a fossil-free and renewable energy delivery. In this area the energy companies have made a major shift in the right direction in recent years, with a substantial increase in elements involving renewable fuel. The challenge that remains related to climate im-

pact can largely be linked to waste incineration with fossil content. By setting requirements for waste quantities and waste fractions in our projects, we can contribute to a positive trend and be part of the solution. Renewable or recovered energy currently account for 97 per cent of energy consumption at Akademiska Hus.

CLIMATE-RELATED RISKS

Another aspect of climate change initiatives involves increasing resilience to physical climate risks, such as floods, rising water levels and heat waves. When the climate changes, the properties still need to be able to deliver a good indoor environment to tenants, at the same time that construction designs and surrounding soil conditions offer resistance to climate-related damage. Climate scenarios with a warmer and more humid climate show an increased risk of moisture and mould, at the same time that dimensioning of heating and cooling capacity is affected when temperature conditions change.

As a property company, we need to act based on the predicted climate scenarios. We are therefore mapping our assets based on expected climate change in our annual risk analyses, which are carried out for each property area. The issue, which is part of the investment process, is also addressed in the more long-term development plans that are formulated for the campuses. In addition, we continually update the technology platform, our internal specifications for new construction, to create resilience to the changes in the climate that are predicted. Given the measures that are underway, we believe that our overall

property portfolio is highly resilient to future climate change. The next step will be to assess climate-related financial risk, based on different climate scenarios, by analysing how parameters such as property value, insurance premiums and other perspectives impact operations.

ANALYSIS PROVIDES THE RIGHT CLIMATE FOCUS

Based on the climate targets that Akademiska Hus has set, we will achieve climate neutrality throughout our value chain. As existing buildings become increasingly energy and climate-efficient, we are now focusing on our construction projects, where a large portion of a building's annual climate footprint can be found. Following analysis of our overall climate impact, we identified the areas that provide the largest footprint and are focusing on reducing our climate impact there. Production of construction materials for new construction, renovation and tenant adaptions accounts for the majority of the climate footprint. Other aspects with a major impact include construction waste, transport and distribution of materials, refrigerant usage and groundskeeping.

Currently, all large new construction projects are analysed from a climate perspective, which becomes part of the documentation for the projects. This analysis facilitates well-founded decisions throughout the project and consensus regarding what areas require extra attention. We drive a clear line towards a more climate-focused construction process in order to achieve climate-efficient solutions during procurement and to formulate design specifications and project estimates with a focus on the climate.

REMODEL INSTEAD FOR NEW CONSTRUCTION

To achieve the overall climate transformation that society needs, the construction industry must fundamentally change. We need to carefully evaluate what requirements serve as the foundation for a new construction project and question

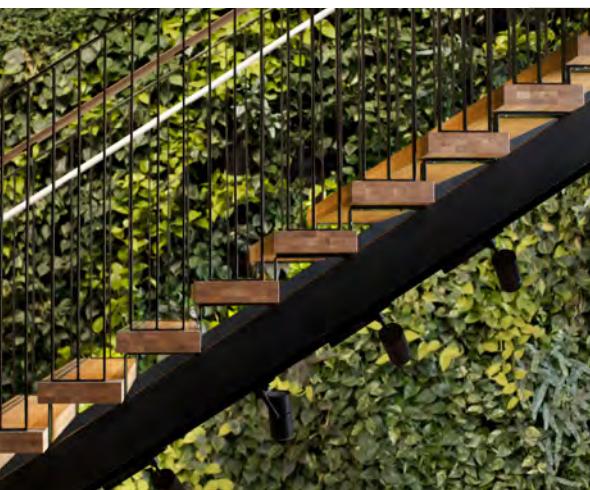
whether there are any other options. Achieving such a development requires new business models and systems that benefit resource-efficient measures, along with wise distribution of costs and risks among different players in the value chain.

A good example of this approach is the Hydra student housing project in Uppsala, where we converted a former laboratory building into student housing. Another example is the construction project at the School of Business, Economics and Law in Gothenburg, where we used a structured approach to plan for increased circularity and through a collaborative effort, we succeeded in using materials from the dismantling of other construction projects.

ENVIRONMENTAL CERTIFICATIONS

Building to Miljöbyggnad standards provides confirmation of important qualities in a building in terms of energy, indoor environment and material choices. We currently have 57 certified buildings, including eight at the gold level and 48 at the silver level. The certified new construction and renovation projects must subsequently undergo a validation process, and to date 29 buildings have been verified with retained certificates. Akademiska Hus certifies all new construction projects to the Gold level of the Miljöbyggnad certification system and ensures that all major renovation projects will qualify for at least the Silver level. New construction projects and major renovation student housing projects must qualify, at a minimum, for a Silver rating in the Miljöbyggnad environmental certification system and formal certification is encouraged.

The ABE School at KTH is one example from 2020 where good cooperation with the customer made it possible for an existing building to be verified as qualifying for the Gold level. An impressive 13 indicators in the project achieved Gold level and the building's energy, indoor environment and materials were optimised from a sustainability perspective.



STATE OWNED COMPANIES COOPERATE ON SCIENTIFIC TARGETS

Akademiska Hus has had company-wide targets for climate neutrality since 2019. Our property operations and internal operations will achieve climate neutrality by 2025 and our project operations by 2045. A clear target helps us to restructure at the rate that science requires for global warming to stop at 1.5 degrees. In 2020 Akademiska Hus, together with the State property companies Specialfastigheter and Jernhusen, conducted a project on science-based climate target setting. The companies' greenhouse gas emissions throughout the value chain have been mapped according to the GHG protocol. As a result of the initiative, which has honed employee skills, the companies agreed on equivalent methods, which will enable them to compare progress in reducing their greenhouse gas emissions.

The goal is a climate-neutral value chain

Akademiska Hus has a strong sustainability agenda that makes a positive contribution towards increased profitability and advanced customer relationships. Today we see an increased demand for climate-efficient solutions from our owner, customers and investors. To achieve a climate-neutral operation throughout the value chain, our entire operation needs to be fundamentally restructured. The journey towards climate neutrality will be lined with challenges and new technology and solutions are needed to achieve our targets. We therefore see cooperation with our customers, suppliers and other players in the industry as crucial for being able to adapt our operations and achieve the target.

Climate-neutral property operations and internal operations by 2025

Reducing energy needs within our operation is fundamental to being able to achieve the target of climate-neutral operations. Within management, each year we make major investments in energy-saving technology, where digitalisation is used as an important means of support. In addition, our ambition is that the energy we purchase should be fossil-free. We prioritise purchasing fossil-free district heating and through our demand, we contribute by providing incentive for the transition to a fossil fuel-independent energy system. The electricity we purchase is renewable, but our ambition is to gradually increase the proportion of in-house produced renewable energy. One issue that will be prioritised moving forward involves reducing climate impact related to leakage of refrigerant from our air conditioners. For internal operations, the major challenge is to reduce transport-related impact. This applies both to our own operations, such as emissions from company cars and private cars used on the job, as well as to plane travel and employee commuting travel.

Climate-neutral project operations by 2045

The carbon footprint from our construction projects accounts for an extensive portion of Akademiska Hus' total climate impact. The challenges of climate-neutral construction are many, regardless of whether new construction, renovation or adaptation projects are involved. Focusing more on the climate perspective already at the early planning stage and restructuring business models so that climate-

related effects of an investment are clarified are two measures that we believe will provide great benefit. One way to help make this possible is to increase the efficiency and appeal of existing buildings so that new construction will not always be viewed as the preferable option. Recycling and reusing is a prioritised issue to increase resource efficiency and reduce climate impact. We are currently engaged in research collaborations to accumulate expertise related to business models and climate assessment of recycling and reusing. The aim is for all projects to have recycling targets.

In 2020, targets were set for project operations, with clear intermediate targets for both new construction and renovation projects. In order for the reduction of climate impact from project operations to have an effect in the short term, ongoing projects are also included. In effect, this means that the projects will actively propose and decide on measures that reduce climate impact. New procurement requirements for contractors and consultants will be established to facilitate implementation of existing technology and knowledge in order to accelerate the reduction of our actual emissions.

Climate compensation

We compensate for the climate impact from internal operations and property operations, corresponding to about half of the company's climate footprint, beginning with the 2020 financial year. This compensation relates to the climate impact that we have not yet succeeded in eliminating through our climate initiatives, but which we mainly aim to eliminate in the long term. Climate compensation should therefore be viewed as an interim measure for reducing the effects of the company's climate impact during the period when the actual reduction is being implemented.



We build trust through responsible relationships

By accepting responsibility in our relationships we win the trust of our stakeholders and together we can create sustainable values. That is why we have tough requirements in procurement processes, we have a transparent rental model and we actively work for a safer construction industry.

Our focus is creating value for our customers and on developing and managing sustainable and competitive knowledge environments for undergraduate and graduate students around the country, through responsible relationships. Collaboration is the way forward and therefore our relationships and the trustworthiness we possess are absolutely critical to how well we succeed in our mission.

SUSTAINABLE SUPPLIER CHAINS

Akademiska Hus is a large purchasing organisation that buys products and services for about SEK 5 billion per year. Our approximately 2,000 active suppliers are mainly Swedish companies. Since 2016, Akademiska Hus has been subject to the Public Procurement Act (LOU) and a thorough restructuring was carried out in 2017 and 2018. LOU increases the opportunity for more and smaller suppliers to compete on equal terms. We set demands on our suppliers regarding the environment, occupational health and safety, labour conditions and human rights, as well as business ethics and anti-corruption. The requirements are specified in our Code of Conduct for suppliers, which is based on the ten principles of the UN Global Compact. Already in the procurement phase, interested suppliers must meet eligibility requirements and if they fail to do so, these bid-

ders are eliminated from the procurement process. When new framework agreements and contracts are signed, the Code of Conduct for suppliers is included as part of the contract. In all procurements, suppliers must also certify that they have systematic quality, environment and work environment management systems. If a supplier violates the Code of Conduct or any of the quality, environmental or occupational health and safety requirements, the agreement can be terminated. About 100 procurements were conducted in 2020, all of which were assessed based on the requirements described above.

In 2020 we clarified and improved our procedures for evaluation of suppliers and contracts. In 2021 we plan to conduct additional random sample reviews of suppliers. A whistleblower function has been in place for the past few years that can also be used to report deviations. No cases of violation of our Code of Conduct for suppliers were revealed in 2020.

Akademiska Hus operates in an industry that has historically seen corruption, bribery, violation of labour laws, etc. It is therefore important that our employees always behave professionally and practice good business ethics. To reduce these risks, we formulated a training programme in business ethics that is mandatory for all new employees and which all employees completed in 2020.

HÅLL NOLLAN

Akademiska Hus was one of the players that saw the need for and took the initiative to establish an industry-wide organisation for safer construction sites. In 2017 the Håll Nollan organisation was formed, which now has over 80 members. In a relatively short time Håll Nollan has become established in the industry and is an important player and a forum for focusing on safety issues. The objective is clear – no one should sustain injuries at construction sites in Sweden.

In 2020 we demonstrated our commitment by participating in activities such as the Håll Nollan management, as well as in work groups, workshops, safety visits and seminars. Particularly important and new for the year was the “Säkerhetspush” (safety push) campaign carried out within the framework of “Håll Nollan”, where Akademiska Hus participated

SUPPLIERS, SHARE OF TOTAL PURCHASING VOLUME



together with Serneke in our construction project for the School of Business, Economics and Law in Gothenburg. We were also pleased to be awarded the Håll Nollan work environment award for our work along with NCC in the Ångström Laboratory construction project at Uppsala University. Håll Nollan is an important forum for pushing developments and sharing experiences. We are convinced that by working together with others, we can make the greatest difference regarding improving the industry within the fields of safety and the work environment.

TRANSPARENT RENTAL MODEL

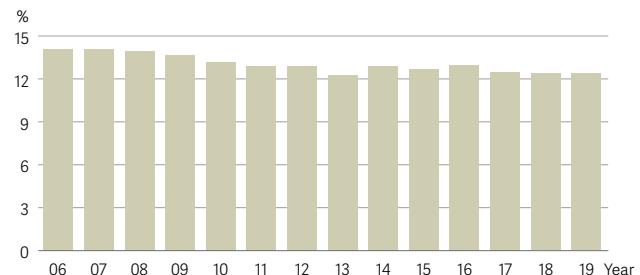
Akademiska Hus has a leading position on the property market. This entails a large responsibility, both for deliverables to customers and for development of the local rental market. Our rent levels are therefore market-based and we always endeavour to achieve transparency and open negotiations with our tenants. We are active in an open market and set our rents the same way that other property companies do, which means that our calculations reflect the risk and costs associated with, for example, construction and management. Other factors include the general market rent level of the local community, along with the location, type of building and lease term of the property.

To compare rental prices charged by Akademiska Hus in relation to those charged by other property owners in a comparable portfolio, analyses are carried out regularly with assistance

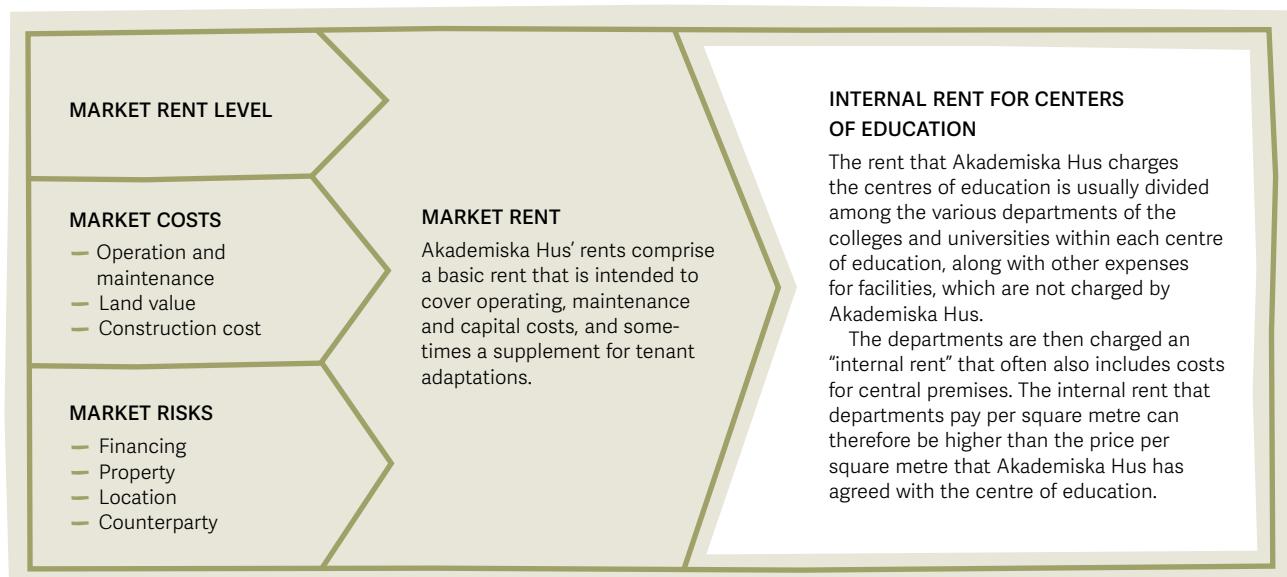
from an external valuation company. Transparency in how rents are set is important in customer dialogues.

We strive for openness in negotiations with our customers, and through our experience and long-term relationships we can often find solutions to use premises wisely, with high resource efficiency. Detailed information about how we set rent and rent levels per building can be found in our property specification at akademiskahus.se/en.

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



The diagram above shows the proportion of cost of premises for Sweden's centres of education over time. Despite extensive investments, costs for premises as a percentage of total costs have declined somewhat over time.



Focus on the mission

Our employees are a crucial piece of the puzzle for achieving our vision. By using assignment appraisals, we actively work to ensure that we as employer create opportunities for employees to grow and thrive.

The starting point in the assignment appraisal is that employees should be aware of expectations regarding their performance, as well as what their assignments and conditions entail. This active approach to ensuring that there is a clear consensus between all employees and their supervisors regarding their assignments and conditions, in order for them to successfully achieve the established targets. We have a shared responsibility for converting the company's strategies and plans into reality. The assignment appraisal is a method for clarifying the link between the operational plan and the individual employee's contribution to ensure delivery.

DIALOGUE EXTRA IMPORTANT IN 2020

These assignment appraisals have been particularly important in a year like this, when the physical presence of managers and colleagues alike has been limited, placing strong demands on the ability and responsibility of each employee to perform. The assignment appraisal is an important tool for creating increased clarity and opportunities for collaboration both within and between work groups, customers and other stakeholders. It is also a tool for ensuring a healthy work environment.

LEADERSHIP

Good managers and leaders represent one of the most important factors of success for us to be able to achieve the objectives that we have set. The task of managers and leaders is to create a healthy climate at work with good results, as we know that these go hand in hand.

Over the past three years we have actively worked to provide all managers with advanced training in fields such as communicative leadership and change initiatives. This knowledge has been particularly important for leaders during a year with Covid-19. The pandemic has entailed new working methods for both managers and employees, since many have worked remotely or under new on-site working conditions. All managers have therefore been trained at distance leadership and facilitating virtual meetings. Managers have also gained greater knowledge about the digital work environment, risk assessments and stress, with a focus on strengthening the new working methodology.

EXPERTISE

For several years, Akademiska Hus has had an established in-house Academy, which has the primary task of offering training



“In 2020 we embarked on a large in-house digital journey. The pandemic has forced us to work in new ways. A stable technological platform and a good in-house training system facilitated a rapid digital development and transition.”

Marie Hallander Larsson
HR Director, Akademiska Hus.



to all employees. The training programmes are aimed at filling business-critical knowledge gaps, as well as developing and strengthening the skills of our employees within various areas. The Academy is under constant development with a growing number of programmes, many of which have switched to digital solutions. We encourage employees to accept the role of in-house coaches and are investing in this target group by providing relevant programmes that strengthen their skills and confidence.

The pandemic has accelerated the growth of opportunities for more digital learning and development during the year. The rapid digital development has also placed demands on managing new platforms and internal systems, while making it possible to offer a large number of training opportunities to be offered to all employees. All employees have completed online courses on business ethics and information security. The initiative to certify facilities engineers through the property industry organisation FAVAL has continued. We can now conclude that 75 per cent of the target group has accepted the challenge, strengthening in-house expertise while contributing to increased credibility in the occupation and thus interest in the industry.

HEALTH

The working methods that have changed because of the pandemic have created challenges to ensure a good work environment. An array of measures have been carried out to create the best possible working conditions. The focus has been on aspects such as ergonomics in the home environment and technical

challenges, as well as creating opportunities for exercise and social interaction. During the second half of the year the wellness allowance was increased to motivate employees and increase their commitment to health, with over 80 per cent taking advantage of the wellness allowance.

During the year it has been important to monitor systematic work environment management at both the central and local levels and to carry out measures as needed. Strong cooperation between our safety representatives and managers has helped us to constructively and continually work with improvement measures. Structured work environment workshops are carried out at each management area with the aim of ensuring regulatory compliance and preventive initiatives. In 2020, we conducted two additional surveys to ensure employee health and their work environment with respect to the pandemic.

EXCELLENT EMPLOYER

For the second consecutive year, Akademiska Hus has been appointed an Excellent Employer by the Nyckeltalsinstitutet. The survey relates to actual, measurable working conditions and in their Attractive Employer Index survey we received the highest rating, Excellent Employer. The award is an important indicator that our initiatives to create the right conditions for our employees are on the right path.

Contents

ADMINISTRATION REPORT

Financing	38
Property valuation	41
Long-term contracts with creditworthy tenants	42
Risks and risk management	43
Corporate Governance Report	47
Board of Directors	54
Executive Management	55
Other information	56
Proposed allocation of unappropriated earnings	57

FINANCIAL STATEMENTS AND NOTES

Income Statements	58
Statement of profit and loss and other comprehensive income	59
Statement of financial position	62
Changes in equity	66
Statements of Cash Flows	68
Notes	70
Certification	100
Audit Report	101

Administration Report

The Board of Directors and the Chief Executive Officer
of Akademiska Hus AB (publ), company registration
number 556459-9156, hereby submit the 2020 Annual
Report for the Group and the Parent Company.



Financing

The pandemic has considerably reduced economic activity worldwide. Fiscal and monetary policy have supported the economies and functionality in financial markets. Akademiska Hus issued eight bonds totalling SEK 6,250 million.

FINANCIAL MARKETS IN 2020

The pandemic entailed considerably lower economic activity due to weaker demand when both businesses and households have had limited opportunities to invest and consume. At the end of the year the manufacturing industry appeared to be relatively resilient despite re-imposed restrictions, while parts of the service sector were particularly affected. Extensive fiscal stimuli have resulted in large budget deficits. In the US, a relief package was approved just before the end of the year, and negotiations are underway for additional support measures. In Europe a joint stimulus package was approved, which will be particularly important for those countries that were affected most with already strained public finances.

The central banks acted swiftly and forcefully to support the economies. The central bank in the US, the US Federal Reserve (Fed), lowered the interest rate by 150 basis points in March. The European Central Bank (ECB) and the Swedish central bank maintained their already low key rates. Additional stimulus measures have instead involved extensive bond purchase programmes amounting to a total of EUR 1,850 billion from the ECB and SEK 700 billion from the Swedish central bank. In addition, banks were offered advantageous loans to support the credit supply for companies. Meanwhile, inflation was overshadowed by the crisis policy, to which the central banks turned their full attention. According to the Swedish central bank forecast, the inflation target will not be reached over the next three years. Interest rate cuts have not yet been deemed to

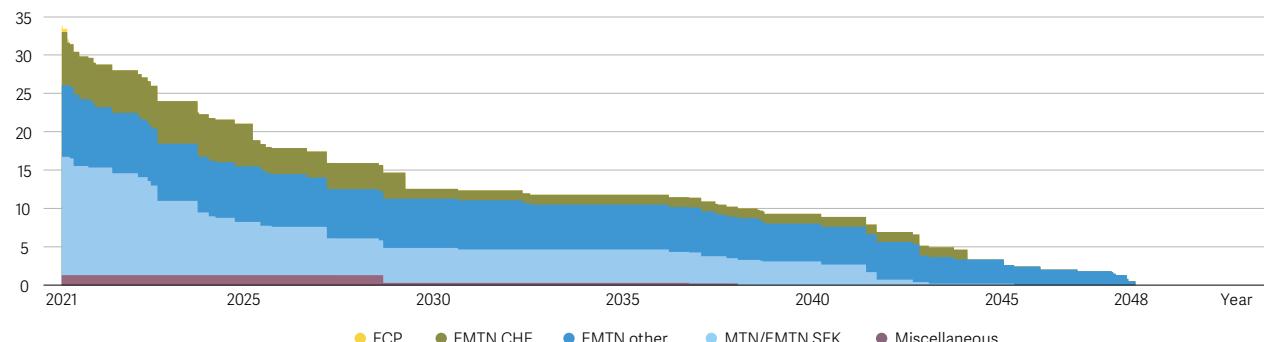
be effective as a tool for supporting the economy during the pandemic, and the key rate is forecast to remain at zero during the forecast period, although a future interest rate cut has not been ruled out.

FINANCING IN 2020

Financial markets have largely been characterized by the pandemic, as well as fiscal and monetary policy measures. Credit spreads widened considerably in conjunction with the outbreak of the virus. Central bank measures aimed to support access to liquidity, which has entailed gradually narrowing spreads during the latter part of the year. Demand for Akademiska Hus' bonds has been robust and eight issuances for a total of SEK 6,250 million were completed in the Swedish bond market. Maturities mainly ranged between 2 and 3 years. One of the issuances was Akademiska Hus' second green bond with a maturity of 7 years; the outstanding volume of green bonds is therefore SEK 3,000 million. During the year, a bond for SEK 200 million with a short time to maturity was also repurchased. See the maturity structure for the liability portfolio in the diagram below, as well as the composition of financing sources based on investor residence on page 40.

Cash flow from operations has largely financed investments in the Akademiska Hus project portfolio of about SEK 2,900 million. The dividend to the owner was SEK 1,905 million, and bonds maturing in 2020 amounted to about SEK 1,400 million. The acquisition of Alba Nova was also completed during the year.

LONG DEBT MATURITY STRUCTURE



The ECP programme continues to be Akademiska Hus' primary source of short-term funding, which is considered to be very cost-effective. Use of the ECP programme has decreased somewhat during the year as a result of the bond issuances. During the year, SEK 1000 million was issued under the domestic certificate programme, which matured before the end of the year. Committed credit facilities in banks were expanded by SEK 500 million with a two-year term and an option for extension. In addition, SEK 500 million of existing credit facilities were extended to a two-year maturity, also with an option for extension. Total committed credit facilities in banks amounted to SEK 6,000 million; of which all were unutilised at year-end. The credit facilities combined with bond issuances, as well as quarterly rental payments contributed to good liquidity during the year.

FINANCING PROGRAMMES AND RATING	Rating Standard & Poor's	Rating Moody's	Framework	Utilised, nominal	31 Dec. 2020	31 Dec. 2020
Committed credit facilities in bank						
Commercial paper	A1+/K1		SEK 4,000 m			
ECP (Euro Commercial Paper)	A1+	P-1	EUR 1,200 m	EUR 83 m		
MTN (Medium Term Note) ¹	AA		SEK 8,000 m	SEK 200 m		
EMTN (Euro Medium Term Note)	AA/A1+		EUR 4,000 m	EUR 3,215 m		

1) Not updated since 2009.

OUTLOOK FOR FINANCING ACTIVITIES IN 2021

Akademiska Hus' investment rate in its own project portfolio remains high. Investments of about SEK 2,500 million are expected during the year, which are largely funded by cash flow from operations. Bonds maturing in 2021 amount to approximately SEK 4,200 million.

The advances related to vaccinations contributed positively to the mood in financial markets. However, the vaccination rate must increase if current economic forecasts are to be met. New versions of the virus have entailed some uncertainty. Both international and Swedish monetary policy suggest that central banks will continue to have a pronounced presence in financial markets in 2021, which suggests continued low interest rates. However, additional fiscal stimulus measures and a stronger than expected economic recovery could entail rising bond yields, especially given the current low interest rate environment. Interest rate risk at Akademiska Hus is largely being managed through interest derivatives, mainly in order to lengthen duration.

FINANCIAL RISK MANAGEMENT

Exposure to financial risks is based on the capital structure and the distribution between loans and equity. Higher debt entails greater exposure to financial risks. One of the owner objectives for Akademiska Hus reflects this by requiring the equity ratio to fall within a range of 35 to 45 per cent.

The main financial risks that the debt management policy addresses involve exposure to interest rate and refinancing risk. Normally, financial markets price 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 allocation of the liability portfolio was adjusted during the year. Index-linked bonds are now included in the basic portfolio, and no longer comprise a separate portfolio. However, the mandate for index-linked bonds remains. The liability portfolio is therefore 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.

INTEREST RISK

The bonds in the long-term portfolio contribute to a long fixed interest period and account for a significant portion of the interest rate risk exposure in the total portfolio. One of the mandates for interest rate risk therefore relates to the proportion of the total portfolio that the long-term portfolio may constitute.

The index-linked bonds entail diversification of the liability portfolio and are justified since rental revenue from property operations is tied to inflation. The proportion of index-linked bonds in the total portfolio also represents a separate mandate.

Interest rate risk is primarily managed in the basic portfolio and the mandate is defined as a time interval for average duration, expressed in years. The choice of fixed interest period in the basic portfolio and the size of the long-term portfolio are of great importance for interest rate risk exposure in the liability portfolio. In recent years the average fixed interest period in the total portfolio has been relatively long (see graph on page 40), which helps to preserve the stability of overall financing costs over time.

REFINANCING RISK

The mandate for refinancing risk is defined as the share of loans maturing within 12 months. The mandate was lowered during the year, from 40 to 35 per cent. To manage refinancing risk, the aim is to establish a well-diversified liability portfolio to ensure that it is possible at any time to finance through various creditor categories, geographic markets, currencies and maturities. The long-term bond issuances in prior years have helped to substantially reduce the risk of refinancing in the foreseeable time and contributed to a distribution of maturities over an extended period of time. The diagram on page 40 shows development of the trend for the proportion of maturities due within twelve months over time. The mandate for the debt

Financing

portfolio is presented in the Risk section on page 46. The table on the right shows the mandate as well as outcome at year-end.

FINANCIAL STRATEGIES AND OBJECTIVES

Akademiska Hus pursues active debt management, where the strategy is to balance the financial risks, given the existing mandate, against the desired low and stable financing cost over time. Akademiska Hus has had a long-term rating of AA with stable outlook from Standard & Poor's since 1996, which was complemented in January 2017 by the highest short-term rating of P-1 from Moody's. Financing takes place mainly through well-established public financing programmes, primarily through the EMTN and ECP programmes. Starting with a strong financial position, creditworthy tenants and extremely good ratings, the debt management objective is to continually achieve well-diversified access to cost-effective financing.

The Finance Policy is adopted each year by the Board of Directors and serves as an aid to debt management. It describes the long-term strategic approach, the Group's approach to financial risks and the mandate to handle these risks, as well as the allocation of responsibilities. The mandate is reviewed annually or more frequently, if needed. External changes may cause the mandate to be adjusted to reflect the assessment of risks and opportunities in the financial markets. The

approach ensures that the mandate is always relevant and carefully considered.

Financial risks	Mandate	Outcome 31 Dec. 2020
Refinancing risk		
portion of debt maturing within 12 months	Max 35% of total portfolio	16.4%
Interest risk		
average fixed interest, basic portfolio	3-6 years	4.4 years
proportion long-term portfolio	Max 20% of total portfolio	16.5%
proportion index-linked bonds	Max 5% of total portfolio	1.5%
Counterparty risk		Limit system and CSA agreements with derivative transactions
		Satisfied
Foreign currency risk		No currency exposure with foreign financing is allowed
		Satisfied

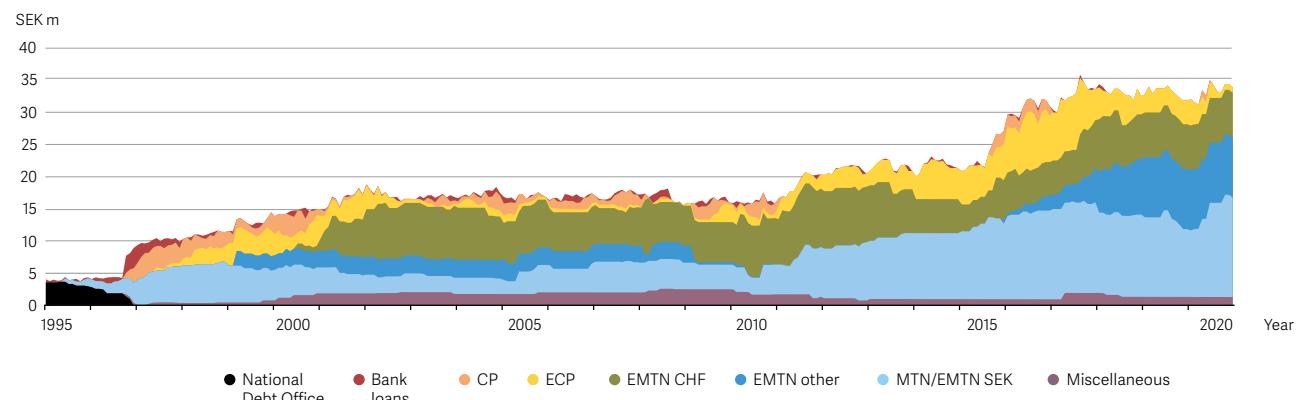
FIXED INTEREST PERIOD IN TOTAL PORTFOLIO



PERCENTAGE MATURING



FINANCING SOURCES



Property valuation

Akademiska Hus has a well-designed internal process for property valuation that is quality assured and follows good market practices in the property industry. External valuations and assessments of parameters for valuation enhance the reliability of the process.

VALUATION METHODS

The fair value of Akademiska Hus' property portfolio is assessed quarterly using the cash flow method and/or the sales comparison approach. The cash flow method entails that a property is valued based on the sum of forecasted net operating income during a set period, as well as the residual value of the property at the end of the calculation period. Forecasted net operating income and residual value are restated to reflect the value at the beginning of the calculation period, that is, the present point in time. The factor used to restate cash flows is called the cost of capital and is determined based on estimated yield requirement and expected inflation. The yield requirement is a key measure of risk in the property industry and reflects the return an investor would require for a property on an open and transparent transaction market at a specific point in time. Valuation with the sales comparison approach uses key figures from known transactions where comparable properties have been sold.

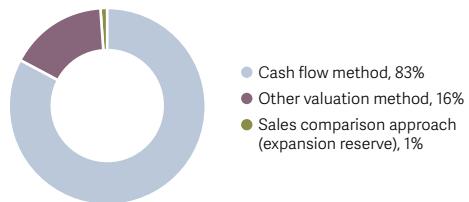
Akademiska Hus' valuation process complies with good market practice in the property industry and the cash flows and yield targets that are used are warranted by both property-specific and industry-specific conditions. Rental revenue is calculated based on current leases and an assessment of market rent level is made after the term of the lease has expired. Operating costs are estimated by the normalised historical outcome of each property, while maintenance costs and property administration costs are assessed by actual costs and key figures for the industry. Each year Akademiska Hus allows the yield requirement, cost of capital and other valuation conditions to be verified by external independent valuation agencies.

At the end of the year the fair value of Akademiska Hus' property portfolio was SEK 99,611 million. About SEK 82,626 million or 83 per cent of the value was assessed through a ten-year cash flow model where yield requirements and cost of capital are determined by 156 different risk classes based on location, remaining lease term and type of premise. Other valuation methods entails premises that are not considered in the risk classification model, mainly new production and properties under construction. For approximately SEK 15,890 million or 16 per cent of the property holdings, primarily new construction and properties under construction, the calculation period and yield requirement have been permitted to vary on an individual basis to reflect specific conditions. Expansion reserves

(building rights and raw land) comprise about SEK 1,095 million or 1 per cent of the portfolio and are valued according to the sales comparison approach based on external valuations from qualified valuation professionals.

To verify the internal valuation, approximately 25-30 per cent of the property holdings are also valued each year by external valuation professionals. During the year, properties with a combined value of about SEK 30,240 million, corresponding to about 30 per cent of Akademiska Hus' total fair value as at year-end, were valued by external professionals. The valuations were carried out by Svefa AB, which is authorised by the Swedish Society of Real Estate Economics. The external valuations confirm the reliability of our internal valuation model. All property valuation includes elements of assessment that have a certain degree of uncertainty. A normal uncertainty range in property valuation is +/- 5 to 10 per cent, which for Akademiska Hus would be equivalent to approximately +/- SEK 4,981 million to SEK 9,961 million. Read Note 13 on page 80 for a more detailed description of Akademiska Hus' valuation process.

DISTRIBUTION VALUATION METHODS



RESIDUAL VALUE RISK

Akademiska Hus is active in the market for premises for higher education and research. The majority of our premises consist of offices and classrooms, which have a low degree of customisation. However, certain premises require a higher degree of customisation, such as laboratories and other technologically advanced premises. These spaces are often designed for a specific tenant, and may require significant investments to modernise or possibly to repurpose the premises in case a tenant chooses to leave after the end of the contract period. The residual value risk for customised properties is quantified through charges in estimated cash flow and direct yield requirements.

Long-term contracts with creditworthy tenants

The majority of Akademiska Hus' revenue, approximately 90 per cent, comes from colleges and universities. Since colleges and universities are essentially government agencies, this customer group has the highest credit rating.

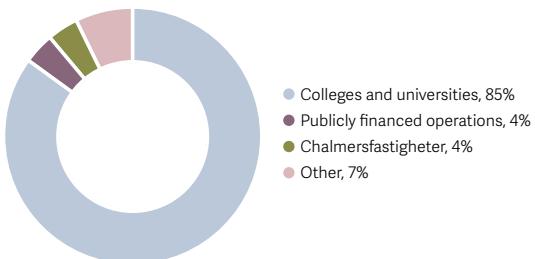
Long leases ensure that investments are repaid during the term of the lease. The average lease term for all contracts was 10.5 years at the end of the year. At year-end, the average remaining lease term for all properties was 6.2 years (6.5). Currently, government approval is required for a public university or college to sign a lease of ten years or longer.

HIGH LEASING LEVEL

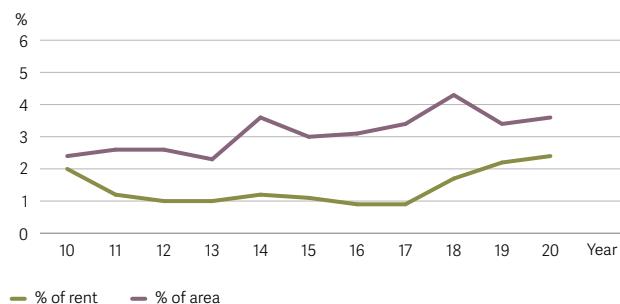
The rentable area of the property portfolio at year-end was 3.4 million square metres with a vacancy rate of 3.6 per cent (3.8), which corresponds with 120,000 square metres (125,000). The financial vacancy rate accounts for 2.4 per cent (2.2) of our total rental revenue, which corresponds with SEK 156 million (141). The majority of vacant space is at Karolinska Institutet and mainly arose when Biomedicum was commissioned. The

occupancy rate is high compared with the sector at large, since leases are usually signed before new projects can begin. We work proactively to facilitate new rentals and thereby minimise the financial vacancy rate, which may entail adaptations and investments in existing premises.

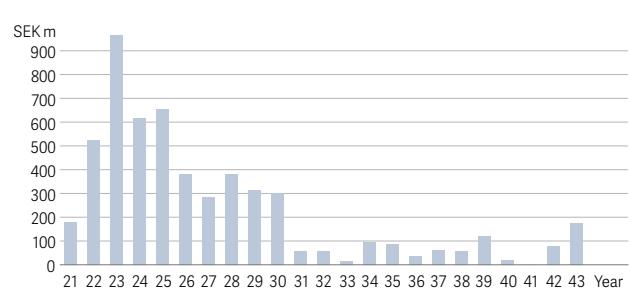
TENANT CATEGORIES



LEVEL OF VACANT SPACE



MATURITY STRUCTURE ON LEASES



AVERAGE REMAINING LEASE TERM



10 largest customers, annual rent, 2020	SEK m	%
Karolinska Institutet	711	11.7
Royal Institute of Technology	642	10.6
Lund University	606	10.0
Uppsala University	550	9.1
Stockholm University	525	8.7
Swedish University of Agricultural Sciences	322	5.3
Linköping University	315	5.2
University of Gothenburg	283	4.7
Umeå University	273	4.5
Chalmersfastigheter AB	183	3.0
Total	4,410	72.8

Risks and risk management

By being aware of our risks, we can prevent and manage them, which will contribute to long-term value creation in which both opportunities and risks are taken into account. Risk management comprises an integral component in our operations management and we take a structured approach to identifying risks that can affect our ability to achieve our goals. During the pandemic, risk management was even more in focus, both as part of ongoing crisis management and also as part of our structured risk management efforts.

RISKS AND OPPORTUNITIES

A well-balanced approach to risk management increases the opportunities for reaching the goals of our business, as well as the prospects for taking advantage of available business opportunities. Digitalisation and the rapid technological developments in society present great opportunities to streamline our property management and develop new services, but we also realise that they can pose risks for us. To take advantage of the opportunities, we need to adopt the new technology and adapt our operations, which requires that we have the right qualifications.

Digitalisation and especially the development of digital working methods have accelerated during the ongoing pandemic. This trend has had a profound impact on both Akademiska Hus and our customers. One effect of the pandemic could be that in the future, education may be conducted differently and entail a reduced need for premises at the centres of education in the long term, which could in turn lead to a decline in demand for the premises that Akademiska Hus provides and an increased risk of higher vacancies and lower rental revenue. Such developments also entail a greater need for focused and effective information security procedures. The climate issue remains just as relevant despite the pandemic and is an integrated component of our operations. Climate and environment-related risks continue to be relevant in terms of how we are affected by climate change, as well as the impact of our operations on both the climate and the environment. Risks linked to business development of services, a requirement-driven approach to construction projects and safety have received increased focus.

There are also a number of industry-specific risks that we need to relate to as property owners and borrowers in the financial market.

STRUCTURED RISK MANAGEMENT ON MULTIPLE LEVELS

Risk management occurs on several levels in the Company and involves employees from all units. Using the company's goals and strategy as a point of departure, Executive Management identifies risks on a company-wide level. The risks are assessed based on the probability that they will occur and the consequences they would have; both of these parameters are then weighted together to achieve a risk level. The risks that are considered to be the most significant are taken into account in the business plan, which is adopted by the Board. Executive Management is responsible for formulating measures and ensuring that risks are managed.

On a unit level, analyses are carried out to identify risks that could significantly impact the ability of the unit to achieve its goals, after which they are assessed in a similar manner as company-wide risks. The outcome of the risk assessment is taken into account in the annual formulation of operational plans. The operational plans describe measures each unit takes to manage significant risks. The head of each unit is responsible for ensuring that proposed measures are carried out.

Risk management at Akademiska Hus is coordinated and monitored by a risk management group that includes employees from various staff functions who report to the Vice President.

The following section describes our material risks, broken down into strategic, operational, compliance and financial risks.

Strategic risks

Strategic risks stem from factors in our environment that are wholly or partly outside our direct control and influence.

DESCRIPTION	ANALYSIS	MANAGEMENT
POLITICAL DECISIONS Risk that overarching economic terms and conditions could change at short notice due to political decisions.	Akademiska Hus' operations are affected by Government policies in general and education policy in particular. Changed circumstances as an effect of the Covid-19 pandemic, where political decisions can affect our operations from various perspectives such as the customer's grants, relief packages and community initiatives.	<ul style="list-style-type: none"> Development of different scenarios in which requirements for premises change. Active business intelligence. Future-proofing the property holdings.
INADEQUATE BUSINESS DEVELOPMENT Risk that other players will take over parts of the customer relationship if we do not develop our service offering.	If we do not develop our service offering, there may be a risk that other players will take over parts of the customer relationship with the centre of education by providing total solutions that include services and smart business models for flexible utilisation of premises.	<ul style="list-style-type: none"> Develop new products and business models with associated services. Mapping of future requirements of services; evaluate form of delivery such as partnership or in-house produced service. Implement thorough analysis of the competition.
INADEQUATE PACE OF DEVELOPMENT Risk that we are unable to adapt and/or develop operations fast enough when digitalisation changes customer requirements and opens the door to new competition.	Digitalisation changes the conditions in our industry while offering new opportunities to streamline our operation and to develop our business model to create new values for our customers and owner. The trend has accelerated as a result of the pandemic. If we do not keep pace with the changing needs of our customers, or other players on the market, we risk losing our leading position in this segment.	<ul style="list-style-type: none"> Updated short-term strategy (2019-2021). Continued and accelerated digital transformation of our existing operations. Analysis of investment requirements. Development of new business models based on sharing economy principles. Continued development of more dynamic and customer-centred working methods and a stronger innovation culture.
GROWING SKILLS GAP Risk of inability to deliver on established strategies and goals due to a lack of the correct expertise for projects.	In a rapidly changing world, with accelerating digitalisation and technology development, growing customer demands give rise to the need for new knowledge. We must therefore continually ensure that our employees have the right skills and expertise for their jobs in order to achieve the aims of our strategy and our goals. There is strong competition for talent on the labour market in the industry and there is always a risk of losing skilled employees. All employees must enhance their skills to keep pace with these changes and growing demands, especially in light of an ever-accelerating half-life of existing knowledge.	<ul style="list-style-type: none"> Conduct assignment appraisals to ensure that we have the correct expertise and to identify development needs. Akademiska Hus' internal education platform for training and development opportunities. Targeted initiatives for different critical occupations such as certification of facilities engineers. Dedicated initiatives to encourage all employees to keep up with digital developments. Proactive approach to a development-oriented culture.
DECLINING DEMAND FOR PREMISES Risk of impact on property values because of new methods of working and changing needs for premises.	Changed working methods, streamlining of premises and reduced need for premises for the centres of education could entail a risk of vacancies or extensive remodelling and investment needs. Specially adapted premises may entail an increased risk and higher yield requirement, which has a negative impact on the value of the property. Specially adapted buildings generally have long-term leases.	<ul style="list-style-type: none"> Design flexible premises that can be adapted based on changing requirements. When investing in property, we work in dialogue with customers regarding streamlining premises at an early stage to create flexible premises solutions. Ongoing analysis of the property portfolio for proactive future-proofing of property values. Additional basis for prioritisation and decisions regarding reinvestments, development and possible divestment. Regular monitoring of demand, business models and the need for premises.
CLIMATE CHANGE Risk of negative impact on our properties and campuses due to changes in the climate.	Climate change may result in property damage. Properties may need to be adapted, which could lead to an increased need for investments in properties (existing as well as new construction) and surrounding land.	<ul style="list-style-type: none"> We continually update our internal specifications for construction to create reasonable redundancy for expected changes caused by the climate. An annual risk analysis is carried out from an environmental perspective by property area. All investment matters are reviewed from a climate perspective to assess the sensitivity of the property to climate change. Climate change is included as a parameter when developing campus plans.
FAIR VALUE OF THE PROPERTIES Risk that our financial position is affected as a result of change in the fair value of the properties.	The fair value of properties is based on both external and internal factors such as market trends, yield targets, cost of capital, vacant space and rent trends. For Akademiska Hus, changes in the fair value of the properties are rarely realised, for which reason the Company's liquidity usually is not affected. However, this can have an impact on reported profit, which can therefore show large variations between the years and also affect our financial position.	<ul style="list-style-type: none"> Business intelligence. Regular analysis of the risk profile of the property portfolio. Concentration of the property holdings to strategic cities provides good development potential. A large share of the property portfolio is located in cohesive campuses. Primarily long-term contracts.
OPERATION AND MAINTENANCE Risk of increased operating and maintenance costs that Akademiska Hus cannot compensate for through increased rent, index adjustment or further invoicing, as well as the risk of unforeseen repair and maintenance costs.	Operating and maintenance costs are affected by factors such as electricity and water consumption, as well as price trends for goods and services. Unforeseen maintenance and repair expenses can negatively impact financial performance and the fair value of properties.	<ul style="list-style-type: none"> Improve systematic supervision to become more proactive regarding care and maintenance. Maintenance plans aimed at optimising maintenance costs over time. Structured energy optimisation, which also takes place in collaboration with the customer.

Operating risks

Operating risks are risks that arise in our day-to-day operations and that we can largely influence through our internal processes, working methods and corporate culture.

DESCRIPTION	ANALYSIS	MANAGEMENT
INADEQUATE CLIMATE AND ENVIRONMENTAL MEASURES Risk of a negative impact on the environment as a result of our business of building and managing properties and developing campuses.	<p>Our operations affect the climate and the environment both locally and globally. Both construction and property management are associated with heavy consumption of resources such as materials and energy. In addition, new construction usually occurs on undeveloped land and sometimes also affects green areas.</p> <p>By actively working with the customer towards established climate and environmental targets, we deliver in line with expectations, thereby increasing appeal and trust with a positive impact on the property portfolio.</p>	<ul style="list-style-type: none"> All new construction and major renovation projects meet environmental certification standards under the Miljöbyggnad certification system, new construction to the Gold level and major renovation projects to meet at least the Silver level. Climate neutrality goal including action plans. Mapping, inventory and analysis of climate footprint in projects. Actively work with recycling and reusing in renovation projects. Increase the focus on sustainability when developing campuses, at an early stage of the project. Assess alternatives to new production at an early stage.
PROJECT MANAGEMENT Risk of expectation gap and lack of goal fulfilment resulting from challenging and complex projects.	<p>Our investment projects are often complex, take a long time, include many parties and have many stakeholders. Formulation and adoption of guidance towards a shared vision are crucial for successful implementation.</p> <p>The complexity of project operations places high demands on ongoing development and adaptation of our project management to ensure that we deliver in line with expectations related to finances, time and quality.</p>	<ul style="list-style-type: none"> Uniform and common construction process. Encourage work on process at an early stage, including jointly embracing vision with customers. Project management training. Business advisory committee that follows development of projects. Continued development of customer dialogue. Development of procedures for short projects. "Standard building" as vision for construction costs. Apply lessons from reference projects and project reviews.
INABILITY TO DELIVER Risk that our core delivery is not, or is not perceived to be, of sufficiently high quality due to inadequate customer focus when developing our working methods and our offering.	<p>In order to improve deliverables to the customer, we increase our customer focus so that it permeates the entire organisation. We also need to increase our collaboration and dialogue with customers. The risk also includes our ability to coordinate our deliverables so that the customer experiences seamless delivery from Akademiska Hus.</p>	<ul style="list-style-type: none"> Strengthened coordination of our collective deliverables to customer. Strengthened collaboration with the customer through strategic collaboration agreements. Continued focus on strengthened everyday communication to customer. My Campus App launched in 2020.
INADEQUATE NEEDS-DRIVEN APPROACH Risk that new construction projects will not meet changed future customer requirements at the time of completion.	<p>New construction projects have relatively long cycles and changed needs can arise over the course of the project.</p> <p>In a world undergoing rapid change, which has accelerated in light of the pandemic, it becomes even more important for new construction projects to have a clear goal for alternative use and that the buildings current area of use is locked in as late as possible. In addition, the need for future working methods and areas of use should be discussed with the customer.</p>	<ul style="list-style-type: none"> The design of robust, flexible and multifunctional premises that can be adapted to a changed need for premises must be ensured at the various stages of the project. Work with the customer to conduct a needs analysis, which is updated during the project. Clarify opportunities and consequences with the customer at different stages of the project. Actively work with property development plans to primarily develop existing buildings. Determine at an early phase whether a new construction project is necessary.
INADEQUATE INFORMATION SECURITY Risk that information is lost or winds up in the wrong hands due to inadequate information security.	<p>The importance of clear and developed structures and procedures for ensuring a good standard of information security increases in pace with digitalisation, a complex development that is accelerating.</p> <p>Inadequate internal procedures or insufficient protection against, for example, external intrusions entail a risk of sensitive information being lost or falling into the wrong hands, which could have serious consequences and damage trust.</p>	<ul style="list-style-type: none"> Common vision for information security. Information security policy established by the Board of Directors. Develop and implement an information classification model to identify what needs to be protected. Implement GAP analyses and formulate action plans to develop and strengthen procedures and working methods. Provide training to increase and maintain skills and awareness throughout the organisation.
INADEQUATE SECURITY Risk that we fail to live up to customer expectations regarding coordination and handling of security issues because as a company, we do not have a proactive and systematic approach to handling these issues.	<p>Swedish centres of education are known for openness but they have focused on security issues for the past few years. We must address these issues with the appropriate expertise and work proactively and systematically, together with our customers.</p>	<ul style="list-style-type: none"> Joint and systematic crisis management in the company at both the central and local levels. Strengthened cooperation on campus with customers and adoption of a common vision and continuous work on security issues. Incorporate security issues as a natural part of campus planning.
UNETHICAL BEHAVIOUR – EXTERNAL PARTY Risk of financial consequences and damaged trust as a result of unethical behaviour among external parties with a link to Akademiska Hus.	<p>Improper or unethical behaviour such as substandard working conditions, corruption or negative environmental impact involving a supplier, subcontractor or other external party linked to Akademiska Hus could have a negative impact on us. This risk also includes the possibility that an external party could commit a crime against Akademiska Hus.</p>	<ul style="list-style-type: none"> Systematic supplier reviews. Ongoing work to strengthen control and transparency in the ordering process. Evaluation of contractual compliance. Code of Conduct for suppliers.

Compliance risks

Compliance risks address how we, as a company and as individual employees, comply with laws as well as external and internal regulations.

DESCRIPTION	ANALYSIS	MANAGEMENT
UNETHICAL BEHAVIOUR – INTERNAL PARTY Risk of financial consequences and damaged trust as a result of employees who do not comply with applicable laws, as well as internal and external regulations.	Unethical behaviour can have major negative consequences for Akademiska Hus, both financially and in the form of damaged trust in relation to our owner, customers and other stakeholders. Theft, accepting bribes, or using a supplier's dependence on Akademiska Hus for private advantage are examples of unethical behaviours that are not permitted.	<ul style="list-style-type: none"> • Ethics Council. • Code of Conduct. • Guidelines for business ethics. • Online training linked to the internal training platform. • Clear information on current regulations as part of the new employee introduction process. • Continual work on values and corporate culture. • Whistle-blower system.

Financial risks

Financial risks are primarily the specific risks that can be derived from our financing activities. The Board of Directors determines our approach to financial risks and mandate for their management through the financing policy.

DESCRIPTION	ANALYSIS	MANAGEMENT
INTEREST RISK Risk that profit will vary because of changes in market rates.	In our capacity as a borrower, fluctuations in market interest rates can have a substantial impact on financial performance. The additional cost associated with long-term fixed interest period needs to be balanced against the increased uncertainty associated with a short-term fixed interest period.	<ul style="list-style-type: none"> • Interest risk is managed through the mandate for the fixed interest period and comprises three parts: <ul style="list-style-type: none"> – The long-term portfolio may not exceed 20 per cent of the total portfolio. – Index-linked bonds may not exceed 5 per cent of the total portfolio. – The average fixed interest period of the basic portfolio shall be in the range of 3–6 years.
REFINANCING RISK Risk that it will be more difficult or more expensive to obtain financing for example as a result of changed conditions in the financial market.	In our capacity as a borrower, it is crucial to ensure access to the financing market. In a situation where financial markets are not in balance and functionality is inadequate, financing can be more difficult and considerably more costly. When deciding on financing, the additional cost of long-term maturity needs to be balanced against the increased uncertainty associated with short-term fixed maturity.	<ul style="list-style-type: none"> • Refinancing risk is managed through a mandate for maturity, expressed as the proportion of loans maturing within each twelve-month period may not exceed 35 per cent of the total portfolio. • Aim for cost-effective and well-balanced diversification of the debt portfolio.
COUNTERPARTY RISK The risk of financial consequences associated with failure of a counterparty to meet its undertakings.	Akademiska Hus' exposure to counterparty risk arises from investment of excess liquidity and from derivative transactions when surplus/deficit values arise.	<ul style="list-style-type: none"> • Exposure to counterparty risk is managed by imposing a limit based on ownership circumstances, ratings and the term of the commitment. • In derivative transactions, supplementary agreements to ISDA (International Swaps and Derivatives Association) agreements, known as CSA (Credit Support Annex) agreements, are required, thereby substantially reducing exposure.
FOREIGN CURRENCY RISK Risk that financial performance will vary as a result of exchange rate changes.	Akademiska Hus' financing is denominated in part in foreign currency, for which reason exposure to foreign currency risk arises.	<ul style="list-style-type: none"> • When financing in a foreign currency, foreign currency risk must be eliminated. Exchange rate hedging is carried out using forward rate or currency interest rate swap agreements.

Sensitivity analysis, see page 64, Note 3 on page 75 and Note 13 on page 82.

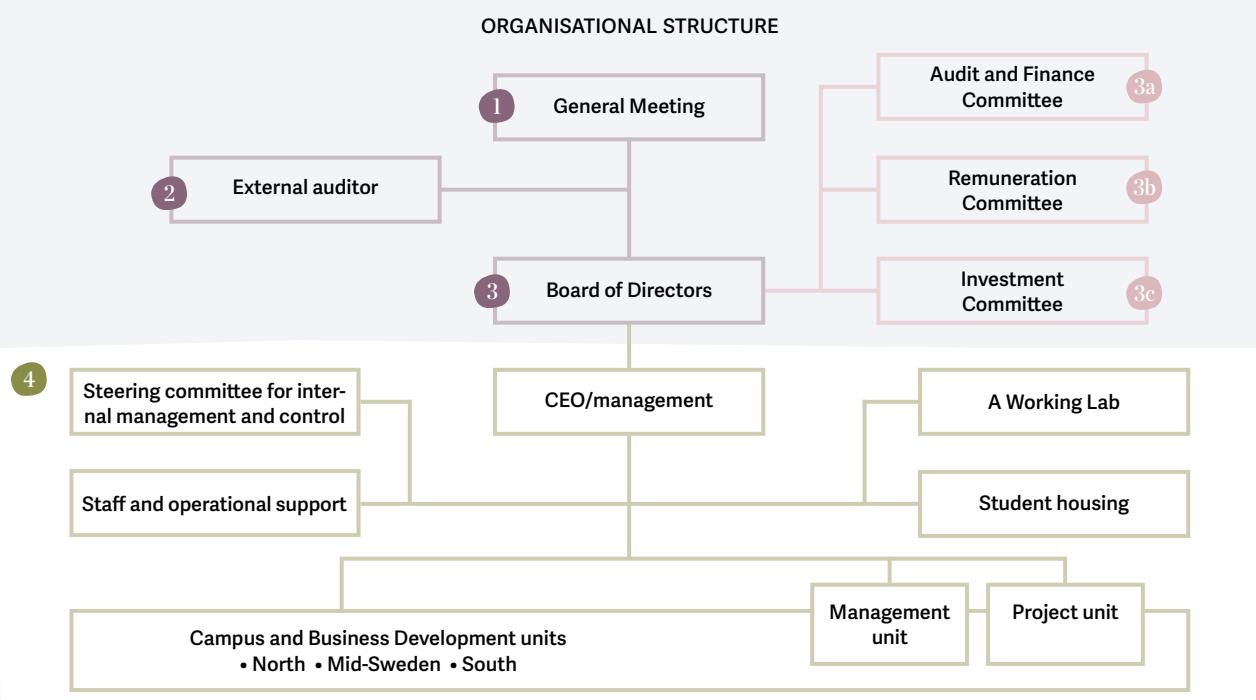
Corporate Governance Report

This corporate governance report describes the structure and principles for governance of operations at Akademiska Hus to achieve the vision of strengthening Sweden as a nation of knowledge. With a well-supported strategy and clear allocation of responsibility between different Company bodies, the operation is efficiently governed to guide us towards our goals.

FOUNDATIONS OF CORPORATE GOVERNANCE AT AKADEMISKA HUS

Akademiska Hus AB (publ) is a property company that is wholly owned by the Swedish state. Its administration is handled by the Ministry of Enterprise and Innovation on behalf of the Ministry of Education and Research, which is the principal. The Company bases its corporate governance on the application

of Swedish law, the State's ownership policy and principles for companies with state ownership 2020, the Swedish Code of Corporate Governance (the Code), Akademiska Hus mission and the Articles of Association. Because the Company is wholly owned by the Swedish state, certain provisions of the Code do not apply, as it is primarily written for businesses with diversified ownership. Deviations from the Code are described on page 53.



AKADEMISKA HUS ASSIGNMENT

Akademiska Hus is to own, develop and manage properties for colleges and universities, where the primary focus is on education and research. Operations will be run on a commercial basis and generate a yield that is in line with the market by setting rents that take into account the operating risk. Akademiska Hus

will work to assure the long-term, sustainable development of university and college campuses.

Akademiska Hus will contribute to the creation of more student accommodation by making clear that the Company's focus includes the construction and management of student accommodation.

1 GENERAL MEETING

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

Annual General Meeting 2020

The Annual General Meeting was held on 28 April 2020. The meeting was not open to the public due to the risk of spreading Covid-19. The meeting was opened by Chairperson of the Board Anita Steen, who was also appointed to chair the proceedings. The owner was represented by Christine Leandersson, Ministry of Enterprise and Innovation.

Decisions at the 2020 Annual General Meeting

The Annual General Meeting adopted the income statement and statement of financial position for the 2019 financial year and discharged the Board of Directors and the CEO from liability for the year. The AGM approved the Board's proposal for profit distribution, which entails a dividend of SEK 1,905 million to the owner. Other matters addressed included the resolution that the State's ownership policy, which also includes the Government's principles for corporate governance, remuneration and other terms of employment for senior executives, as well as external reporting in companies with state ownership, shall apply to Akademiska Hus. The meeting also adopted principles for remuneration for senior executives, resolutions on fees to the Board of Directors and committees, as well as election of

the Chair of the Board and Board members, as well as the auditor. The minutes and other documents related to the AGM are posted on the Akademiska Hus website akademiskahus.se.

Annual General Meeting 2021

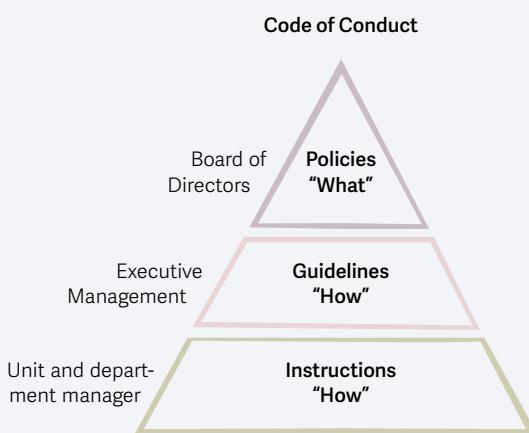
The next Annual General Meeting will be held on 28 April 2021 in Stockholm.

2 AUDITORS

The 2020 AGM resolved to elect Öhrlings Pricewaterhouse Coopers AB (PwC) to serve as auditors for a one-year period until the 2021 AGM with Helena Ehrenborg as lead auditor. The auditors perform a limited review of the interim report as at 30 September and audit the annual and consolidated accounts. They also conduct a management audit, a limited review of the sustainability report, a review of the EMTN prospectus and an assessment of compliance with our framework for green bonds. In addition, the auditors express their opinions of this corporate governance report and whether Akademiska Hus complies with the adopted guidelines for remuneration to senior executives, and submit their statements to the meeting. Every year the auditors review their audit plan and risk assessment with the Audit and Finance Committee. The auditors participate in at least two committee meetings per year. Each year the auditors attend at least one meeting with the Board of Directors that is not attended by the Chief Executive Officer.

Akademiska Hus has no internal audit function. Instead, the management allocated dedicated resources tasked with developing and strengthening the area of internal management and control where the Audit and Finance Committee receives regular feedback on the work. The Board of Directors believes that the best way to improve internal management and control is a long-term focused initiative in this area. Consequently, the Board's continued assessment is that no internal audit function is needed. The decision is addressed annually to be considered once again.

GOVERNANCE STRUCTURE



Examples of external governing regulations:

- Companies Act
- Accounting Act
- Annual Accounts Act
- The State's ownership policy and principles for companies with state ownership 2020
- Swedish Code of Corporate Governance
- IFRS
- Code to prevent corruption in business
- UN Global Compact principles
- Global Reporting Initiatives (GRI) guidelines Standards
- Stock market rules

Examples of internal governing regulations:

- Rules of Procedure for the Board of Directors and committees
- Instructions to the CEO
- Code of Conduct
- Allocation of responsibility and authority
- Financing policy
- Sustainability policy
- Procurement policy
- Investment policy
- Policy for personal data processing
- Information security policy
- Policy for internal management and control
- Equal treatment plan
- Business ethics guidelines

3 BOARD OF DIRECTORS

The Board of Directors is responsible for the organisation and for management of the affairs of the company. The Board of Directors convenes the Annual General Meeting. The work is based on the Rules of Procedure adopted annually by the Board of Directors, which determines the allocation of work among the directors, the number of regular Board meetings, matters to be addressed at regular Board meetings and the responsibilities of the Chairperson of the Board. The division of responsibilities between the Board and the CEO is regulated by special instructions to the CEO. In addition, the Rules of Procedure are adopted annually for each of the Board's committees. The Board has also adopted the "Instructions for financial reporting" to regulate financial reporting procedures to the Board.

Nomination process

Directors of state-owned enterprises are appointed through a structured nomination process with common uniform principles as outlined in the State ownership policy and principles for companies with state ownership 2020. These principles replace the rules in the Code for preparation of decisions for nomination of Directors and auditors. The Board nomination process is co-ordinated by the department for companies with state ownership at the Ministry of Enterprise and Innovation. A consistent and structured approach ensures a high standard of quality throughout the nomination process. The need for skills is analysed based on the company's operations, situation and future challenges, the composition of the Board and assessments of the Board. The owner's expectation for diversity on the Boards of Directors under the ownership policy is also observed. Upon completion of the process nominations are announced in accordance with the Code.

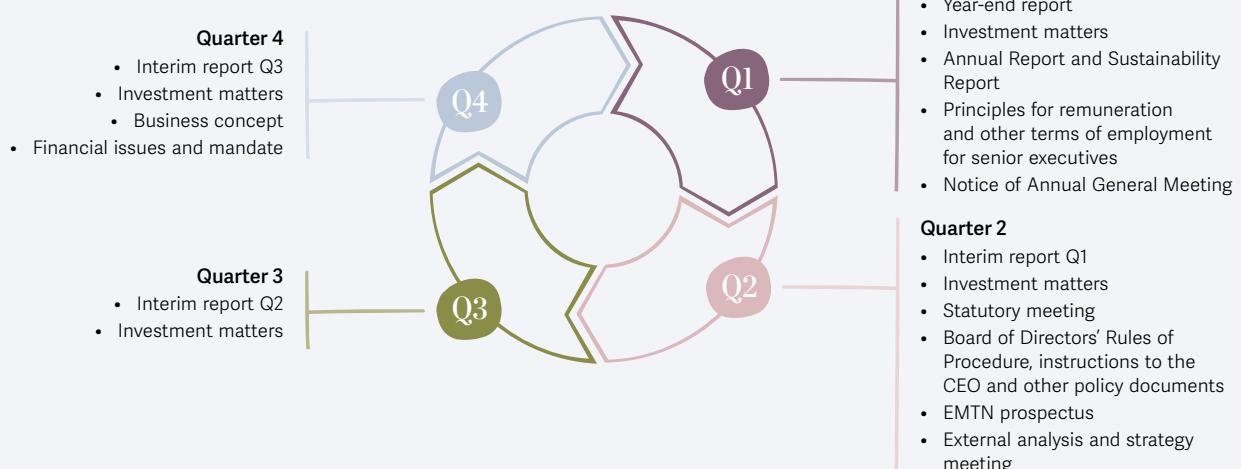
Composition of the Board of Directors

According to the Articles of Association, the Board of Directors for Akademiska Hus shall consist of a minimum of three and a maximum of ten Directors elected by the Annual General Meeting, with no deputies. Until the 2020 AGM, the Board consisted of seven Directors elected by the AGM. The Annual General Meeting on 28 April 2020 resolved that the Board should have eight members elected by the AGM. In addition, the Board includes two employee representatives designated by their respective trade unions. Six members were re-elected and two new members were elected to the Board at the Annual General Meeting. The AGM concluded that the Board has the relevant skills and background to manage the Company and that the Board as a whole has experience of areas that are important for the Company such as corporate governance, management, the real estate industry, universities and higher education, change and development initiatives, digitalisation, as well as financial expertise.

Work of the Board of Directors in 2020

In its Rules of Procedure the Board set a schedule for information and decisions during its work year that essentially follows the Board's annual cycle (see below). At all Board meetings during the year the CEO presents a report on significant events involving the Company and the respective committee chairs present reports from the committee meetings that were held between Board meetings. During the year the Board focused in particular on issues concerning innovation, digitalisation, risk and internal control, information security, energy issues and climate targets. In addition, a number of investment matters were addressed. In 2020, ten regular Board meetings were held, including the statutory meeting. To inform and update members about its activities, some Board meetings are usually held at the centres of education that are Akademiska Hus customers and

BOARD OF DIRECTORS' ANNUAL CYCLE



combined wherever possible with meetings with the leadership of these institutions. In 2020 this was not possible to the same extent given the ongoing pandemic. The attendance at the meetings by the members of the Board of Directors is presented in the table below.

Board of Directors	Presence/Total number of meetings
Anitra Steen, Chairperson	10/10
Anders Larsson	7/10
Anna Magnusson	10/10
Britta Bureau	10/10
Christer Nerlich	10/10
Ingemar Ziegler*	3/3
Peter Gudmundson	10/10
Robin Teigland**	7/7
Svante Hagman**	6/7
Thomas Jennlinger	8/10
Örjan Wikforss	9/10

* Left the Board of Directors as a Board member at the Annual General Meeting 28 April 2020

** Elected as a Board member at the Annual General Meeting 28 April 2020

Board committees

The Board has established three committees to specifically monitor and prepare Board issues within their respective focus areas. Committee members are elected at the statutory Board meeting held immediately after the AGM. Representatives of the business such as the CEO, CFO, Human Resources Director, Market Area Director and Project Manager may participate at committee meetings in the capacity of presenters.

3a The primary duties of the Audit and Finance Committee are as follows:

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

In 2020 the focus was on internal management and control and information security, where the committee monitored the work. Moreover, the committee discussed relevant accounting regulations. The attendance at the meetings by the members of the Board of Directors is presented in the table on the right.

Audit and Finance Committee	Presence/Total number of meetings
Christer Nerlich, Chairperson	8/8
Britta Bureau	8/8
Peter Gudmundson	8/8

3b The primary duties of the Remuneration Committee are as follows:

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

In 2020 the Remuneration Committee also evaluated on HR activities. In light of the ongoing pandemic, a salary review was not performed. The attendance at the meetings by the members of the Board of Directors is presented in the table below.

Remuneration Committee	Presence/Total number of meetings
Anitra Steen, Chairperson	2/2
Anna Magnusson	2/2
Ingemar Ziegler*	1/1

* Left the Board of Directors as a Board member at the Annual General Meeting 28 April 2020

3c The primary duties of the Investment Committee are as follows:

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

In 2020, greater focus was placed on sustainability, with clear consideration given to the choice between not building, remodeling and as a last resort, new construction. The attendance at the meetings by the members of the Board of Directors is presented in the table below.

Investment Committee	Presence/Total number of meetings
Svante Hagman, Chairperson*	4/4
Anitra Steen, Chairperson	2/2
Robin Teigland**	3/4
Ingemar Ziegler***	2/2
Örjan Wikforss	6/6

* Elected as a Board member at the Annual General Meeting 28 April 2020. Replaced Anitra Steen as Chairperson of the Investment Committee in April 2020

** Elected as a Board member at the Annual General Meeting 28 April 2020

*** Left the Board of Directors as a Board member at the Annual General Meeting 28 April 2020

Evaluation of the work of the Board and the CEO

The Board of Directors conducts an annual evaluation of the work of the Board and the CEO. The evaluation takes place either internally or externally with the aim of developing the working forms and efficiency of the Board of Directors. The results of the evaluation are presented to both the Chairperson and the Board of Directors as a whole. The owner, through the Government Offices, is also informed about the results of the evaluation. The work of the Government Offices related to the Board nomination process also includes an ongoing evaluation of the boards of all state-owned companies, which includes their work, the composition of the Board and their skills.

4 THE COMPANY'S ORGANISATION

CEO and Executive Management

The CEO, or the Vice President acting on behalf of the CEO, is responsible for ongoing management in compliance with applicable laws and regulations and in accordance with the instructions for the CEO approved by the Board. Executive Management consists of ten members including the CEO. Executive Management is a forum for information and decisions regarding joint strategic Company matters and often serves as the steering committee for strategically important projects. In addition to the CEO, the Executive Management team comprises the Chief Financial Officer, Project Manager, two Market Area Directors, Administrative Manager, Corporate Communications Officer, Head of Innovation and Sustainable Development, the Human Resources Director and the General Counsel, all of whom report directly to the CEO. Executive Management has an even distribution between the number of men and women.

Operational units

The Company's main processes are conducted within four operational units. The Management unit is responsible for management deliverables with a focus on customer benefit, ensures sustainable and efficient operation, and pursues energy efficiency improvements and digitalisation of the property management organisation. The Project unit is responsible for efficient project deliverables with a focus on customer benefit, ensuring high standards for sourcing and project leadership skills, while creating conditions for efficient and sustainable management. The Campus and Business Development unit is

divided into three geographic areas: North, Mid-Sweden and South. The unit's primary areas of responsibility include strategic customer relationships, development of knowledge and learning environments of the future, strategic campus and property development, and overarching responsibility for investments. Student housing is responsible for developing campus-based undergraduate and graduate student housing. A Working Lab is Akademiska Hus' service offering and concept for co-working, makerspace, short contracts, Learning Lab and other flexible meeting places. The organisation focuses on the management business, creates conditions to achieve our strategic goals and makes it possible to adapt the company faster and more efficiently to external changes.

Staff and operational support

A number of staff and support functions with a variety of areas of expertise provide support to management and the business in its day-to-day work. Organisationally, HR falls under the CEO, including common service, innovation and sustainable development, communication and legal affairs, including purchasing. Business including risk management, finance, IT, analysis and valuation, controlling and risk management are subordinate to the Chief Financial Officer, who in turn is subordinate to the CEO.

Steering committee for internal management and control

The steering committee for internal management and control serves as support for the CEO to develop governance, risk management and internal control. The committee consists of the CEO, the Chief Financial Officer, General Counsel and process developers for internal management and control. Developments take place in close collaboration with the Audit and Finance Committee.

SUSTAINABLE GOVERNANCE OF AKADEMISKA HUS

The Board of Directors is responsible, based on instructions provided by the owner, for adopting a strategy and objectives for the company. A detailed structure provides support for how Akademiska Hus should be managed, with sustainability as a key component. The strategy and operational planning process is carried out annually, beginning with strategy days held for the Board and management. The sustainability perspective has been fully integrated into the adopted strategy in a sustainable objective.



This approach includes the global objectives for sustainable development, which is in line with owner expectations. In addition to the strategy, individual climate targets have been defined.

The business plan and associated scorecard are formulated based on the adopted strategy. The Company-wide business plan is based on operational plans and budgets for operational units, as well as common staff and support functions. The plans and scorecard specify activities to be implemented to achieve both strategic goals and climate targets, as well as key figures for measurement and evaluation purposes. In addition, risks that may result in goals not being met are identified and included, along with measures to address them.

The adopted business plan is evaluated on a regular basis through quarterly reporting to the Board of Directors. In addition, quarterly feedback sessions are held at the unit level with the coordinators of the respective operational units and common staff and support functions. The potential of each employee to both contribute and influence the work of achieving the common goals is clarified through the assignment appraisal, which is an advanced form of the performance review.

The Board of Directors is also ultimately responsible for ensuring that the Company is run in compliance with laws and regulations, as well as the guidelines provided by the owner. As part of this work, the Board adopts relevant policies and governing documents annually (see image on page 48). The strategy and operational planning process, along with the adopted governing documents, serve as the foundation for the overarching governance of the Company.

CODE OF CONDUCT, ETHICS COUNCIL AND WHISTLE-BLOWER SYSTEM

Akademiska Hus has a Code of Conduct that outlines the ethical business behaviour expected of its employees. A basic requirement is to act in compliance with the principles of the UN Global Compact, Agenda 2030, the UN Guiding Principles on Business and Human Rights, the ILO Core Conventions and the OECD Guidelines for Multinational Enterprises. For the Company's employees there are also business ethics guidelines based on the rules in the Code to prevent corruption. This provides guidance on how employees should behave and provides guidance in potentially difficult situations. An Ethics Council provides support to employees to which questions or suspected deviations from ethical guidelines or other irregularities can be reported.

A code of conduct is enclosed for suppliers as part of all tenders, which each tenderer must read, accept and ensure that subcontractors, if any, also comply with the code.

Akademiska Hus has also set up an independent system for whistle-blowing, to which both Akademiska Hus employees and external parties can anonymously report suspected irregularities. In 2020 the Company received no reports about corruption that led to a police complaint through the Ethics Council, whistle-blower system or directly from employees.

REMUNERATION

New guidelines for remuneration to senior executives were adopted by the Annual General Meeting. The guidelines are in line with the 'Guidelines for terms and conditions of employment for senior executives in state-owned companies' approved by the Government, as well as the Code. A remuneration report will be presented to the 2021 Annual General Meeting and also published, in accordance with recently added requirements.

A fee is paid to the members of the Board of Directors according to a decision reached at the Annual General Meeting. The members of the Board of Directors who are employed within Akademiska Hus and the Government Offices do not receive any fee for this work. See the table on page 79 for information about remuneration.

Remuneration to the CEO and other senior executives comprises a basic salary and a pension. Remuneration to the CEO is decided by the Board following a recommendation by the Remuneration Committee. Remuneration to other senior executives is decided by the CEO following consultation with the Remuneration Committee. Remuneration comprises a basic salary and a defined contribution pension based on the ITP premiums according to a collective agreement. No variable or bonus-based remuneration is paid. Salary surveys are conducted to make a comparison with other property companies.

For a detailed description of remuneration, pensions, periods of notice, severance pay and fees to auditors, see the administration report on page 56 and Notes 11 and 12.

INTERNAL CONTROL OF FINANCIAL REPORTING

The Board of Directors has overall responsibility for internal control of financial reporting, as regulated by the Swedish Companies Act and the Code. The following section has been prepared in accordance with the Annual Accounts Act and the Code and is thus limited to internal control of financial reporting, which aims to provide reasonable assurance regarding the reliability of external financial reporting in the form of interim reports and annual reports. Internal control at Akademiska Hus is based on the COSO Framework for Internal Control, which is an established framework.

Control environment

The basis for internal control comprises the control environment in the organisation and decision procedures, as well as roles and responsibilities. Each year the Board of Directors adopts a number of policy documents such as the Rules of Procedure for the Board of Directors and its committees, instructions to the CEO, allocation of responsibility and authority, instructions for financial reporting and policies. In 2020 the Board of Directors also adopted an internal management and control policy. The control environment also encompasses the culture and the values based on which the Board of Directors and corporate management communicate and act, which is communicated in part via the Code of Conduct that is adopted annually by the Board of Directors.

The responsibility of the Board of Directors and the internal allocation of work within its committees are clarified in the Rules of Procedure. The Board of Directors has established an Audit and Finance Committee which has tasks that include preparing the Board's work with quality assurance of the Company's financial reporting. The Chief Financial Officer is responsible for ensuring that internal accounting policies and guidelines for financial reporting are in place and formulated in compliance with current legal requirements, listing requirements and accounting standards.

Risk assessments

Akademiska Hus has an established process to identify, assess and manage risks where each risk has a risk owner. Risk management comprises an integral component of operations management, where risk analyses are conducted on both a Company-wide and unit level. The material risks that are identified are documented together with measures in business and operational plans to allow for evaluation. For a more extensive description, see the risk section in the annual report on pages 43-46.

Risk assessments to identify the processes where the greatest risk of errors that could have a material impact on financial reporting can be found, are carried out regularly. Risks relating to financial reporting are regularly discussed with the Company's external auditors, who also present their annual risk assessment to the Audit and Finance Committee, as well as the Board of Directors.

Control activities

The Company's internal processes and procedures provide support for ongoing risk management. Control activities aimed at preventing, discovering and managing the risk of significant errors take place at both the comprehensive and the detail levels and include approval of transactions, authorisation of supplier invoices and payments, account reconciliations and analytical evaluation of results.

IT systems that are used for financial reporting include built-in automatic controls to ensure reliable financial reporting. There are also processes and control measures in the general IT environment regarding matters such as system permissions, system updates and backup procedures. As the digital development advances, functional IT processes and information security are becoming increasingly important.

Akademiska Hus works continually to improve processes linked to financial reporting. As part of developing and strengthening internal control, work is underway to assess risks, as well as to document and formalise controls within processes which, based on risk analysis, are considered to be significant for financial reporting. This work is carried out with the involvement of the people who work within the processes to create a sense of participation and to promote willingness to carry out checks.

Information and communication

Governing documents such as policies and guidelines are available for all employees on the Company's intranet. Internal information channels in general include information from regular meetings

of Executive Management, leadership forums held four times a year, local information meetings for all employees and meetings in various forums for concerned specialist functions.

The Audit and Finance Committee and the Board receive financial information from Executive Management at each date of financial position. In addition, the Audit and Finance Committee receives regular feedback regarding the initiatives conducted with the aim of strengthening and developing internal management and control within Akademiska Hus as a whole. The Audit and Finance Committee also receives regular feedback from the external auditors and is thereby kept up to date on current observations related to internal management and control.

External reporting complies with the State's ownership policy guidelines. Financial information, including the annual report, quarterly reports and the year-end report, can be found on the Akademiska Hus website www.akademiskahus.se.

Follow-up and evaluation

Internal control of financial reporting is monitored and evaluated continuously by the Board of Directors, CEO, Executive Management and the accounting and finance departments to ensure that procedures are appropriate and efficient. Improvement and development opportunities are identified in this process.

On each date of financial position, the CEO and CFO review the financials with the individual responsible for each operational unit to monitor and discuss the financial performance and important business-related matters. The overall financial results of the staff and support functions are also monitored.

Each quarter the Board receives financial information and an analysis, as well as a report from the most recent meetings of the different committees. The Audit and Finance Committee has a specific responsibility to follow up on audit matters and more extensive matters of principle with regard to financial reporting where issues concerning property valuation and the liability portfolio are particularly important.

The Company's external auditors assess the internal controls as part of the annual audit, after which recommendations are provided. Akademiska Hus includes these recommendations in the ongoing work of developing and strengthening internal control. During the year, evaluation through self-assessments was also initiated in connection with significant processes for financial reporting. Separate assessments of the special focus areas are also carried out as needed.

Deviations from the code Nomination Committee

(Code rules 1.3–1.4, 2.1–2.7, 4.6, 8.1 and 10.2)

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

Reporting of the independence of Board members (Code rule 4.5)

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

Board of Directors

**ANITRA STEEN**

Chairperson since 2016.
Chairperson of the Remuneration Committee.
Year of birth: 1949
Other positions: Chairperson AFA Försäkring and Teracom Group AB. Board member of Oral Care AB and Baven AB.
Previous positions: Under-secretary at the Ministry of Finance, State Secretary at the Ministry of Education and Ministry of Finance, Director General of the National Agency for Higher Education Services and the National Tax Board, as well as CEO of Systembolaget AB. Chairperson of Stockholm University and Board member of SAS, Södersjukhuset hospital, Lantmännen, PostNord, Attendo AB, and others.
Education: BA.

**ANNA MAGNUSSON**

Member since 2018.
Year of birth: 1977
Position: Assistant undersecretary Ministry of Enterprise and Innovation, Head of the unit for state-owned enterprises.
Previous positions: Assistant undersecretary Ministry of Finance, Expert Ministry of Finance, and Legal Counsel Sveaskog Förvaltnings AB.
Education: LLM. BA.

**BRITTA BURREAU**

Member since 2014.
Year of birth: 1964
Position: CEO of Almi Företagspartner AB.
Other positions: Board member of Nationalekonomiska Föreningen (Swedish Economic Association).
Previous positions: CEO of KPA AB and KPA Pensionsförsäkringar AB, CEO of Nordea Liv and Senior Manager at Accenture. Chairperson of the Board Scouterna and KPA Pensionsservice, Director, Group management at Folksam. Board member Nordea Liv and Board member Svensk Försäkring.
Education: M.Sc. Eng and Executive MBA in Finance.

**CHRISTER NERLICH**

Member since 2017.
Chairperson of the Audit and Finance Committee
Year of birth: 1961
Position: Chief Financial Officer of Vasakronan.
Previous positions: Chief Financial Officer of AP Fastigheter and Corporate finance NewSec.
Education: MBA.

**PETER GUDMUNDSON**

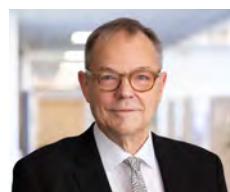
Member since 2017.
Year of birth: 1955
Position: Professor, Royal Institute of Technology.
Other positions: Board member of Royal Swedish Academy of Engineering Sciences.
Previous positions: Vice-Chancellor KTH, Vice Dean KTH, Head of Department KTH, CEO SICOMP, consultant Tre Konsulter AB, and researcher Brown Boveri Research Centre in Switzerland.
Education: PhD, PhD, and M.Sc. Eng.

**ROBIN TEIGLAND**

Member since 2020.
Year of birth: 1964
Position: Professor of Digitalisation, Chalmers University of Technology
Other positions: Board member of Royal Swedish Academy of Engineering Sciences and Director of Ocean Data Factory Sweden
Previous positions: Professor of Business Administration and Board member, Stockholm School of Economics
Education: BA, MA, MBA, PhD in Business Administration

**SVANTE HAGMAN**

Member since 2020. Investment Committee Chairperson.
Year of birth: 1961
Position: Senior advisor construction and real estate.
Other positions: Board member of Royal Swedish Academy of Engineering Sciences, Chairperson BIM Alliance, Byggnadsfirman Erik Wallin AB, Ekens Golv AB, NVBS Rail and AIX Arkitekter.
Previous positions: Chairperson Swedish Construction Federation and Board member Confederation of Swedish Enterprise, CEO NCC Sverige, Business Area Manager NCC Housing and NCC Infrastructure, as well as other positions within NCC.
Education: MBA.

**ÖRJAN WIKFORSS**

Member since 2017.
Year of birth: 1950
Position: CEO of Arkitekturanalys AB.
Other positions: Vice Chairperson of the Board of Directors of the Royal Swedish Opera, and Board member of the Royal Swedish Academy of Engineering Sciences.
Previous positions: Professor in project communication, KTH. CEO of FFNS Arkitekter and Wikforss Arkitektkontor. Chairperson Svenska Arkitekters Riksförbund.
Education: Architect, PhD. and professor.

**ANDERS LARSSON**

Employee representative (SEKO union) since 2009.
Year of birth: 1963
Position: Operating engineer at Akademiska Hus.
Education: Production engineering studies.

**THOMAS JENNLINGER**

Employee representative (Ledarna union) since 2008.
Year of birth: 1956
Position: Operating manager Akademiska Hus.
Previous positions: HR Director 2000-2017 Akademiska Hus.
Education: Operating manager.

AUDITORS

Helena Ehrenborg, Öhrlings Pricewaterhouse Coopers AB (PwC). Lead auditor since 2018. Authorised public accountant.
Year of birth: 1965
Education: MBA.
Other audit assignments, selection: Specialfastigheter Sverige AB, Jernhusen AB, HSB Riksförbund and Atrium Ljungberg.

Executive Management

**KERSTIN LINDBERG****GÖRANSSON**

CEO.

Employed 2011.

Year of birth: 1956

Other positions: Board member of Sveaskog, Hemnet Group AB and Vice Chairperson Win Win Gothenburg Sustainability Award as well as Board member of the Royal Swedish Academy of Engineering Sciences.

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

Education: MBA.**CATARINA FRITZ**

Chief Financial Officer and Vice President.

Employed 2016.

Year of birth: 1963

Other positions: Board member of Green Cargo and Friends of Moderna Museet.

Previous positions: CFO at Keolis Sverige, Frösunda LSS, Addici, Aditro Group and the Stockholm Stock Exchange, as well as CFO at Investor.

Education: MBA.**JONAS BJUGGEREN**

Administrative Manager.

Employed 2017.

Year of birth: 1974

Other positions: Board member of Kungsleden AB.

Previous positions: Regional Manager Vasakronan, Market Area Manager and Business Unit Manager at AP Fastigheter and Project Manager at Skanska and Sweco.

Education: M.Sc. Eng.**PETER BOHMAN**

Market Area Director.

Employed 2013.

Year of birth: 1972

Other positions: Board member of Luleå Science Park AB, SLU Holding and Realus AB.

Previous positions: Terminal Manager and on-call Airport Director at Stockholm-Arlanda Airport. Various management positions at Swedavia.

Education: MBA.**ULF DÄVERSJÖ**

Head of Innovation and Sustainable Development.

Employed 2014.

Year of birth: 1979

Other positions: Board member of Accessy AB.

Previous positions: Purchasing Director Akademiska Hus, Management Consultant Capgemini Consulting, and Global Purchaser Arla Foods.

Education: M.Sc., MBA.**HAYAR GOHARY**

Project Manager.

Employed 2007.

Year of birth: 1975

Previous positions: Project manager for Vallentuna Municipality and Akademiska Hus.

Education: M.Sc. Eng.**MAGNUS HUSS**

Market Area Director.

Employed 1993.

Year of birth: 1967

Other positions: Board member of Byggherrarna.

Previous positions: Project Manager, Head of Property Management, and Property Manager for Akademiska Hus. Engineer and facilities technician at the National Board of Public Buildings.

Education: Engineering degree, technical college.**MARIE HALLANDER LARSSON**

Human Resources Director.

Employed 2017.

Year of birth: 1961

Other positions: Brunmåla Hästklinik AB.

Previous positions: Human Resources Director for Försäkringskassan, Swedbank AB, Posten AB, Scandic Hotels AB and Wedins AB.

Education: BA.**CAROLIN ÅBERG SJÖQVIST**

General Counsel.

Employed 2004.

Year of birth: 1968

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

Education: LLM.**CECILIA WIDE**

Corporate Communications Officer.

Employed 2012.

Year of birth: 1969

Previous positions: Head of Corporate Communications at SP Sveriges Tekniska Forskningsinstitut AB.

Education: BA.

Other information

REMUNERATION TO SENIOR EXECUTIVES

Principles for remuneration to the Board of Directors and senior executives

Akademiska Hus follows the owner's guidelines governing terms and conditions of employment for senior executives. Payment to the Chief Executive Officer and other senior executives comprises a basic salary and a pension. Pension costs refer to the cost charged to the profit for the year. Payment to the Chief Executive Officer is decided by the Board of Directors following a recommendation from the Remuneration Committee. Remuneration to other senior executives is decided by the Chief Executive Officer of the Parent Company following consultation with the Remuneration Committee. Remuneration comprises a basic salary and a defined contribution pension based on the ITP premiums according to a collective agreement. Guidelines for remuneration to the Board of Directors and senior executives for 2020 will be adapted to the update of the Swedish Code of Corporate Governance that applies from 27 February 2020.

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

Remuneration for committee work was set at the 2020 Annual General Meeting.

PENSIONS

Akademiska Hus has taken out an individual occupational pension solution for the Chief Executive Officer, Kerstin Lindberg Göransson, where the agreed retirement age is 65 years. Akademiska Hus allocates 30 per cent of Kerstin Lindberg Göransson's fixed monthly salary, which is paid into an occupational pension insurance plan according to a special agreement drawn up with a pension company. The pension package includes a sickness and early retirement pension, a retirement pension and optional survivor's pension and/or repayment cover. Other senior executives have similar defined contribution agreements with a maximum allocation of 30 per cent of their salary, or what is termed a high-income earner solution with an opt-out premium that is costneutral compared with traditional, collectively agreed ITP.

Periods of notice and severance pay

An agreement has been reached with the CEO, Kerstin Lindberg Göransson, regarding a mutual period of notice of six months. In the event of notice being given by the Company, severance pay is payable for a further eighteen months. The severance pay shall be considered to include payment for holidays and pension benefits. The severance pay is reduced by any amount Kerstin Lindberg Göransson may receive from other

employment or through other activities.

Other senior executives within the Group have an agreed mutual period of notice of six months. In the event of notice being given by the Company, severance pay is payable for a further 12 months. Salary payable or remuneration for work performed during the time severance pay is received shall be set off on a krona-by-krona basis. Other information about salaries and remuneration can be seen in Note 11 on pages 78–79.

PERMITS AND REPORTING REQUIREMENTS

A number of facilities within the Group require a permit or need to be reported to a supervisory authority in order to be used. These facilities have been reported and applications for permits (as required) were submitted to the supervisory authorities concerned and have been granted. The facilities in question are as follows: One facility for combustion technology research that requires a permit, and a number of facilities classified as subject to declaration with respect to energy production and sewer system.

SUSTAINABILITY REPORT

In accordance with Chapter 6, section 11 of the Swedish Annual Accounts Act, Akademiska Hus has chosen to prepare the statutory Sustainability Report as a separate report. The scope of the Sustainability Report, which also includes Akademiska Hus' sustainability report figures, is stated on page 106.

EVENTS AFTER THE YEAR-END

As of February 12, a conditional agreement was signed to sell a property with a gross area of 36,000 square meters. If the conditions are met, access is expected to take place on 31 October 2021. As of 15 March 2021, Intea Fastigheter AB acquired the properties Malmö Niagara 2 and Kristianstad Näsby 34:24. The total gross area amounted to 68,000 square meters and the agreed property value amounted to approximately SEK 1.6 billion.

The board has appointed Caroline Arehult as the new CEO of Akademiska Hus. She succeeds Kerstin Lindberg Göransson, who will leave her position during the autumn. In other respects, no significant events have occurred after the end of the reporting period.

FUTURE DEVELOPMENTS

Akademiska Hus has a project portfolio with approved and planned investments of SEK 13.9 billion. The property portfolio is expected to increase in value by approximately SEK 7 billion over the next three years. Net operating income will increase as new properties are completed and our streamlining initiatives make progress, at the same time that we leverage our economies of scale. A good cash flow limits our need for new financing to approximately SEK 2.5 billion for the upcoming three-year period.

Proposed allocation of unappropriated earnings

According to the owner's financial targets for Akademiska Hus, which were adopted at the Annual General Meeting on 29 April 2019, the dividend should amount to between 40 and 70 per cent of the net profit after tax after reversal of unrealised changes in fair value and related deferred tax. When deciding on a dividend, consideration should be given to the Group's capital structure and capital requirements. The other economic objectives are that the return on operating capital should be at least 6.0 per cent over a business cycle and the Group's equity ratio should be 35 to 45 per cent. Return on operating capital in 2020 was 9.0 per cent. At the end of 2020, the equity ratio was 44.5 per cent for the Group and 17.2 per cent for the Parent Company. After the proposed dividend, the equity ratio will be 43.4 per cent for the Group and 14.1 per cent for the Parent Company.

Available for allocation at the Annual General Meeting:

Retained earnings	SEK 817,029,316
Profit for the year	SEK 1,983,457,260
Total	SEK 2,800,486,576

The Board of Directors proposes that the profit be allocated in such a way that SEK 2,142,000,000 is paid to the shareholder and SEK 658,486,576 is carried forward. For details of the financial results and the financial position in general, reference

can be made to the following financial statements. The Annual General Meeting will be held on 28 April 2020 in Stockholm.

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

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

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

PROFIT USED AS A BASIS FOR CALCULATION OF DIVIDEND, SEK M	Outcome consolidated results	Changes in value in the Group	Profit used for calculation of dividend
Income from property management	6,418		6,418
Property management expenses	-1,933		-1,933
NET OPERATING INCOME	4,485		4,485
Central administration costs	-60		-60
Development costs	-40		-40
Interest income	48		48
Interest expense	-429		-429
Site leasehold fees	-84		-84
PROFIT BEFORE CHANGES IN VALUE AND TAXES	3,920		3,920
Changes in value, properties	3,141	-3,138	3
Changes in value, financial instruments	-192	140	-52
PROFIT BEFORE APPROPRIATIONS AND TAXES	6,869	-2,998	3,871
Tax/current tax	-1,429	618	-811
PROFIT AFTER TAX	5,440	-2,380	3,060
Dividend, 70% of the profit available for the payment of a dividend			2,142

The dividend as decided at the Annual General Meeting held on 28 April 2020 was SEK 1,905 million.

Income Statements

Amounts in KSEK 1,000	Note	Group		Parent Company	
		2020	2019	2020	2019
INCOME FROM PROPERTY MANAGEMENT					
Rental revenue	4	6,263,901	6,050,479	6,255,222	6,050,479
Other property management income	5	154,562	166,368	158,977	262,112
Total property management income		6,418,462	6,216,847	6,414,198	6,321,591
PROPERTY MANAGEMENT EXPENSES					
Operating costs		-849,980	-891,203	-844,155	-886,942
Maintenance costs		-444,768	-618,912	-444,768	-618,912
Property administration		-402,600	-391,205	-383,638	-371,040
Site leasehold fees	6	—	—	-84,328	-84,128
Other property management expenses	6	-235,818	-155,857	-246,847	-155,842
Total costs from property management	7, 8	-1,933,166	-2,057,177	-2,003,737	-2,116,863
NET OPERATING INCOME		4,485,296	4,159,671	4,410,462	4,195,728
Central administration costs	7	-59,739	-68,925	-59,729	-68,925
Development costs	7	-39,854	-40,304	-39,854	-40,304
Dividends from shares in subsidiaries	9	—	—	24,004	818,500
Interest income	10	47,944	43,361	47,944	43,361
Interest expense	10	-428,867	-420,357	-530,653	-505,611
Site leasehold fees	10	-84,328	-84,128	—	—
Depreciation and impairments as well as reversed impairment	8	—	—	-1,594,285	-1,580,198
PROFIT BEFORE CHANGES IN VALUE AND TAXES	11, 12, 30	3,920,452	3,589,317	2,257,889	2,862,551
Changes in value, properties	13	3,140,561	3,871,504	—	—
Changes in value, financial instruments	10	-191,854	-503,467	-191,854	-503,467
PROFIT BEFORE APPROPRIATIONS AND TAXES		6,869,159	6,957,354	2,066,035	2,359,084
Appropriations	15	—	—	447,887	-36,706
PROFIT BEFORE TAX		6,869,159	6,957,354	2,513,922	2,322,378
Tax	16	-1,428,927	-1,299,502	-530,464	-344,461
PROFIT FOR THE YEAR	17	5,440,232	5,657,852	1,983,457	1,977,917
Of which attributable to the shareholder in the Parent Company		5,440,232	5,657,852	—	—

Statement of profit and loss and other comprehensive income

Amounts in KSEK 1,000	Note	Group		Parent Company	
		2020	2019	2020	2019
PROFIT FOR THE YEAR		5,440,232	5,657,852	1,983,457	1,977,917
ITEMS THAT HAVE BEEN RECLASSIFIED OR CAN BE RECLASSIFIED TO PROFIT FOR THE YEAR					
Profit/loss from cash flow hedges		—	—	—	—
Tax attributable to cash flow hedges		—	—	—	—
Cash flow hedges, net after tax, dissolved against profit and loss		—	—	—	—
ITEMS THAT CANNOT BE RECLASSIFIED TO PROFIT FOR THE YEAR					
Revaluation of defined benefit pensions	30	-3,423	-84,178	—	—
Tax attributable to defined benefit pensions	16	706	17,341	—	—
Total, other comprehensive income		-2,717	-66,837	0	0
COMPREHENSIVE INCOME FOR THE YEAR		5,437,515	5,591,015	1,983,457	1,977,917
Of which attributable to the shareholder in the Parent Company		5,437,515	5,591,015	—	—

Comments on the Group's performance

FULL-YEAR 2020

Profit for the year before changes in value and tax was SEK 3,920 million (3,589). The improved performance is attributable to an increase in net operating income of SEK 325 million compared with the previous year, which is a combination of completion of additional new buildings, reduced costs for operation and maintenance, and a new assessment of tenant adaptations. In a comparable portfolio, net operating income increased by 4.3 per cent, of which 1.7 per cent relates to a new assessment of tenant adaptations. The change in fair value of properties was SEK 3,141 million (3,872), a decrease of SEK 731 million compared with 2019. The average yield requirement was 5.00 per cent (5.13).

The impact of the pandemic on earnings during the period has been limited. Revenue was affected to a limited extent by rental reductions and cancelled parking fees on some campuses. On the cost side, energy costs are lower since all campuses closed in mid-March. However, most campuses reopened in the middle of August, but physical attendance continued to be low. Travel costs have also decreased.

RENTAL REVENUE

Rental revenue increased by SEK 213 million compared with the previous year and totalled SEK 6,264 million (6,051). Completion of new buildings in 2019 and 2020 with an impact on the year contributed to an increase in revenue of approximately SEK 165 million, primarily regarding the Humanisten building in Gothenburg, as well as Albano Building 3 and Studenthuset (Student building) in Linköping. Index and rent renegotiations had an impact of about SEK 35 million and revenue related to tenant adaptations increased by SEK 108 million, mainly as a result of a new assessment. The increase is offset by the decline in rental revenue of SEK 44 million related to two major property sales in Stockholm that were completed at the end of 2019. Revenue was also affected by lower billing of media due to reduced energy consumption, which had a negative impact of SEK 43 million, while increased vacant space and rent cuts had a negative impact of SEK 12 million. In a comparable portfolio, contractual rental revenue increased by 2.4 per cent compared with the previous year.

LEASING LEVEL

The financial vacancy rate accounts for 2.4 per cent (2.2) of our total rental revenue, which corresponds to SEK 156 million (141). The majority of vacant space is still at Karolinska Institutet and arose mainly when Biomedicum was commissioned in the spring of 2018. This vacant space has gradually declined. Currently, approximately 60 per cent of these vacancies are rented and several discussions are underway with potential tenants. Vacant space in terms of area at year-end amounted to 120,000 square metres, corresponding to 3.6 per cent (3.6) of our total rentable area of 3.4 million square metres. Rentable floor space increased during the year by 52,000 square metres, mainly as a result of completion of new buildings and the acquisition of Alba Nova.

OPERATING AND MAINTENANCE COSTS

Expenses for operation and maintenance decreased by SEK 215 million and amounted to SEK 1,295 million (1,510).

Operating costs involve supervision and service, as well as media provision. Operating costs of SEK 850 million (891) include media provision of SEK 531 million (605), equivalent to SEK 160/m² (174) over the past 12 months. The lower operating costs are in their entirety attributable to lower media costs due to the mild winter, low energy prices and lower activity on campus during the pandemic.

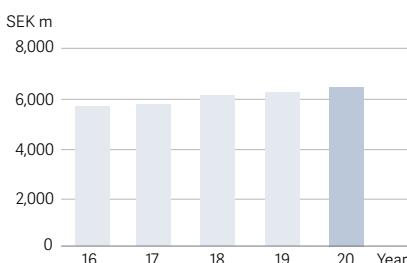
Maintenance costs declined by SEK 174 million compared with the same period the previous year and totalled SEK 445 million (619). Costs are lower mainly because project maintenance costs are capitalised beginning in 2020 as a result of a new assessment regarding useful life. The comparative year was not adjusted.

Other property management expenses increased by SEK 80 million, mainly as a result of a provision for non-recurring costs attributable to Luleå University of Technology during 2020.

ADMINISTRATIVE EXPENSES

Total administration costs increased by SEK 2 million and amounted to SEK 462 million (460). Beginning in 2020, development costs are recognised separately in the income statement. This is described on page 124. They amounted to SEK 40 million (40). The comparative year, including key figures, was restated.

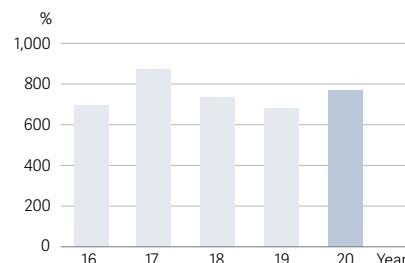
STABLE RENTAL REVENUE



RISING NET OPERATING INCOME AND STABLE NET OPERATING INCOME RATIO



INTEREST COVERAGE RATIO CONTINUES AT HIGH LEVEL



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 381 million (377) for the year. This corresponds to an interest rate of 1.48 per cent (1.21), which includes capitalised interest expense for projects in progress of SEK 102 million (86). Higher STIBOR and increased borrowing have resulted in a somewhat higher net interest income during the year. See table describing the composition of net interest income and expense on page 122.

CHANGES IN VALUE, PROPERTIES

The fair 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. Change in value for the year totalled SEK 3,141 million (3,872), corresponding to 3.7 per cent (4.8). The change in fair value can be explained by changed yield targets corresponding to SEK 1,828 million (2,727), as well as other change in value of SEK 1,310 million (1,138), which is attributable to projects in progress, renegotiated leases and other factors affecting value. The average yield target according to information provided 31 Dec. 2020 was 5.00 per cent (5.13). The yield targets were left unchanged during the first three quarters of the year, after which they were lowered in the fourth quarter. The market trend in 2020 was not as strong as in 2019, which to some extent is due to the uncertain situation related to the Covid-19 pandemic.

To estimate the impact of Covid-19 on change in fair value, a thorough analysis of rental losses was carried out. The results show a marginal loss of revenue and thus no impact on the long-term property value. The limited effect can generally be attributed to the fact that Akademiska Hus' property portfolio primarily consists of community properties or other publicly funded operations. This segment comprises approximately 93 per cent of the company's aggregate holdings. The identified rental losses are mainly attributable to a smaller proportion of other customers within the remainder of the portfolio.

CHANGES IN FAIR VALUE, FINANCIAL INSTRUMENTS

Changes in fair value in the derivative portfolio amounted to SEK -192 million (-503), which can primarily be attributed to lower market interest rates during the year. The derivative portfolio largely consists of interest 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 about 60 per cent of financing currently relies on variable interest rates. About one third of Akademiska Hus' interest risk exposure derives from interest derivatives, which means that even minor changes in the interest rate situation affects earnings through changes in fair 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 fair 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 0.28 per cent. The diagram below 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 1.75 per cent for the year. The calculation shows that the long fixed interest period has resulted in relatively 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 768 per cent (679), see diagram on page 60.

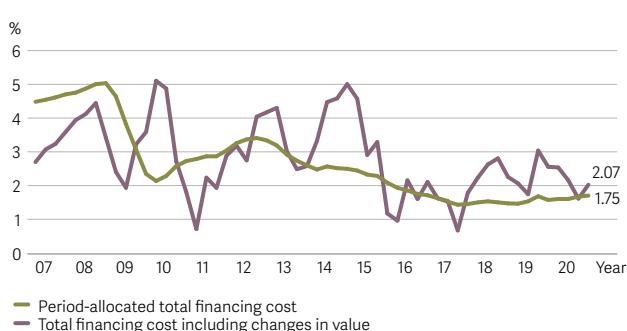
TOTAL FINANCING COST INCLUDING CHANGES IN VALUE

	2020 Full year	2019 Full year
Interest cost for loans, including charges, %	1.31	1.07
Interest swaps, net interest, %	0.17	0.14
Net interest income and expense, %	1.48	1.21
Changes in value, financial derivatives, %	0.59	1.39
Total financing cost, %	2.07	2.60

TAX

In 2020, the corporate tax rate was 21.4 per cent. It will be lowered to 20.6 per cent in 2021. The current tax for the year of SEK 484 million was calculated at a rate of 21.4 per cent. Deferred taxes will be revalued based on the tax rate applicable at the time when the deferred tax is expected to be settled. Consequently, the deferred tax liability was calculated at a rate of 20.6 per cent

COMPARISONS, DIFFERENT CALCULATIONS OF FINANCING COST



Statement of financial position

Amounts in KSEK 1,000	Note	Group		Parent Company		
		31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019	
ASSETS						
NON-CURRENT ASSETS						
Capitalised expenditure	18	3,116	3,929	3,116	3,929	
Properties	13, 14, 16	99,611,279	91,423,889	46,506,585	45,318,125	
Site leasehold rights		2,736,336	2,736,336	—	—	
Equipment, fixtures and fittings	19	33,502	21,467	33,502	21,467	
Shares in Group companies	20	—	—	826,222	650	
Derivatives	21, 22, 23	4,276,886	4,303,565	4,276,886	4,303,565	
Other non-current receivables	23, 24	547,534	504,052	547,534	504,052	
TOTAL NON-CURRENT ASSETS		107,208,654	98,993,238	52,193,846	50,151,789	
CURRENT ASSETS						
<i>Current receivables</i>						
Rent receivables and accounts receivable	25	240,005	538,450	239,999	538,450	
Receivables from subsidiary		—	—	1,021,692	818,650	
Current prepaid tax		—	48,937	—	48,937	
Other current receivables	26	1,172,839	961,413	1,163,626	961,412	
Prepaid expenses and accrued income	27	143,980	93,479	143,967	93,479	
Derivatives	21, 22	534,051	13,507	534,051	13,507	
Total current receivables	21, 23	2,090,875	1,655,785	3,103,335	2,474,435	
<i>Cash and cash equivalents</i>						
Current investments		1,900,107	2,179,944	1,900,107	2,179,944	
Cash and cash equivalents		1,776,551	2,157,014	1,776,227	1,338,129	
Total cash and cash equivalents	21, 28	3,676,657	4,336,958	3,676,334	3,518,073	
TOTAL CURRENT ASSETS		5,767,532	5,992,743	6,779,669	5,992,508	
TOTAL ASSETS		112,976,186	104,985,982	58,973,514	56,144,296	

Amounts in KSEK 1,000	Note	Group		Parent Company		
		31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019	
EQUITY AND LIABILITIES						
EQUITY (attributable to the Parent Company's shareholder)						
Share capital		2,135,000	2,135,000	2,135,000	2,135,000	
Other contributed equity		2,134,950	2,134,950	—	—	
Statutory reserve		—	—	2,134,950	2,134,950	
Hedge reserve		—	—	—	—	
Actuarial profit and loss		-102,079	-99,362	—	—	
Fair value reserve		—	—	—	—	
Retained earnings, including profit for the year		46,124,423	42,589,190	—	—	
Retained earnings (in the Parent Company)		—	—	817,029	744,113	
Profit for the year (in the Parent Company)		—	—	1,983,457	1,977,917	
TOTAL EQUITY		50,292,293	46,759,778	7,070,437	6,991,979	
Untaxed reserves	15	—	—	3,932,582	4,380,469	
LIABILITIES						
<i>Non-current liabilities</i>						
Loans	21, 22	31,603,392	30,016,478	31,603,392	30,016,478	
Derivatives	21, 22	2,209,829	1,660,203	2,209,829	1,660,203	
Deferred tax liability	16	13,841,587	12,575,646	2,251,889	2,205,706	
Other non-current liabilities	29	233,619	111,259	233,619	111,259	
Non-current liabilities, site leasehold rights		2,736,336	2,736,335	—	—	
Provisions for pensions and similar obligations	30	690,091	661,924	324,290	311,094	
Total non-current liabilities		51,314,853	47,761,845	36,623,019	34,304,739	
<i>Current liabilities</i>						
Accounts payable		346,399	300,755	346,399	300,755	
Liabilities to Group companies		—	—	12,582	2,151	
Income tax liabilities	16	120,465	—	120,465	—	
Other current liabilities	29	2,924,804	2,767,099	2,916,768	2,767,699	
Accrued expenses and prepaid income	31	2,342,592	2,330,372	2,316,483	2,330,372	
Loans	21, 22	5,487,497	4,931,757	5,487,497	4,931,757	
Derivatives	21, 22	147,281	134,374	147,281	134,374	
Total current liabilities		11,369,040	10,464,358	11,347,476	10,467,109	
TOTAL LIABILITIES	32	62,683,893	58,226,203	47,970,495	44,771,848	
TOTAL EQUITY AND LIABILITIES		112,976,186	104,985,982	58,973,514	56,144,296	

Comments on the Group's statement of financial position

PROPERTIES

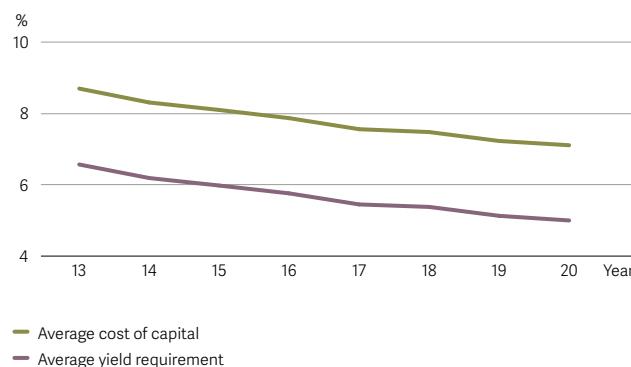
As of the end of the fourth quarter, the fair value of Akademiska Hus' property holdings totalled SEK 99,611 million, an increase of SEK 8,187 million and 9.0 per cent compared with 31 December 2019. Fair value includes the completed portions of projects in progress. The unrealised change in value amounted to SEK 3,138 million (3,865). The yield requirements and cost of capital were left unchanged during the first three quarters of the year, taking into account the uncertain market situation related to the Covid-19 pandemic. In the fourth quarter, the yield requirement and cost of capital were lowered, but in terms of the full year the market trend has not been as strong as the previous year. Other change in value as of 31 December 2020 was SEK 1,310 million, representing an increase of SEK 172 million in relation to the same period the previous year. This increase is primarily attributable to improved cash flow in the Greater Stockholm region. In summary, this results in a decrease in total change in market value of SEK 727 million compared with the same period the previous year.

PROPERTIES

(incl. new construction in progress and capitalised interest expense)

Change in property holdings, SEK m	31 Dec. 2020	31 Dec. 2019
Opening fair value	91,424	85,865
+ Investment in new construction, extensions and redevelopment	2,872	3,266
+ Acquisitions	2,179	—
- Sales	-2	-1,572
+/- Change in fair value	3,138	3,865
<i>Of which change in value due to a change in the cost of capital and yield requirement</i>	1,828	2,727
<i>Of which other change in value</i>	1,310	1,138
Closing fair value	99,611	91,424

DEVELOPMENT OF YIELD REQUIREMENT AND COST OF CAPITAL



ous year. Remaining changes relate to investments in properties for the year of SEK 2,872 million (3,266), acquisitions off SEK 2,179 million (0) and sales of SEK -2 million (-1,572). The average yield requirement was 5.00 per cent (5.13).

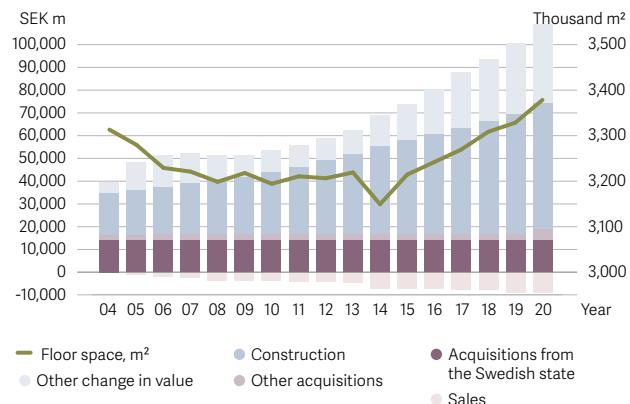
In 2020, the ongoing pandemic had a limited effect on community properties in general, a segment that accounts for the majority of the Akademiska Hus property portfolio. Impact on property value has thus been marginal. The assessment is that it is not necessary to make an impairment related to the effects of the Covid-19 pandemic at this time.

The fair value is 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 target and cost of capital. 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.

SENSITIVITY ANALYSIS

	Outcome 2020	Change in cost of capital and yield targets in 2020	
		Increase by one percentage point	Decrease by one percentage point
Change in value, properties, SEK m	3,141	-13,727	18,648
Return on equity, per cent	11.1	-12.5	35.9
Return on operating capital, per cent	9.0	-8.1	29.0
Equity ratio, per cent	44.5	39.8	49.3
Loan-to-value ratio, per cent	35.6	41.3	30.0

PROPERTY PORTFOLIO'S ACCUMULATED VALUE GROWTH AND NUMBER OF SQUARE METRES FLOOR SPACE, m²



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 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 +/- 4,981 million to SEK 9,961 million in the Akademiska Hus portfolio.

FINANCING

The pandemic initially entailed widening credit spreads. Subsequently, rapid and powerful measures from central banks in financial markets contributed to gradually narrowing credit spreads. During the year Akademiska Hus completed a buyback of SEK 200 million, as well as eight issuances totalling SEK 6,250 million in the Swedish bond market. Maturities mainly ranged between 2 and 3 years. One of the issuances was Akademiska Hus' second green bond of SEK 1,500 million, with a maturity of 7 years.

During the year, committed credit facilities were increased by SEK 500 million and thereby amounted to SEK 6,000 million. All of these credit facilities were unutilised at year-end. The bond issuances during the year, the committed credit facilities and stable rental payments contributed to continued good liquidity for Akademiska Hus.

The net liability portfolio at year-end totalled SEK 35,468 million, corresponding to an increase of SEK 2,566 million during the year, which is largely attributable to an increase in net borrowing. The equity ratio at 31 December was 44.5 per cent (44.5).

NET LOAN LIABILITY

SEK m	31 Dec. 2020	31 Dec. 2019
Gross loan debt	-37,091	-34,948
Collateral for derivatives, net	-2,439	-2,568
Cash and cash equivalents	3,677	4,337
Current receivables	385	277
Total net loan liability	-35,468	-32,902

FIXED INTEREST PERIOD AND MATURITY

Earlier long-term bond issuances have helped to achieve a long period for tied-up capital, which at 31 December was 9.9 years. Bonds denominated in foreign currency are swapped for SEK with floating interest rates and therefore do not entail a corresponding extension of maturity. Interest rate risk in the debt portfolio is instead primarily managed using interest rate derivatives.

Normally, financial markets price 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. During the year, the added cost of long-term fixed interest has fallen, leading to an extension of interest rate duration in the liability portfolio, which as at 31 December was 7.1 years. As before, debt management will focus on allocating the portfolio's interest rate risk to the most effective periods.

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

SEK m	Fixed interest, year Dec. 2020	Fixed interest, year Dec. 2019	Maturity, years Dec. 2020	Maturity, years Dec. 2019
Basic portfolio	4.4	3.6	7.8	8.5
Long-term portfolio	19.9	20.9	19.9	20.9
Total portfolio	7.1	6.8	9.9	10.7

Changes in equity, Group

Amounts in KSEK 1,000	Note	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	
OPENING BALANCE 1 Jan. 2019		2,135,000	2,134,950		-32,525	38,594,339	42,831,764
COMPREHENSIVE INCOME							
Profit for the year		—	—	—	—	5,657,852	5,657,852
OTHER COMPREHENSIVE INCOME							
Revaluation of defined benefit pensions		—	—	—	-66,837	—	-66,837
Total, comprehensive income		0	0	0	-66,837	5,657,852	5,591,015
TRANSACTIONS WITH SHAREHOLDER							
Dividend ¹		—	—	—	—	-1,663,000	-1,663,000
Total transactions with shareholder		0	0	0	0	-1,663,000	-1,663,000
CLOSING BALANCE 31 Dec. 2019		2,135,000	2,134,950	0	-99,362	42,589,190	46,759,778
COMPREHENSIVE INCOME							
Profit for the year		—	—	—	—	5,440,232	5,440,232
OTHER COMPREHENSIVE INCOME							
Revaluation of defined benefit pensions		—	—	—	-2,717	—	-2,717
Total, comprehensive income		0	0	0	-2,717	5,440,232	5,437,515
TRANSACTIONS WITH SHAREHOLDER							
Dividend ²		—	—	—	—	-1,905,000	-1,905,000
Total transactions with shareholder		0	0	0	0	-1,905,000	-1,905,000
CLOSING BALANCE 31 Dec. 2020		2,135,000	2,134,950	0	-102,079	46,124,423	50,292,293

1) Dividend of SEK 1,663,000,000 was authorised by the Annual General Meeting on 29 April 2019.

2) Dividend of SEK 1,905,000 was authorised by the Annual General Meeting on 28 April 2020.

Changes in equity, Parent Company

Amounts in KSEK 1,000	Note	Restricted equity		Non-restricted equity		
		Share capital	Statutory reserve	Fair value reserve	Profit for the year brought forward	Total equity
OPENING BALANCE 1 Jan. 2019		2,135,000	2,134,950	0	2,407,113	6,677,063
COMPREHENSIVE INCOME						
Profit for the year		—	—	—	1,977,917	1,977,917
OTHER COMPREHENSIVE INCOME						
Total, comprehensive income		0	0	0	1,977,917	1,977,917
TRANSACTIONS WITH SHAREHOLDER						
Dividend ¹		—	—	—	-1,663,000	-1,663,000
Total transactions with shareholder		—	—	—	-1,663,000	-1,663,000
CLOSING BALANCE 31 Dec. 2019		2,135,000	2,134,950	0	2,722,029	6,991,979
COMPREHENSIVE INCOME						
Profit for the year		—	—	—	1,983,457	1,983,457
OTHER COMPREHENSIVE INCOME						
Total, comprehensive income		0	0	0	1,983,457	1,983,457
TRANSACTIONS WITH SHAREHOLDER						
Dividend ²		—	—	—	-1,905,000	-1,905,000
Total transactions with shareholder		0	0	0	-1,905,000	-1,905,000
CLOSING BALANCE 31 Dec. 2020		2,135,000	2,134,950	0	2,800,487	7,070,437

1) Dividend of SEK 1,663,000,000 was authorised by the Annual General Meeting on 29 April 2019.

2) Dividend of SEK 1,905,000 was authorised by the Annual General Meeting on 28 April 2020.

Statements of Cash Flows

Amounts in KSEK 1,000	Note	Group		Parent Company	
		2020	2019	2020	2019
CURRENT OPERATIONS					
Profit after financial items		6,869,159	6,957,354	2,066,034	2,359,084
Adjustment for items not included in the cash flow	33	-2,966,239	-3,926,102	1,819,599	672,762
Tax paid		-315,584	-349,794	-314,879	-349,794
CASH FLOW FROM CURRENT OPERATIONS BEFORE CHANGES IN WORKING CAPITAL		3,587,336	2,681,459	3,570,753	2,682,052
CASH FLOW FROM CHANGES IN WORKING CAPITAL					
Increase (+)/Decrease (-) in current receivables		5,733	507,523	886,478	507,373
Increase (+)/Decrease (-) in current liabilities		805,288	330,177	780,974	330,175
CASH FLOW FROM CURRENT OPERATIONS		4,398,358	3,519,159	5,238,205	3,519,600
INVESTING ACTIVITIES					
Investment in properties		-2,770,178	-3,180,449	-2,770,178	-3,180,449
Sale of properties		4,420	1,579,023	4,420	759,841
Investment in other non-current assets		-24,956	-10,078	-24,956	-10,078
Acquisition of shares in Group companies		-801,568	—	-801,568	—
Increase (+)/decrease (-) in non-current receivables		-46,199	-73,719	-67,484	-73,719
CASH FLOW FROM INVESTING ACTIVITIES		-3,638,481	-1,685,223	-3,659,767	-2,504,406
FINANCING ACTIVITIES					
Raising of interest-bearing loans, excluding refinancing		15,326,960	14,518,116	15,326,960	14,518,116
Repayment of loan		-13,148,230	-15,200,065	-13,148,230	-15,200,065
Amortisation of loan related to acquisition		-1,074,556	—	-1,074,556	—
Interest paid		-430,133	-387,162	-430,133	-387,162
Realised derivatives and CSA		-189,219	1,931,342	-189,219	1,931,342
Dividend paid		-1,905,000	-1,663,000	-1,905,000	-1,663,000
CASH FLOW FROM FINANCING ACTIVITIES		-1,420,178	-800,770	-1,420,178	-800,770
CASH FLOW FOR THE YEAR		-660,301	1,033,166	158,261	214,425
Cash and cash equivalents at the beginning of the year		4,336,958	3,303,792	3,518,073	3,303,648
Closing cash and cash equivalents	28	3,676,657	4,336,958	3,676,334	3,518,073

Comments on the consolidated statement of cash flows

Cash flow from current operations before changes in working capital totalled SEK 3,588 million (2,681). The change compared with the previous year is mainly attributable to an improved net operating income, but also to realisation of negative changes in fair value attributable to financial instruments in 2019, which did not occur in 2020.

Cash flow from investing activities totalled SEK -3,638 million (-1,685). The change compared with the previous year mainly relates to the property sales carried out in 2019, which generated SEK 1,579 million. Only one small sale occurred in 2020, for SEK 4 million. In 2020, investments in properties were made for SEK 2,770 million (3,180). In addition, the acquisition of Alba Nova via limited partnership had an impact of SEK 802 million on cash flow from investing activities.

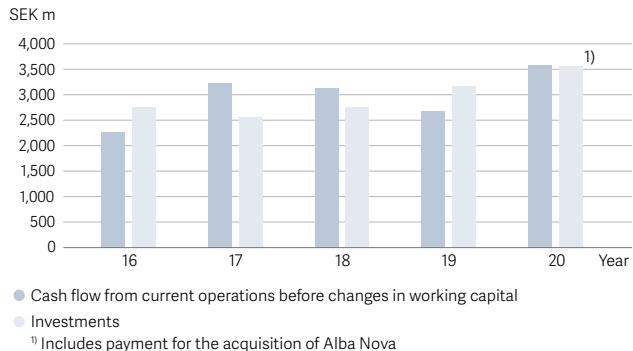
Cash flow relating to financing activities amounted to SEK -1,420 million (-801). The positive net borrowing in 2020 of SEK 2,179 million (-682) was offset to some extent by cash flows related to pledged assets related to financial derivatives. In addition, repayment of the loan of SEK 1,075 million that was acquired in conjunction with the acquisition of Alba Nova had an impact on cash flow from financing activities.

Total cash flow for the year was SEK -660 million (1,033).

CASH FLOW AND INVESTMENTS

Total cash flow from current operations before change in working capital during the period 2016 to 2020 was SEK 14,892 million. Investments during the same period totalled SEK 14,022 million. The diagram shows that cash flow from current operations is reinvested largely in new construction as well as in re-development and extensions of existing holdings.

STABLE CASH FLOW FROM CURRENT OPERATIONS





Contents

NOTE 1	General information	71
NOTE 2	General accounting policies	71
NOTE 3	Estimates and judgments	75
NOTE 4	Rental revenue	76
NOTE 5	Other property management income	76
NOTE 6	Other property management expenses/ Site leasehold fees	76
NOTE 7	Categorised operating costs	77
NOTE 8	Depreciation, impairment and reversed impairment in property management	77
NOTE 9	Result, shares in subsidiaries	77
NOTE 10	Financial income and expense	78
NOTE 11	Employees and personnel costs	78
NOTE 12	Fees and disbursements to auditors out of pocket expenses	80
NOTE 13	Properties (Group)	80
NOTE 14	Properties (Parent Company)	82
NOTE 15	Appropriations and untaxed reserves	83
NOTE 16	Tax	84
NOTE 17	Dividend	85
NOTE 18	Intangible assets	85
NOTE 19	Equipment, fixtures and fittings	86
NOTE 20	Shares in Group companies	86
NOTE 21	Loans and financial instruments	87
NOTE 22	Financial risk management (Group)	91
NOTE 23	Maturity structure, receivables	94
NOTE 24	Other non-current receivables	94
NOTE 25	Rent receivables and accounts receivable	94
NOTE 26	Other current receivables	95
NOTE 27	Prepaid expenses and accrued income	95
NOTE 28	Cash and cash equivalents	95
NOTE 29	Other liabilities	95
NOTE 30	Provisions for pensions	96
NOTE 31	Accrued expenses and prepaid income	98
NOTE 32	Maturity structure, liabilities	98
NOTE 33	Adjustments for items not included in cash flow	98
NOTE 34	Pledged assets	99
NOTE 35	Contingent liabilities	99
NOTE 36	Transactions with related parties	99
NOTE 37	Events after the year-end	99

Notes

1 General information

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

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

The Parent Company's functional currency is SEK. All amounts are in SEK 1,000 unless stated otherwise.

All amounts denominated in a currency other than SEK have been translated to the rate on the closing date, unless otherwise indicated

2 General accounting policies

The consolidated accounts have been prepared in accordance with the EU-endorsed International Financial Reporting Standards (IFRS) as at 31 December 2020. The Group also applies the Swedish Financial Reporting Board recommendation RFR 1, Supplementary Rules for Consolidated Financial Statements, which specifies the supplements to IFRS disclosures required pursuant to the rules in the Annual Accounts Act.

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

NEW AND AMENDED IFRS STANDARDS AND INTERPRETATIONS 2020

IFRS 16 Leasing – Effect of the introduction of the standard

In May 2020, the IASB published the amendment to IFRS 16 which entails relief for accounting of Covid-19-related rent concessions. Since Akademiska Hus is a lessor with respect to rental revenue, the amendment has not entailed any effect for Akademiska Hus.

IFRS 3 Business Combinations

As of 2020, the IASB adopted an amendment to IFRS 3 that clarifies the difference between a business combination and asset acquisition by adopting a new definition of a business. In practice, the new definition means that if the purchase price of the shares in a business combination is essentially attributable to the fair value of acquired properties, the acquisition is an asset acquisition. The amendment has not entailed any change in reporting for Akademiska Hus in 2020.

Other amendments

A new assessment regarding reporting of tenant adaptations was introduced as of 2020. With the new assessment, expenses for tenant adaptations that generate a rent increase are recognised as properties and not as before under net operating income. The amendment has entailed lower operating costs of SEK 71 million for 2020 compared with the previous assessment. The comparison year has not been restated.

Other new and amended regulations, standards and interpretations are currently not considered to have any significant impact on Akademiska Hus.

CONSOLIDATED ACCOUNTS

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

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

SEGMENT REPORTING

Beginning with the first quarter of 2020, Akademiska Hus no longer reports a division into different operating segments under IFRS 8, since the Group is considered to have only one operating segment. This assessment is based on how the Group as a whole is monitored by the highest operational decision-maker. All operations, including assets, are geographically located in Sweden.

REVENUE RECOGNITION

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

Other property management income is reported, where applicable, in the same way as rental revenue. This post largely comprises revenues as a direct result of the leases and mainly consists of revenues from parking services for tenants and other management tasks. Interest income is reported as income divided across the term on application of the annual equivalent rate method.

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

REMUNERATION TO EMPLOYEES

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

Defined contribution plans

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

Defined benefit plans

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

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

- service costs (including service costs for the current period, service costs for previous periods and profits and losses in respect of reductions and/or adjustments)
- net interest cost or net interest expense
- actuarial profit and loss

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

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

TAX

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

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

Deferred tax is reported in accordance with the Statement of Financial Position method. According to this method, deferred tax liabilities are reported in the Statement of Financial Position for all taxable temporary differences between the carrying amounts and taxable values of assets and liabilities. Deferred tax assets are reported in the Statement of Financial Position with regard to deficit deductions and all deductible temporary differences to the extent it is likely that the amounts can be offset against future taxable surpluses. The reported value of deferred

tax assets is examined at each financial position date and reduced to the extent it is no longer probable that a sufficient taxable surplus will be available for utilisation.

2019 the Parliament lowered the corporate tax to 21.4 per cent. Deferred taxes are revalued using the tax rate that is expected to apply for the period in which the asset is recovered or the liability settled.

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

TRANSLATION OF ITEMS IN FOREIGN CURRENCY

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

PROPERTIES

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

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

Property sales and property purchases are reported in conjunction with the risks and benefits linked to title being transferred to the purchaser or seller, which normally takes place on the completion date, as long as this does not conflict with the terms and conditions in the contract of sale. For property sales through companies, the sale is reported at the date of taking possession.

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

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

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

FAIR VALUE, PROPERTIES

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

Akademiska Hus valuation models comply with good market practice in the property industry and the cash flows and yield targets that are used are justified based on both property-specific conditions and industry-specific conditions. The properties have been valued individually without any account being taken of portfolio effects. For a more detailed description of Akademiska Hus' valuation methods, see Note 13.

EQUIPMENT, FIXTURES AND FITTINGS

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

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

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

<i>Computer equipment</i>	33%
<i>Equipment, fixtures and fittings</i>	20%
<i>Capitalised expenditure</i>	20%

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

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

IMPAIRMENT

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

When computing the value in use, future cash flows are discounted at a rate of interest before tax that it is envisaged will take into account the market's assessment of risk-free interest and risk linked to the specific asset. For an asset which does not, independent of other assets, generate any cash flow, the recoverable value of the cash-generating unit to which the asset belongs is calculated. Reversal of previous impairments takes place when the recoverable value for a previously impaired asset exceeds the carrying amount and the need for impairment made previously is no longer considered necessary.

The reversal is reported in the income statement. An examination of past impairments takes place on an individual basis.

LEASES

Leases in which Akademiska Hus is lessor are classified as operating leases where essentially all risks and benefits associated with ownership fall to the lessor. From a reporting perspective, all current lease agreements attributable to properties are to be regarded as operating leases. Recognition of these leases is presented under "Revenue recognition".

In those cases where Akademiska Hus is the lessee, leasehold agreements have been identified as the most significant. These right-of-use assets and financial liabilities are reported separately in the statement of financial position for all significant leases with a term longer than 12 months. Leasehold agreements are handled as perpetual lease agreements and recognised at fair value as these represent part of the Group's properties. Fair value is measured by discounting future fees using a discount rate, currently 3.08 per cent. The right-of-use asset is not depreciated. Annual site leasehold fees are recognised in the Parent Company as a property expense, but in the Group as a financial expense.

The Group has chosen to apply the exemption not to recognise short-term leases and leases of low value assets as right-of-use assets and lease liability in the statement of financial position. Payments related to these leases will instead be recognised as an expense on a straight line basis over the lease term.

FINANCIAL INSTRUMENTS

The general principles for the valuation of financial instruments are that financial investment assets and all derivatives should be valued at fair value whilst other financial assets and financial liabilities are measured at amortised cost. Financial instruments are reported initially at the acquisition value, corresponding to the fair value of the instrument with

an addition for transaction costs for all financial instruments apart from those that belong to the category Financial Assets, which are measured at fair value through profit and loss. Reporting subsequently takes place depending on how they are classified, as stated below.

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

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

The Group categorises its financial instruments as:

Assets:

Derivatives measured at fair value through profit and loss

All derivatives are held for hedging purposes and recognised at fair value through profit and loss. Some of these derivatives are included in the hedging package, while others are "independent derivatives".

Measured at fair value through profit and loss

Assets in this category are initially recognised at cost, i.e. fair value at the time of acquisition, and are subsequently measured continuously at fair value. The change in value is reported continuously through profit and loss. All Akademiska Hus investment assets fall into this category. The assets are classified as "hold to collect" and Akademiska Hus uses the fair value option for these investments. All change in value in these items are recognised through profit and loss under changes in value.

Measured at amortised cost

Assets in this category are non-derivative financial assets with established or establishable payment flows that are not listed on an active market. These assets are recognised and measured on a continuous basis at the accrued acquisition value. Akademiska Hus' accounts receivable fall into this category.

Liabilities:

Derivatives measured at fair value through profit and loss

All derivatives are held for hedging purposes and recognised at fair value through profit and loss. Some of these derivatives are included in the hedging package, while others are "independent derivatives".

Measured at fair value through profit and loss

These liabilities are initially recognised at cost and thereafter continuously at fair value. The change in value is reported on a continuous basis through profit and loss. Bonds that are included in the hedging package belong to this category.

Measured at amortised cost

Financial liabilities measured at amortised cost are initially recognised in the statement of financial position at fair value, including the transaction cost. After initial recognition instruments in this category are measured at amortised cost. Bonds that are not included in the hedging package and current liabilities belong to this category.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and reported at a net amount in the Statement of Financial Position when there is a legal right to offset and when there is an intention to settle the items at a net amount or at the same time realise the asset and settle the debt. Information relating to offset financial assets and liabilities under IFRS 7 can be seen in Note 22.

Calculation of fair value, financial instruments

When establishing the fair value of current investments, derivatives and loan liabilities, the official market listing at the period-end is used and calculation takes place according to generally accepted methods. In those cases where such listings are not available, a valuation is made through discounting of future cash flows at the listed market interest rate for each term. Translation into Swedish kronor takes place at the listed rate at the period-end. Calculated and estimated fair values are indicative and will not necessarily be realised. The nominal value of accounts receivable and accounts payable, reduced by possible estimated credits, is assumed to be equivalent to their fair value. Information according to IFRS 13 about the level in the fair value hierarchy for different items can be found in Note 21.

Rent receivables, accounts receivable and other receivables

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

Assets measured at amortised cost or at fair value through comprehensive income must be tested for impairment. Most of Akademiska Hus' assets are not subject to this requirement since they are recognised at fair value through profit and loss. Accounts receivable are recognised at amortised cost, but since Akademiska Hus' customers are largely government agencies, these receivables are not tested for impairment, since the amount is not considered to have a material impact on profit.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and current investments with maturity in less than three months. These are classified as cash and cash equivalents because they consist of extremely liquid commercial paper that can be immediately traded at a value equal to the carrying amount. The current investments are measured at fair value through profit and loss. Cash and cash equivalents are measured at amortised cost.

Current investments

Current investments with a term in excess of three months comprise interest-bearing securities and are reported and valued at fair value. Changes in fair value (unrealised profits and losses) are reported on a continuous basis through net interest income and expense. In the Statement of Cash Flows, current investments with a term in excess of three months are not classified as cash and cash equivalents.

Loan financing

All loan financing is reported initially at fair value, net after transaction costs. Borrowing is subsequently reported at amortised cost and any difference between the amount received and the repayment amount is reported in net interest income and expense divided over the loan period on application of the annual equivalent rate method. Borrowing that constitutes a hedged item in conjunction with fair value hedging is recognised and measured after the acquisition point continuously at fair value with account taken of the hedged risk. Changes in fair value are reported in net interest income and expense. Loan financing in foreign currency is translated and the effects are reported through profit and loss.

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

Accounts payable and other liabilities

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

Financial derivatives

Derivatives are held primarily with the aim of securing long-term, cost-effective debt financing and handling the Group's financial risk exposure by hedging interest and currency exposure against fluctuations in interest rates and exchange rates. Derivatives are valued at fair value and changes in value are reported on an ongoing basis against net financial income and expense.

Interest derivatives (interest future contracts, interest swap agreements, FRA contracts and interest options) are held mainly to secure the desired fixed interest period in existing debt financing. Interest derivatives are measured continuously at fair value and the effects attributable to the changes in value are recognised in net interest income and expense. The net of the accrued interest income and interest expense is allocated to specific periods and expensed over the term of the derivative. In conjunction with financing in a foreign currency, all future payment flows are hedged so that no currency risk remains. Currency risk hedging takes place with the aid of currency derivatives (currency future contracts, currency swap agreements or combined with an interest swap agreement). Currency derivatives are translated at the period-end exchange rate and when hedge reporting is applied, the effects of the currency translation of the derivative naturally meet the effects of the currency translation of the debt in net interest income and expense. Independent derivatives, i.e. derivatives that are not included in any hedge relationship, are valued at fair value and the change in value is recorded directly in net interest income and expense. With the aim of evening out price variations on the electricity market, and in doing so achieve an even trend for the Group's electricity costs, future electricity use is hedged with the aid of electricity derivatives. Electricity derivatives are measured continuously at fair value and the changes in value are recognised continuously in profit and loss. The effects of price hedging, the difference between the electricity future's hedged price and the average spot price during the term of the electricity future, are offset against profit and are transferred on maturity from net interest income and expense and reported as an operating cost. Consequently, the result of the electricity future and the Group's physical electricity purchases constitute the actual electricity cost.

Hedge accounting

Akademiska Hus' hedge accounting is based on "Fair value hedging". This means that both the hedged item/exposure and the hedging instrument are measured at fair value. Akademiska Hus uses cross currency interest rate swap agreements to hedge bonds issued in foreign currencies. This is done in accordance with the financing policy. Changes in fair value are continuously recognised through profit and loss, which also means that accounting ineffectiveness also ends up in profit and loss.

The requirements that must be met to qualify for hedge accounting under IFRS 9 are an economic relationship, credit risk and hedge ratio. "Economic relationship" means that there must be an economic relationship between the hedged item and the hedging instrument. Akademiska Hus ensures that there is an economic relationship because the critical terms match for the hedged item and the hedging instrument. This is done in connection with debt issuance. The second requirement is that the effect of credit risk must not dominate the change in market value. Regarding credit risk, Akademiska Hus can conclude that change in credit risk does not have any significant effect on the market value of the

hedging package. Akademiska Hus has an extremely stable rating and any credit risk is managed through "CSA agreements". According to the third criterion, the Company must determine the hedge ratio of its hedging package. Akademiska Hus' hedge ratio is 1:1 since the hedging instruments are a direct reflection of the underlying hedge item.

PROVISIONS

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

PARENT COMPANY, ACCOUNTING POLICIES

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

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

Amended accounting policies

No amendments to RFR 2 with a material impact on the Parent Company's financial statements were made during 2020.

Properties

Properties are reported in a legal entity at the acquisition value with a deduction for accumulated depreciation, impairments and reversed impairments.

During the year 0 (0) properties were revised upwards. Depreciation on the upwards revaluation occurs linearly with such an amount that the revaluation is completely written off when the properties are otherwise fully depreciated.

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

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

<i>Land systems</i>	5%
<i>Buildings</i>	1.7%
<i>Building equipment</i>	10%
<i>Land equipment</i>	20%

Tenant adaptations are amortised over the length of the lease.

Shares in subsidiaries

Shares in subsidiaries are reported at the acquisition value.

SENSITIVITY ANALYSIS, IMPACT ON PROFIT

	Increase by one percentage point				Decrease by one percentage point			
	Impact on net operating income, SEK m	Impact on return on operating capital, percentage points	Impact on change in value and assessed fair value, SEK m	Impact on assessed fair value, percentage points	Impact on net operating income, SEK m	Impact on return on operating capital, percentage points	Impact on change in value and assessed fair value, SEK m	Impact on fair value, percentage points
Rental revenue	63	0.5	405	0.4	-63	-0.5	-405	-0.4
Vacant space	-61	-1.0	-791	-0.8	61	1.0	791	0.8
Operating costs	-9	-0.1	-96	-0.1	9	0.1	96	0.1
of which media provision	-5	-0.1	-49	0.0	5	0.1	49	0.0
Cost of capital		-6.7	-5,627	-5.6		7.0	6,193	6.2
Yield target		-9.8	-8,101	-8.1		13.7	12,455	12.5

Remuneration to employees

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

Deferred tax

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

3 Estimates and judgments

When preparing reports in compliance with IFRS, the Executive Management and the Board of Directors must make assessments and assumptions that affect the reported asset and liability items and income and cost items in the final accounts as well as information provided generally, including contingent liabilities. These assessments are based on historical experience and different assumptions the Executive Management and the Board of Directors have considered reasonable under the prevailing circumstances. The conclusions drawn form the basis for decisions regarding reported values of assets and liabilities in those cases where these cannot be established easily through information from other sources. The actual outcome could differ from these assessments if other assumptions are made or if other conditions emerge. Assessments could have a material impact on the Akademiska Hus profit and financial position, particularly within regard to valuation of properties (see also Note 13).

When calculating the Group's pension liability in accordance with IAS 19, a number of assumptions are made, including the discount rate in current value assessment, expected salary increases, inflation, staff turnover, remaining period of service for those covered by the pension plan as well as expected mortality assumptions. The levels of these parameters are adapted to company-specific conditions and partly to normal external conditions (see also Note 30).

Sensitivity analysis, impact on profit

The sensitivity analysis shows how the net operating income, return on operating capital and fair value of the properties would be affected in the event of changes in different variables. The analysis shows the impact on an annual basis at full effect.

Changes in the cost of capital or yield target are factors that affect the fair value most. However, the change in value in profit would not affect the cash flow as it is unrealised. In the sensitivity analysis, the current lease portfolio has been taken into account with regard to rental revenue and vacant space.

4 Rental revenue

All properties are leased under operational lease agreements and generate rental revenue. The rental revenue during the period amounted to KSEK 6,263,901 (6,050,479) and the direct costs for the properties during the period totalled KSEK 1,933,166 (2,057,177).

LEASE TERMS AS AT 31 DEC. 2020

Due date for non-residential premises	Number of leases	Contracted annual rent, SEK m	Proportion, %
2021	239	190,516	3
2022	243	561,362	10
2023	236	1,031,506	18
2024	180	653,073	11
2025	79	685,144	12
2026	56	403,319	7
2027 and later	147	2,227,118	38
Other	264	64,478	1
Total	1,444	5,816,516	100

The two largest tenants are Karolinska Institutet and the Royal Institute of Technology, which account for 11.7 per cent and 10.6 per cent of rental revenue, respectively.

CONTRACTED RENTAL REVENUE AS AT 31 DEC. 2020 ACCORDING TO THE SIZE OF THE LEASE

Annual rent for non-residential premises	Number of leases	Contracted annual rent, SEK m	Proportion, %
> 70,000	5	675,509	11
30,000–70,000	31	1,281,264	22
10,000–30,000	133	2,233,905	39
7,500–10,000	40	354,981	6
5,000–7,500	67	415,591	7
2,500–5,000	110	407,353	7
< 2,500	794	383,435	7
Other	264	64,478	1
Total	1,444	5,816,516	100

5 Other property management income

	Group		Parent Company	
	2020	2019	2020	2019
Parking revenue	60,768	72,103	60,768	72,104
Profit on the sale of other non-current assets	—	—	4,420	94,555
Income from external property management assignments and similar assignments	36,564	36,510	36,564	36,510
Income from services performed on behalf of tenants	49,747	55,488	49,742	55,488
Other	7,483	2,267	7,483	3,455
TOTAL	154,562	166,368	158,977	262,112

6 Other property management expenses/Site leasehold fees

	Group		Parent Company	
	2020	2019	2020	2019
Property tax and other risk costs	-16,526	-16,359	-16,526	-16,359
Studies	-23,391	-29,854	-23,391	-29,854
Loss on the sale and disposal of other noncurrent assets	—	—	-686	-960
Costs for external property management assignments and similar assignments	-26,267	-23,426	-26,267	-23,426
Costs for services performed on behalf of tenants	-42,987	-44,908	-42,987	-44,908
Other	-126,647	-41,310	-136,990	-40,335
TOTAL	-235,818	-155,857	-246,847	-155,842
Site leasehold fees	—	—	-84,328	-84,128

7 Categorised operating costs

	Group		Parent Company	
	2020	2019	2020	2019
Functions reported in the Income Statement				
Property management	-1,933,166	-2,057,177	-2,003,737	-2,116,863
Central administration costs	-59,739	-68,925	-59,729	-68,925
Development costs	-39,854	-40,304	-39,854	-40,304
TOTAL OPERATING COSTS ACCORDING TO FUNCTION	-2,032,759	-2,166,406	-2,103,320	-2,226,092
CATEGORISED FUNCTION COSTS				
Energy, fuel and water	-544,405	-580,060	-544,405	-580,060
Property administration	-94,489	-94,535	-94,489	-94,535
Maintenance costs, material and services purchased	-495,632	-693,698	-495,632	-693,697
Site leasehold fees	—	—	-84,328	-84,128
Property tax	-9,440	-10,672	-9,440	-10,672
Personnel costs	-509,416	-493,192	-497,869	-477,107
Depreciation	-13,067	-8,341	—	—
Other costs	-366,310	-285,908	-377,157	-285,893
TOTAL CATEGORISED OPERATING COSTS	-2,032,759	-2,166,406	-2,103,320	-2,226,092

8 Depreciation, impairment and reversed impairment in property management

	Group		Parent Company	
	2020	2019	2020	2019
Properties	—	—	-1,581,218	-1,571,857
Equipment, fixtures and fittings	—	—	-13,067	-8,341
TOTAL	0	0	-1,594,285	-1,580,198

Depreciation for the Group is recognised under property administration and operating costs.

9 Result, shares in subsidiaries

	Group		Parent Company	
	2020	2019	2020	2019
Dividend	—	—	—	818,500
Result, trading and limited partnerships	—	—	24,004	—
TOTAL	0	0	24,004	818,500

For 2019, KSEK 818,500 relates to anticipated dividend from AH Holding AB.

For 2020 KSEK 24,004 relates to the profit from the subsidiary Fysikhuset Stockholm KB.

10 Financial income and expense

	Group		Parent Company	
	2020	2019	2020	2019
Interest income	47,944	43,361	47,944	43,361
Interest expense	-428,867	-420,357	-530,653	-505,611
TOTAL NET INTEREST INCOME/EXPENSE	-380,923	-376,996	-482,709	-462,250
UNREALISED CHANGES IN VALUE				
Independent derivatives	-121,808	-262,627	-121,808	-262,627
Fair value hedges	-17,598	98,091	-17,598	98,091
TOTAL UNREALISED CHANGES IN VALUE	-139,406	-164,536	-139,406	-164,536
REALISED CHANGES IN VALUE				
Independent derivatives	-52,448	-338,931	-52,448	-338,931
TOTAL REALISED CHANGES IN VALUE	-52,448	-338,931	-52,448	-338,931
Site leasehold fees	-84,328	-84,128	—	—
NET INTEREST INCOME AND EXPENSE	-657,105	-964,591	-674,563	-965,717

11 Employees and personnel costs

The average number of employees was as follows:

	2020	2019
AKADEMISKA HUS AB		
Women	180	160
Men	343	330
GROUP, TOTAL	523	490

The proportion of women (based on the average number of employees) in the Parent Company and the Group is 34 per cent (33).

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

The Board comprises 8 (7) members elected at the Annual General Meeting and 2 (2) members appointed by the employees. 4 (3) of the members are women, i.e. 40 per cent (33). Overall management of the Group rests with the Executive Management, which comprises 5 (5) men and 5 (6) women. The Executive Management team comprises the CEO, Chief Financial Officer and Vice President, Administrative Manager, two Market Area Directors, Director of Innovation and Sustainable Development, Project Manager, Human Resources Director, General Counsel and Corporate Communications Officer.

The Group's and Parent Company's outstanding pension obligations to the Chief Executive Officer and other members of Executive Management totalled KSEK 10,023 (8,463). The subsidiaries do not have any employees and no salaries have been paid.

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY COSTS

	Group		Parent Company	
	2020	2019	2020	2019
SALARIES AND REMUNERATION				
Board members, CEO and Vice President	8,089	8,069	8,089	8,069
Other employees	306,640	294,637	306,640	294,637
TOTAL	314,729	302,706	314,729	302,706
SOCIAL SECURITY COSTS				
Board members, CEO and Vice President	4,707	4,747	4,707	4,747
(of which pension costs)	(2,166)	(2,212)	(2,166)	(2,212)
Other employees	155,537	141,477	155,537	141,477
(of which pension costs)	(57,935)	(48,698)	(57,935)	(48,698)
TOTAL	160,244	146,224	160,244	146,224
(of which pension costs)	(60,101)	(50,910)	(60,101)	(50,910)

FINANCIAL STATEMENTS

Notes

REMUNERATION TO THE BOARD

		2020				2019			
		Directors' fees	Investment Committee	Remuneration Committee	Audit and Finance Committee	Directors' fees	Investment Committee	Remuneration Committee	Audit and Finance Committee
Chairperson	Anitra Steen	300	15	10	—	327	30	10	—
Member	Britta Bureau	160	—	—	30	158	—	—	30
Member	Anna Magnusson	—	—	—	—	—	—	—	—
Member	Christer Nerlich	160	—	—	40	158	—	—	40
Member	Peter Gudmundson	160	—	—	30	158	—	—	30
Member	Svante Hagman ¹	80	15	—	—	—	—	—	—
Member	Robin Teigland ¹	80	10	—	—	—	—	—	—
Member	Ingemar Ziegler ²	80	10	5	—	158	20	10	—
Member	Örjan Wikforss	160	20	—	—	158	20	—	—
Employee representative	Anders Larsson	—	—	—	—	—	—	—	—
Employee representative	Thomas Jennlinger	—	—	—	—	—	—	—	—
TOTAL		1,210	70	15	100	1,117	70	20	100

1) Elected as Board member at the Annual General Meeting 28 April 2020

2) Left the Board of Directors as a Board member at the Annual General Meeting 28 April 2020

REMUNERATION TO SENIOR EXECUTIVES

		2020		2019	
		Basic salary ¹	Pension cost	Basic salary ¹	Pension cost
CEO	Kerstin Lindberg Göransson	4,199	1,141	4,192	1,178
CFO/Vice President	Catarina Fritz	2,289	602	2,296	602
Administrative Manager	Jonas Bjuggren	2,024	514	1,987	487
Market Area Director	Peter Bohman	1,610	382	1,623	391
Head of Innovation and sustainable development	Ulf Däversjö	1,556	362	1,592	390
Project Manager	Hayar Gohary	1,639	391	1,649	397
Market Area Director	Magnus Huss	1,713	402	1,595	381
Human Resources Director	Marie Hallander Larsson	1,543	360	1,544	364
General Counsel	Carolin Åberg Sjöqvist ²	1,495	569	775	288
CIO	Cecilia Wide	1,276	286	1,273	289
Market Area Director	Åsa Henninge ³	1,041	244	571	88
Market Area Director	Birgitta van Dalen ⁴	—	—	1,050	472
TOTAL		20,385	5,253	20,147	5,327

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

2) Joined Executive Management in July 2019.

3) Joined Executive Management in August 2019 and left Executive Management in August 2020.

4) Left Executive Management in August 2019.

12 Fees and disbursements to auditors out of pocket expenses

	Group		Parent Company	
	2020	2019	2020	2019
ÖHRLINGS PRICEWATERHOUSECOOPERS AB				
Audit assignment	1,395	1,150	1,395	1,150
Audit work in addition to the audit assignment	260	—	260	—
Tax consulting	718	743	718	743
Other services	59	454	59	454
TOTAL	2,432	2,347	2,432	2,347

“Audit assignment” refers to payment to the auditor for the statutory audit, such as work necessary to submit the audit report. “Audit work in addition to the audit assignment” in effect refers to what can be designated quality assurance services (for example, examination of a prospec-

tus for an EMTN programme) as well as the provision of advice or other assistance as a result of observations made in conjunction with such an examination or the performance of other such duties.

13 Properties (Group)

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

	Group	
	31 Dec. 2020	31 Dec. 2019
Change in property holdings, in SEK 1,000		
Opening fair value	91,423,889	85,865,127
+ Investment in new construction, extensions and redevelopment	2,770,178	3,180,449
+ Acquisitions	2,179,102	—
+ Capitalised interest expense	101,969	85,833
- Sales	-1,803	-1,572,299
+/- Change in value, unrealised	3,137,944	3,864,779
Of which change in value due to adjusted value index	—	—
Of which change in value due to a change in the cost of capital and yield requirement	1,828,107	2,727,264
Of which change in value due to adjusted value index (valuation status, average remaining term, property type)	-240,367	361,667
Of which capitalised interest expense	-101,969	-85,833
Of which other change in value	1,652,173	861,681
CLOSING FAIR VALUE	99,611,279	91,423,889

	2020	2019
Changes in value, property holdings		
Positive	4,923,410	5,001,479
Negative	-1,785,466	-1,136,700
Result from sales and disposal	2,617	6,725
TOTAL CHANGES IN VALUE, PROPERTIES	3,140,561	3,871,504

VALUATION MODELS/METHODS

The fair value of the Group's properties as at 31 December 2020 has been set using an internal property valuation. The valuation has been conducted using different valuation methods as follows: SEK 82,626 million (83 per cent) of the fair value has been set through an internal cash flow valuation, where the cash flow figures used comprise the net operating income for each property. Rental revenue was calculated based on current leases and an assessment of market rent level is made after the term of the lease has expired. Operating costs are estimated based on the normalised historical outcome of each property, while maintenance costs and property administrative costs are assessed based on actual costs and key indicators for the industry.

For an initial calculation period of ten years, a current value is computed for the cash flow generated each year using a nominal cost of capital. The residual value from year 11 is calculated based on the market's actual yield targets. Residual value is in turn calculated at the current value using nominal cost of capital. The property's fair value comprises the sum of the current cash flows during the calculation period and the current residual value.

Notes

The starting point when choosing the cost of capital is the nominal interest rate on the secondary market for government bonds with a term equivalent to the length of the calculation period. A risk premium is added to cover the market risk and the property-related risk. The yield targets are assessed, as far as possible, using the property transactions that have been completed on the market and, as far as possible, using comparable properties. Each year, Akademiska Hus has the yield target, cost of capital and other valuation prerequisites verified by two external valuation institutes.

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

Expansion reserves, SEK 1,095 million (1 per cent), were measured according to the sales comparison approach based on external valuations. In some cases, the planning conditions for new construction are unclear and consequently the pure land values have been used to establish the fair value. The expansion reserves include construction rights covering a gross area of approximately 1.60 million square metres (GFS).

SEK 15,890 million (16 per cent) of the assessed market value was set based on other valuation methods. This primarily relates to properties with a special risk assessment where a more individually adapted cash flow method has been used to be able to adapt the length of the estimate and yield requirement based on needs. This group also includes objects valued by external valuers or at indicative selling price.

The total fair value of properties includes new construction in progress amounting to SEK 4,903 million (4,610), which has also been valued using the internal cash flow valuation with a deduction for remaining investment.

Valuation conditions 2020

Yield requirements and cost of capital declined by between 0.05 and 0.25 percentage points during the year, due to general price-driving factors in the property market for community properties. Overall, the positive change in value attributable to changes in yield requirements and cost of capital in 2020 amounted to SEK 1,828 million (2,727). Well-located, efficient properties with a strong customer base and good rental potential are in greatest demand and are naturally less sensitive to external changes and are therefore assigned a lower yield requirement.

Characteristic of Akademiska Hus are long leases with stable, credit-worthy customers. The majority of tenants have a public principal and thus a very good credit rating, which means a low rent risk during the term of the lease. Around 85 per cent of income derives from the dominant customer group, universities and colleges. All centres of education, apart from Chalmers University of Technology, have the Swedish state as principal and thus have a high credit rating. The average remaining lease term is 6.5 years (6.5). The valuation divided the leases into three categories based on average remaining lease term. For valuation properties with a longer remaining lease term, the relative risk is lower as the cash flow valuation is based predominantly on hedged revenue flows.

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

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

The cost of capital for the cash flow varies for different properties within the range 5.83–10.93 per cent depending on the lease term, town/city, location, and type of premises. The long-term yield target varies between 3.75 per cent and 8.75 per cent depending on the town/city, location and type of premises.

The table below presents the average yield target and cost of capital per geographic area.

	31 Dec. 2020			31 Dec. 2019
	Yield target, %	Cost of capital, %	Yield target, %	Cost of capital, %
South	5.3	7.4	5.4	7.5
Mid-Sweden	4.7	6.8	4.8	6.9
North	5.5	7.6	5.6	7.7
Group	5.0	7.1	5.1	7.2

Other assumptions

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

Valuation assumptions

Lease term	>10 years, > 6 years < = 10 years, < = 6 years
Division into town, city, location	26 towns, cities, locations
Special adaptation/category of premises	Installation-intensive premises/non-installation-intensive premises
Calculation period	10 years
Inflation assumption, year 1	1.0%
Inflation assumption, years 2–10	2.0%
Vacant space	Actual and/or 3%
Property administration	SEK 45/m ²
Maintenance costs, non-installation-intensive premises	SEK 100/m ²
Maintenance costs, installation-intensive premises	SEK 140/m ²

Assumptions about inflation have been made based on the views of different forecasters, such as the National Institute of Economic Research, the Swedish central bank and other banks. The long-term inflation assumption of 2 per cent corresponds with the Swedish central bank's long-term inflation target. The rent trend during the term of the lease is estimated at maximum of inflation (CPI), with consideration taken to the index share of the lease. Actual vacancy is applied as it occurs and after the contract period a standard vacancy rate of 3 per cent is applied. Standard formulas are applied for property administration costs and maintenance costs.

Change	Impact on fair value, SEK m	Impact on fair value, percentage points
Rental revenue, +/- one per cent	+/- 405	+/- 0.4
Vacant space, +/- one percentage point	-/+ 791	-/+ 0.8
Operating costs, +/- one per cent	-/+ 96	-/+ 0.1
of which media provision	-/+ 49	-/+ 0.0
Maintenance costs, +/- SEK 10/m ²	-/+ 570	-/+ 0.7
Property administration, +/- SEK 10/m ²	-/+ 570	-/+ 0.7
Cost of capital, + one percentage point	-5,627	-5.6
Cost of capital, - one percentage point	6,193	6.2
Yield requirement, + one percentage point	-8,101	-8.1
Yield requirement, - one percentage point	12,455	12.5

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

Sensitivity analysis

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

Miscellaneous

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

All properties are leased under operational lease agreements and generate rental revenue. The rental revenue during the period amounted to KSEK 6,263,901 (6,050,479) and the direct costs for the properties during the period totalled KSEK 1,933,166 (2,057,177).

External valuation

To assure the internal valuation, selected properties are valued each year by external valuation companies. During the year, valuation buildings at a fair value of SEK 30,240 million were valued externally, corresponding to approximately 30 per cent of the Akademiska Hus total fair value. The 2020 valuations were carried out by Svefa AB, an appraisal firm that is authorised by the Swedish Professionals for the Built Environment. The external valuations confirm the reliability of the internal valuation model.

14 Properties (Parent Company)

Carrying amount for properties amounted to KSEK 46,506,585 (45,318,125). The amount includes land, land systems, buildings, building equipment, land equipment and projects in progress.

Fiscal residual value amounted to KSEK 28,471,000 (27,718,787).

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

	Parent Company	
	31 Dec. 2020	31 Dec. 2019
Opening acquisition value	60,715,160	58,348,099
Investment in new construction and redevelopment	2,770,178	3,180,449
Sales and disposals	-954	-813,388
CLOSING ACCUMULATED ACQUISITION VALUE	63,484,384	60,715,160
Opening impairments	6,742,510	6,911,789
Depreciation for the year on revaluations	-167,591	-169,279
CLOSING ACCUMULATED REVALUATIONS	6,574,919	6,742,510
Opening depreciation	-21,794,450	-20,738,738
Reclassifications	-271	-100
Sales and disposals	308	259,099
Depreciation for the year	-1,409,041	-1,314,711
CLOSING ACCUMULATED DEPRECIATION ACCORDING TO PLAN	-23,203,454	-21,794,450
Opening impairments	-345,095	-147,520
Reclassifications	271	100
Sales and disposals	15	10,033
Reversed impairments	1,915	18,362
Impairments for the year	-6,370	-226,070
CLOSING ACCUMULATED IMPAIRMENTS	-349,264	-345,095
CARRYING AMOUNT	46,506,585	45,318,125

15 Appropriations and untaxed reserves

	Parent Company	
	31 Dec. 2020	31 Dec. 2019
APPROPRIATIONS		
Change in tax allocation reserve	447,887	-18,106
Difference between recorded depreciation and depreciation according to plan	—	-18,600
TOTAL	447,887	-36,706
UNTAXED RESERVES		
Tax allocation reserve, provision made 2014	—	447,887
Tax allocation reserve, provision made 2015	507,298	507,298
Tax allocation reserve, provision made 2016	537,145	537,145
Tax allocation reserve, provision made 2017	571,000	571,000
Tax allocation reserve, provision made 2018	480,000	480,000
Tax allocation reserve, provision made 2019	460,000	460,000
Additional depreciation	1,377,139	1,377,139
TOTAL	3,932,582	4,380,469

16 Tax

	Group		Parent Company	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
TAX ON PROFIT FOR THE YEAR				
<i>Current tax</i>				
Current tax on profit for the year	-484,282	-336,197	-484,282	-336,197
Total current tax	-484,282	-336,197	-484,282	-336,197
<i>Deferred tax attributable to temporary differences</i>				
Financial instruments	28,557	35,545	28,557	35,545
Properties	-1,087,305	-998,180	-94,199	-43,809
Tax allocation reserve	92,265	-3,983	—	—
Pension provisions	2,379	3,313	—	—
Effect of change in tax rate	19,459	—	19,459	—
Total deferred tax	-944,645	-963,305	-46,182	-8,264
TOTAL TAX ON PROFIT FOR THE YEAR	-1,428,927	-1,299,502	-530,464	-344,461

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

	Group		Parent Company	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
Reported profit before tax	6,869,159	6,957,354	2,513,922	2,322,378
Tax at the current tax rate	-1,470,000	-1,488,874	-537,979	-496,989
Tax effect of expenses that are not tax deductible/taxable (permanent differences):				
Non-deductible expenses	-1,200	-1,427	-1,200	-1,427
Non-taxable revenues	—	—	—	—
Taxable standard interest calculated on the tax allocation reserve	-6,089	-6,095	-6,089	-6,095
Result, shares in limited partnerships	—	—	-709	—
Non-taxable sale of subsidiary	—	175,299	—	—
Anticipated dividend from subsidiary	—	—	—	175,159
Effect of change in tax rate	33,968	38,527	1,794	—
Adjustment of tax expense for previous years	14,394	-15,109	14,394	-15,109
Miscellaneous	—	-1,823	-676	—
TOTAL REPORTED TAX EXPENSE	-1,428,927	-1,299,502	-530,464	-344,461

	Group		Parent Company	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
<i>Deferred tax assets attributable to temporary differences</i>				
Financial instruments	150,428	121,871	150,428	121,870
Non-deductible	19,459	—	19,459	—
Pension provisions	69,085	72,271	—	—
Total, reported deferred tax receivables	238,971	194,142	169,887	121,870
<i>Deferred tax liabilities attributable to temporary differences</i>				
Tax allocation reserve	-562,197	-660,733	—	—
Properties	-13,518,360	-12,109,055	-2,421,776	-2,327,576
Total, reported deferred tax liability	-14,080,558	-12,769,788	-2,421,776	-2,327,576
TOTAL, REPORTED DEFERRED TAX LIABILITY	-13,841,587	-12,575,646	-2,251,889	-2,205,706

	Group		Parent Company	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
Cash flow hedge				
- actuarial gains and losses	706	17,341	—	—
TOTAL DEFERRED TAX REPORTED IN OTHER COMPREHENSIVE INCOME	706	17,341	0	0

17 Dividend

The dividend paid to the shareholder on 04 May 2020 totalled SEK 1,905,000,000 (1,663,000,000). The dividend per share was SEK 892.27 (778.92).

As regards the dividend for the year, the Board proposes a dividend of SEK 1,003.28 per share, for a total of SEK 2,142,000,000, to be paid to the shareholder as instructed by the owner. A decision regarding a dividend will be reached by the shareholder at the Annual General Meeting. The dividend has not been recorded as a liability in the Annual Report.

Available for allocation at the Annual General Meeting:

Profit brought forward	SEK 817,029,316
Profit for the year	SEK 1,983,457,260
Total	SEK 2,800,486,576

The Board of Directors and the President propose that the profit be allocated in such a way that SEK 2,142,000,000 is paid to the shareholder and SEK 658,486,576 is carried forward.

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

	Outcome consolidated results	Changes in value in the Group	Profit used for calculation of dividend
Income from property management	6,418		6,418
Property management expenses	-1,933		-1,933
NET OPERATING INCOME	4,485		4,485
Central administration costs	-60		-60
Development costs	-40		-40
Interest income	48		48
Interest expense	-429		-429
Site leasehold fees	-84		-84
PROFIT BEFORE CHANGES IN VALUE AND TAXES	3,920		3,920
Changes in value, properties	3,141	-3,138	3
Changes in value, financial instruments	-192	140	-52
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES	6,869	-2,998	3,871
Tax/current tax	-1,429	618	-811
PROFIT AFTER TAX	5,440	-2,380	3,060

Dividend, 70% of the profit available for the payment of a dividend 2,142

The dividend as decided at the Annual General Meeting held on 28 April 2020 was SEK 1,905 million.

18 Intangible assets

	Group		Parent Company	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
Opening acquisition value	4,064	—	4,064	—
Purchases	—	4,064	—	4,064
CLOSING ACCUMULATED ACQUISITION VALUE	4,064	4,064	4,064	4,064
Opening depreciation	-135	—	-135	—
Depreciation for the year	-813	-135	-813	-135
CLOSING ACCUMULATED DEPRECIATION	-948	-135	-948	-135
CARRYING AMOUNT	3,116	3,929	3,116	3,929

19 Equipment, fixtures and fittings

	Group		Parent Company	
	2020	2019	2020	2019
Opening acquisition value	105,257	98,668	105,257	98,668
Purchases for the year	25,102	6,589	25,102	6,589
CLOSING ACCUMULATED ACQUISITION VALUE	130,359	105,257	130,359	105,257
Opening depreciation	-83,790	-75,449	-83,790	-75,449
Depreciation for the year	-13,067	-8,341	-13,067	-8,341
CLOSING ACCUMULATED DEPRECIATION	-96,857	-83,790	-96,857	-83,790
CARRYING AMOUNT	33,502	21,467	33,502	21,467

20 Shares in Group companies

	Parent Company	
	2020	2019
Opening acquisition value	650	650
Acquisition of subsidiaries	825,572	—
CARRYING AMOUNT	826,222	650

Parent Company directly owned companies	Organisation number	Registered office	Total number of shares	Share of equity in % ¹	2020	2019
Akademiska Hus Utveckling och Support AB	556610-2975	Gothenburg	500 (500)	100 (100)	500	500
Kunskapsmiljön 7 AB	556966-0037	Gothenburg	500 (500)	100 (100)	50	50
Akademiska Hus Holding AB	556981-6803	Gothenburg	100 (100)	100 (100)	100	100
Fysikhuset Stockholm KB	969629-4843	Solna	—	100 (100)	825,572	—
TOTAL					826,222	650

Parent Company indirectly owned companies	Organisation number	Registered office	Total number of shares	Share of equity in % ¹	2020	2019
Akademiska Hus Kunskapen 1 AB	559210-5687	Gothenburg	500 (500)	100 (100)	50	50
Akademiska Hus Kunskapen 2 AB	559281-7281	Gothenburg	500 (500)	100 (100)	50	—
TOTAL					100	50

1) Corresponds to the number of votes.

21 Loans and financial instruments

FINANCIAL INSTRUMENTS BY CATEGORY, SEK 1,000	2020				
	Derivatives measured at fair value through profit and loss	Measured at fair value through profit and loss	Measured at amortised cost	Total carrying amount	Total fair value
Non-current assets					
Currency derivatives					
Interest rate derivatives	1,738,699			1,738,699	1,738,699
Currency interest rate swaps	2,536,742			2,536,742	2,536,742
Electricity derivatives	1,445			1,445	1,445
TOTAL NON-CURRENT ASSETS	4,276,886	—	—	4,276,886	4,276,886
Current assets					
Currency derivatives					
Interest rate derivatives	2,084			2,084	2,084
Currency interest rate swaps	521,738			521,738	521,738
Electricity derivatives	10,229			10,229	10,229
Current investments		1,900,107		1,900,107	1,900,107
Rent receivables and accounts receivable			240,005	240,005	240,005
Cash and cash equivalents			1,776,551 ¹	1,776,551	1,776,551
TOTAL CURRENT ASSETS	534,051	1,900,107	2,016,556	4,450,714	4,450,714
Non-current liabilities					
Currency derivatives					
Interest rate derivatives	-2,204,802			-2,204,802	-2,204,802
Currency interest rate swaps	-4,149			-4,149	-4,149
Electricity derivatives	-878			-878	-878
Swedish bonds			-15,412,760	-15,412,760	-18,454,651
Foreign bonds		-14,900,885		-14,900,885	-14,900,885
Other loans			-1,289,747	-1,289,747	-1,024,832
TOTAL NON-CURRENT LIABILITIES	-2,209,829	-14,900,885	-16,702,507	-33,813,221	-36,590,197
Current liabilities					
Currency derivatives	-44,610			-44,610	-44,610
Interest rate derivatives	-18,914			-18,914	-18,914
Currency interest rate swaps	-74,977			-74,977	-74,977
Electricity derivatives	-8,780			-8,780	-8,780
ECP			-817,664	-817,664	-817,746
Swedish bonds			-1,399,738	-1,399,738	-1,413,498
Foreign bonds		-3,252,677		-3,252,677	-3,252,677
Other loans			-17,418	-17,418	-17,418
Accounts payable			-346,399	-346,399	-346,399
TOTAL CURRENT LIABILITIES	-147,281	-3,252,677	-2,581,219	-5,981,177	-5,995,019

1) The amount shown in the table is the Group's cash and cash equivalents. The Parent Company has KSEK 1,776,227 in cash and cash equivalents. All derivatives are held for hedging purposes. The fair value of accounts receivable, cash and cash equivalents and accounts payable corresponds to the carrying amount.

FINANCIAL STATEMENTS

Notes

				2019	
	Derivatives measured at fair value through profit and loss	Measured at fair value through profit and loss	Measured at amortised cost	Total carrying amount	Total fair value
FINANCIAL INSTRUMENTS BY CATEGORY, SEK 1,000					
Non-current assets					
Currency derivatives					
Interest rate derivatives	1,312,430			1,312,430	1,312,430
Currency interest rate swaps	2,991,135			2,991,135	2,991,135
Electricity derivatives					
TOTAL NON-CURRENT ASSETS	4,303,565		—	4,303,565	4,303,565
Current assets					
Currency derivatives	1,256			1,256	1,256
Interest rate derivatives	5,234			5,234	5,234
Currency interest rate swaps					
Electricity derivatives	7,017			7,017	7,017
Current investments		2,179,944		2,179,944	2,179,944
Rent receivables and accounts receivable		538,450		538,450	538,450
Cash and cash equivalents			2,157,014 ¹	2,157,014	2,157,014
TOTAL CURRENT ASSETS	13,507	2,179,944	2,695,464	4,888,915	4,888,915
Non-current liabilities					
Currency derivatives					
Interest rate derivatives	-1,660,141			-1,660,141	-1,660,141
Currency interest rate swaps					
Electricity derivatives	-62			-62	-62
Swedish bonds			-10,566,332	-10,566,332	-13,185,977
Foreign bonds		-18,142,983		-18,142,983	-18,142,983
Other loans			-1,307,163	-1,307,163	-1,334,732
TOTAL NON-CURRENT LIABILITIES	-1,660,203	-18,142,983	-11,873,495	-31,676,681	-34,232,895
Current liabilities					
Currency derivatives	-124,245			-124,245	-124,245
Interest rate derivatives	-10,129			-10,129	-10,129
Currency interest rate swaps					
Electricity derivatives					
ECP			-3,545,890	-3,545,890	-3,546,340
Swedish bonds			-1,368,877	-1,368,877	-1,388,511
Foreign bonds					
Other loans			-16,990	-16,990	-16,990
Accounts payable			-300,755	-300,755	-300,755
TOTAL CURRENT LIABILITIES	-134,374		—	-5,232,513	-5,366,886
					-5,386,970

1) The amount shown in the table is the Group's cash and cash equivalents. The Parent Company has KSEK 1,338,129 in cash and cash equivalents. All derivatives are held for hedging purposes. The fair value of rent and accounts receivable, cash and cash equivalents and accounts payable corresponds to the carrying amount.

LOANS

The Group's financing takes place mainly through the public financing programmes. Through their standardised terms and conditions, these permit rational, cost-effective financing. The Group has international ECP and EMTN programmes, as well as a domestic commercial paper programme. The MTN programme has not been updated since 2009. Bank financing is used to a limited extent. The average capital for bank financing during 2020 was SEK 0 million (60).

Loans in the Group are reported at amortised cost. The Group's risk management is presented in Note 22 Financial risk management.

FINANCING COST

Net interest income and expense amounted to SEK -657 million (-965) and the average net liability portfolio was SEK 32,021 million (31,014). The financing cost amounted to 2.07 per cent (2.60), calculated as interest expense in relation to average interest-bearing net loan liability. The changes in value in the financial derivative instruments correspond to an increase in interest expense of 0.59 per cent (1.39).

FINANCING COST, BREAKDOWN, %

	2020	2019	2018	2017	2016
Loan financing cost, including charges	1.31	1.07	0.88	0.74	0.83
Interest swaps, net interest, %	0.17	0.14	0.09	0.20	0.47
Financing cost, %	1.48	1.21	0.97	0.94	1.30
Changes in value, financial derivatives, %	0.59	1.39	1.33	0.85	0.85
TOTAL FINANCING COST	2.07	2.60	2.30	1.79	2.15

TOTAL FINANCING COST DISTRIBUTED, SEK M

	1 Jan. 2020– 31 Dec. 2020	1 Jan. 2019– 31 Dec. 2019
Net interest income/expense, net loans and financial assets	-386	-343
Net interest derivatives	-53	-46
Other interest costs	-44	-74
Capitalised interest expense, projects	102	86
Total net interest income/expense	-381	-377
Change in value, independent financial derivatives		
– unrealised	-122	-263
– realised	-52	-339
Changes in value, fair value hedges	-18	98
Total changes in value	-192	-503
Site leasehold fees	-84	-84
Reported net interest income and expense	-657	-965

	2020			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit and loss				
Current investments		1,900,107		1,900,107
Independent derivatives		1,752,457		1,752,457
Fair value hedges		3,058,480		3,058,480
TOTAL ASSETS	—	6,711,044	—	6,711,044

	2020			
	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value through profit and loss				
Independent derivatives		-2,277,984		-2,277,984
Fair value hedges		-79,126		-79,126
Bonds (fair value)		-18,153,562		-18,153,562
TOTAL LIABILITIES	—	-20,510,672	—	-20,510,672

	2019			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit and loss				
Current investments		2,179,944		2,179,944
Independent derivatives		1,325,937		1,325,937
Fair value hedges		2,991,135		2,991,135
TOTAL ASSETS	—	6,497,016	—	6,497,016

	2019			
	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value through profit and loss				
Independent derivatives		-1,794,577		-1,794,577
Fair value hedges		-18,142,983		-18,142,983
Bonds (fair value)		-19,937,560		-19,937,560
TOTAL LIABILITIES	—	-19,937,560	—	-19,937,560

EFFECT OF FINANCIAL DERIVATIVES ON PROFIT

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

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

Financial instruments valued at fair value

The table on page 89 shows the financial assets and liabilities that are valued at fair value. They are classified in a hierarchy, comprising three levels and based on the information used to set their fair value. Level 1 refers to when fair value is set based on listed prices on active markets for identical assets and liabilities. Level 2 refers to when fair value is set based on observable data other than listed prices on active markets. Level 3 refers to when the set fair value is essentially based on data that is not observable, i.e. the Company's own assumptions. The fair value of financial assets and liabilities is set by using information that is attribut-

able to one or more of the above-mentioned levels. The classification is determined by the lowest level in the hierarchy for the information that has a material impact on the value. The Group mainly holds derivatives that are on level 2. The valuation of the instruments is done according to the zero coupon method, which means that all the future cash flows of the instrument are set at the current value. The zero coupon interest rates used to discount the cash flows are calculated according to market practice with DEPO/FRA/SWAP notations as a base. The source of this information is real-time data from Bloomberg. No reclassifications between levels were made during the year.

Fair value measurement	Measurement method	31 Dec. 2020		31 Dec. 2019	
		Fair value	Impact on profit	Fair value	Impact on profit
Derivatives – independent and in hedge relationship	Discounted cash flows: The valuation model uses the present value of future cash flows	2,453,827	-189,115	2,522,495	830,320
Current investments: Discount paper	Discounted cash flows: The valuation model uses the present value of future cash flows	1,900,107	133	2,179,944	-93
Bonds included in hedge relationships	Discounted cash flows: The valuation model uses the present value of future cash flows	-18,153,562	-1,597	-18,142,983	-1,331,855

MATERIAL CONTRACTUAL TERMS AND CONDITIONS

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

HEDGE ACCOUNTING

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

ASSET MANAGEMENT

The Group strives to achieve good growth in profit, financial sustainability and financial capacity. The financial objectives are set to provide a combination of a high return on equity, high growth capacity and financial stability.

According to the owner's financial targets for Akademiska Hus, the dividend should amount to between 40 and 70 per cent of the net profit after tax after reversal of unrealised changes in value and related deferred tax. When deciding on a dividend, consideration should be given to the Group's capital structure and capital requirements. The equity ratio should be between 35 and 45 per cent and return on operating capital should be at least 6.0 per cent.

At the end of 2020, the equity ratio was 44.5 per cent (44.5) for the Group and 17.2 per cent (18.5) for the Parent Company. After the dividend of SEK 2,142 million proposed by the Board of Directors, the equity ratio will be 43.4 per cent for the Group and 14.1 per cent for the Parent Company.

The Group's capital structure comprises an interest-bearing net loan liability and equity attributable to the Parent Company's shareholder (share capital, other contributed capital, retained earnings, including profit for the year).

	Group		Parent Company	
	2020	2019	2020	2019
Asset management, SEK 1,000				
Gross loan debt	-37,090,889	-34,948,235	-37,090,889	-34,948,235
Assets				
Collateral for derivatives, net	-2,438,516	-2,567,318	-2,438,516	-2,567,318
Cash and cash equivalents	3,676,657	4,336,958	3,676,334	3,518,073
Current receivables	384,692	277,509	384,692	277,509
NET LOAN LIABILITY	-35,468,056	-32,901,086	-35,468,379	-33,719,971
Interest-bearing portion of pension liability	-690,091	-661,924	-324,290	-311,094
Site leasehold fees	-2,736,336	-2,736,336	—	—
TOTAL INTERESTBEARING NET LOAN LIABILITY	-38,894,483	-36,299,346	-35,792,669	-34,031,065

All loans, including bonds, are included in gross loan debt. The net liability portfolio includes some current receivables, cash and cash equivalents and security transfers for derivatives.

22 Financial risk management (Group)

Akademiska Hus carries on active debt management where the strategy is to weigh up the financial risks, given the existing mandate, against the desired low and stable financing cost over time. The central policy document adopted by the Board of Directors is the Finance Policy, which describes the long-term strategic orientation, the Group's approach to financial risks and the mandate to handle these risks, as well as the allocation of liability.

INTEREST RISK

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

The debt portfolio is divided into two sub-portfolios and according to the Finance Policy, there must be a mandate to manage interest rate risk in the two main sub-portfolios as follows:

Long-term portfolio – bonds denominated in SEK with both fixed interest and maturity terms longer than 15 years. These bonds represent a significant interest risk exposure, which justifies a separate mandate. The portfolio is therefore permitted to amount to a maximum of 20 per cent (20) of the total portfolio. At the turn of the year, long-term bonds totalling SEK 5,758 million (5,576) were issued, equivalent to 16.5 per cent (16.8) of the total portfolio.

Basic portfolio – remaining portion of commercial paper, ECPs, bonds, loans and interest rate derivatives, cash and cash equivalents. The portfolio is managed within an average fixed interest period man-

date. The current mandate is a fixed interest period of 3 to 6 years (3 to 6 years). The fixed interest period at the year-end was 4.4 years (3.6), including interest derivatives.

Index-linked bonds are now also included in the basic portfolio, but the volume mandate remains. The index-linked portion of the total portfolio may amount to a maximum of 5 per cent (5) of the total portfolio. At the turn of the year, index-linked bonds totalling SEK 500 million (500) were issued, equivalent to 1.5 per cent (1.5) of the total portfolio.

MATURITY STRUCTURE FOR LIABILITY MATURITY AND FIXED INTEREST PERIODS, SEK M

	Maturity SEK m	Fixed interest SEK m
2021	5,669	12,057
2022-2026	11,908	13,798
2027-2031	4,522	3,150
2032-2036	901	325
2037-2041	4,583	3,976
2042-2046	5,131	730
2047-2051	1,827	505
TOTAL	34,541	34,541

The table above shows the nominal amounts that are translated to the swapped rate. A positive figure means that the Group pays interest and a negative figure means that the Group receives interest.

Cross currency interest-rate swaps affect the financial position and earnings of the Group as follows:

INTEREST RATE DERIVATIVES THAT ARE REPORTED AS HEDGES, SEK 1,000	2020				
	AUD	CHF	EUR	HKD	USD
Carrying amount (SEK 1,000)	39,978	1,236,832	1,759,547	-64,267	7,266
Nominal amount in each currency	91,000	850,000	510,000	1,314,000	100,000
Maturity	2026-2032	2021-2044	2032-2048	2021	2023-2027
Hedge ratio	1:1	1:1	1:1	1:1	1:1
Change in value for outstanding derivatives since 1 January SEK 1,000	1,652	289,001	-528,950	169,538	83,486
Change in value of the hedged item to determine effectiveness SEK 1,000	-2,710	-253,391	501,874	-165,525	-78,651
Weighted average for forward rate during the year	3.52	0.82	1.73	1.86	2.78

INTEREST RATE DERIVATIVES THAT ARE REPORTED AS HEDGES, SEK 1,000	2019				
	AUD	CHF	EUR	HKD	USD
Carrying amount (SEK 1,000)	75,221	1,524,051	1,196,165	104,506	91,192
Nominal amount in each currency	91,000	850,000	510,000	1,314,000	100,000
Maturity	2026-2032	2021-2044	2032-2048	2021	2023-2027
Hedge ratio	1:1	1:1	1:1	1:1	1:1
Change in value for outstanding derivatives since 1 January SEK 1,000	-76,550	-949,315	-1,087,049	-103,849	-90,294
Change in value of the hedged item to determine effectiveness SEK 1,000	73,704	914,169	1,022,294	108,400	90,424
Weighted average for forward rate during the year	3.52	0.82	1.73	1.86	2.78

In conjunction with debt issuance denominated in foreign currency, Akademiska Hus enters into cross currency interest rate swap agreements where the critical terms match for the hedged item and the hedging instrument. Accounting ineffectiveness arises since the basis spreads only affect the market valuation of derivatives and not the valuation of the issued bonds.

Interest rate swaps affect the financial position and earnings of the Group as shown in the table below.

Interest rate derivatives that are not reported as hedges, SEK 1,000	2020 Fair value	2019 Fair value
Carrying amount	-482,933	-352,606
Nominal amount	11,780,000	6,150,000
Maturity	2021–2030	2020–2024

The table above shows the nominal amount and maturity for the swaps that are current as at the closing day. Nominal amount for forward starting swaps is SEK 4,600,000 thousand (4,600,000).

Interest sensitivity

Akademiska Hus' profit is sensitive to higher/lower interest expense due to changes in interest rates. Interest risk shows a change in value in SEK 1,000 at an interest rate movement of one percentage point. This interest sensitivity amounts to KSEK 27,990 (22,263) at year-end 2020.

Reference rates

As a result of the IBOR reform new reference rates will be stated. The table for currency distribution, loans and derivatives shows outstanding nominal volumes for our bonds denominated in foreign currency for which we apply hedge accounting. The change in reference interest rate will affect the market valuation of these bonds and their associated derivatives. This reform will have a limited effect on the accounting.

FOREIGN CURRENCY RISK

A foreign currency risk is the risk that exchange rate changes will have an impact on the Income Statements and Statement of financial position. According to the Finance Policy, all foreign currency risk in conjunction with financing in foreign currency should be eliminated since the operation is denominated exclusively in Swedish kronor. All payment flows in foreign currency attributable to financing are therefore exchange-hedged with the aid of forward rate agreements and cross currency swap agreements.

CURRENCY BREAKDOWN, LOANS AND DERIVATIVES, SEK M

Original currency	Loans	Derivatives	Total
AUD	571	-571	0
CHF	7,866	-7,866	0
EUR	5,124	-5,124	0
HKD	1,386	-1,386	0
SEK	18,098	15,843	33,941
USD	1,636	-1,636	0
TOTAL	34,681	-740	33,941

The table above shows the nominal amounts. The nominal amounts have been recalculated at the year-end rate.

Currency derivatives affect the financial position and earnings of the Group as follows:

Currency derivatives that are not reported as hedges, SEK 1,000	2020	2019
Carrying amount	-44,610	-122,989
Nominal amount	863,308	3,689,810
Maturity	2021	2020

LIQUIDITY AND REFINANCING RISK

Refers to the risk that the Group will be exposed to higher than expected expenses or that financing potential is limited when loans are due to be refinanced. The aim is to limit the costs of maturity by seeking to strike a balance between short-term, medium-term and long-term financing, and endeavouring to achieve diversification between different financing arrangements and markets. The Group's extremely high creditworthiness allows a diversified supply of credit through the public financing programmes.

According to the maturity mandate, a maximum of 35 per cent (40) may fall due for refinancing within a 12-month period. At year-end percentage maturing within 12 months was 16.4 per cent (17.6). Unutilised credit facilities must be in place to guarantee good payment capacity.

The Group's cash and bank balances at the end of 2020 totalled SEK 3,677 million (4,337). At year-end, there were also committed credit facilities in banks for a total of SEK 6,000 million (5,500).

FINANCING PROGRAMMES AND RATING	Rating Standard & Poor's	Rating Moody's	Framework	Utilised, nominal
			31 Dec. 2020	31 Dec. 2020
Committed credit facilities in bank			SEK 6,000 m	
Commercial paper	A1+/K1		SEK 4,000 m	
ECP (Euro Commercial Paper)	A1+	P-1	EUR 1,200 m	EUR 83 m
MTN (Medium Term Note) ¹	AA		SEK 8,000 m	SEK 200 m
EMTN (Euro Medium Term Note)	AA/A1+		EUR 4,000 m	EUR 3,215 m

1) Not updated since 2009.

The following table shows the remaining contractual term for the Group's financial liabilities. The liquidity flows are not discounted and foreign flows have been translated at the rate on the closing date. For those instruments where the future variable rate of interest is unknown, the rate of interest has been calculated with the aid of the implicit forward interest rates for the yield curve on the closing date.

Use is made primarily of rental revenue to meet the obligations linked to the Group's financial liabilities presented in the table below. The rental revenue falls due for payment quarterly and is subject to long agreement terms. The credit risk associated with rental revenue is considered low.

Liquidity risk, SEK m	Loans	Derivatives	Current investments	Accounts payable	Total
2021	-6,039	-63	1,900	-346	-4,548
2022	-2,606	-40			-2,646
2023	-3,872	12			-3,860
2024	-2,742	40			-2,702
2025	-3,054	90			-2,964
2026-2030	-6,918	286			-6,632
2031-2035	-2,268	-593			-2,861
2036-2040	-3,793	-265			-4,058
2041-2045	-7,394	-7			-7,401
2046-2050	-2,094	0			-2,094
TOTAL	-40,780	-540	1,900	-346	-39,766

CREDIT RISK AND COUNTER-PARTY RISK

The risk of a loss if a counter-party does not meet its undertakings. The Group is exposed when surplus liquidity is placed in financial assets and in conjunction with claims for change in value of derivatives. The Finance Policy includes a limit system where permitted exposure depends on the credit rating of the counter party, ownership and the term of the commitment. In addition, investments should be characterised by good liquidity in the secondary market.

According to the Finance Policy, internationally standardised netting agreements, ISDA agreements, must always be signed with a counter-party before uncleared derivative transactions take place. As at 31 December 2020, the total counter-party exposure in derivatives (calculated as the net claim per counter-party) stood at SEK 2,489 million (2,546). The Finance Policy also requires the Group to enter into supplementary agreements, Credit Support Annexes (CSA), to the ISDA agreements, in order to reduce exposure to counterparty risk. The agreements mean that the parties mutually undertake to make collateral available in the form of cash and cash equivalents or bonds for the undervalue in outstanding derivative contracts. At year-end, the Group had received collateral of SEK 2,439 million (2,603) net.

The table below shows financial assets and liabilities (derivatives) that are not offset in the statement of financial position, but are covered by framework agreements for netting or similar agreements:

Amounts that are not offset, but are
covered by framework agreements for netting
or similar agreements

SEK 1,000	2020		
	Carrying amount	Collateral	Net
Derivatives financial assets	4,810,937	-2,606,111	2,204,826
Derivatives financial liabilities	-2,357,110	167,595	-2,189,515
TOTAL	2,453,827	-2,438,516	15,311

The table shows that the transfer of collateral has reduced the Group's risk from SEK 2,453 million to SEK 15 million.

Amounts that are not offset, but are
covered by framework agreements for netting
or similar agreements

SEK 1,000	2019		
	Carrying amount	Collateral	Net
Derivatives financial assets	4,317,072	-2,645,232	1,671,840
Derivatives financial liabilities	-1,794,577	41,575	-1,753,002
TOTAL	2,522,495	-2,603,657	-81,162

The table below shows the Group's exposure to counter-party risks divided according to different rating categories:

Counter-party risks, excluding rent receivables, SEK m	Receivable	Liability	Collateral received/granted	Net exposure
INSTITUTIONS WITH A LONG RATING				
AA-/Aa3		-38	-35	-3
A+/A1	3,328	-8	1,527	1,792
A/A2	343		342	1
A-/A3	175			175
BBB+/Baa1	327		346	-19
BBB/Baa2 only with CSA	253		260	-7
INSTITUTIONS WITH ONLY A SHORT RATING				
K-1				
Companies wholly owned by the Swedish state	1,225			1,225
Companies wholly owned by the Swedish state	500			500
TOTAL	6,151	-46	2,441	3,664

CREDIT RISK ATTRIBUTABLE TO RENT RECEIVABLES

A large proportion of the Group's receivables are rent receivables. The maximum credit risk exposure for rent receivables and accounts receivable is equal to their carrying amounts. However, the assessed credit risk in rent receivables is low in the light of the high credit rating of the tenants.

ELECTRICITY PRICE RISK

The risk approach and mandate for handling the electricity price risk is governed by the guidelines for purchasing electricity. The term "electricity price risk" refers to the risk that the future price of electricity will affect the Group's operating costs negatively and with low predictability. With the aim of reducing exposure to changes in the electricity price, different financial price-hedging instruments are used (electricity derivatives). The Group stipulates a long-term price hedging strategy. Trade in physical electric power (spot) and financial price-hedging instruments takes place through Nord Pool. To limit the counter-party risk, all financial trading is cleared through third party against which Akademiska Hus pledges and receives security, depending on whether the derivative position has a positive or negative value.

Electricity derivatives affect the financial position and earnings of the Group as follows

Electricity derivatives that are not reported as hedges	2020	2019
Carrying amount, SEK 1,000	2,016	6,955
Nominal amount (MWh)	428,623	936,908
Maturity	2021-2023	2020-2022

RISK CONTROL

Ongoing work is being done to improve the level of expertise, routines and internal control. There is strict allocation of responsibility between the Treasury and Risk Control. The unit handles reporting and administration as well as compliance with the mandates. The task of developing and refining analytical support and risk control is ongoing.

23 Maturity structure, receivables

	Group		Parent Company	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
Receivables expected to be cleared within one year of the year-end	2,090,875	1,655,785	3,103,335	2,197,719
Receivables expected to be cleared within 1–5 years of the year-end	626,701	1,267,769	626,701	1,267,769
Receivables expected to be cleared later than five years after the year-end	4,197,719	3,539,848	4,197,719	3,539,848
TOTAL	6,915,295	6,463,402	7,927,755	7,282,052

24 Other non-current receivables

Other non-interest-bearing receivables will be cleared as follows:

	Group		Parent Company	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
Cleared within 5 years	154,329	386,326	154,329	386,326
Cleared after 5 years	393,205	117,726	393,205	117,726
TOTAL NON-INTERESTBEARING RECEIVABLES	547,534	504,052	547,534	504,052

25 Rent receivables and accounts receivable

	Group		Parent Company	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
Rent receivables and accounts receivable	253,154	552,800	253,148	552,800
Provision, doubtful rent receivables and accounts receivable	-13,149	-14,350	-13,149	-14,350
TOTAL	240,005	538,450	239,999	538,450

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

Of the overdue rent receivables and accounts receivable as at 31 December 2020, KSEK 77,600 were 1–5 days overdue, KSEK 14,100 were 6–30 days overdue, KSEK 1,900 were 31–60 days overdue and KSEK 81,260 were more than 60 days overdue. Overdue receivables do not include impaired receivables.

	Group		Parent Company	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
Opening balance	-14,350	-6,431	-14,350	-6,431
Provisions for the year	-1,518	-9,002	-1,518	-9,002
Established credit losses	2,719	1,083	2,719	1,083
CLOSING BALANCE	-13,149	-14,350	-13,149	-14,350

26 Other current receivables

	Group		Parent Company	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
VAT receivable	—	488,629	—	488,629
Settlement, taxes and charges	384,692	277,509	384,692	277,509
Collateral received	167,595	77,915	167,595	77,915
Other current receivables	620,552	117,360	611,339	117,360
TOTAL	1,172,839	961,413	1,163,626	961,412

27 Prepaid expenses and accrued income

	Group		Parent Company	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
Accrued rent	432	38,655	432	38,655
Prepaid rent costs	700	3,900	700	3,900
Prepaid operating costs	28,296	30,489	28,296	30,489
Miscellaneous	114,552	20,435	114,539	20,435
TOTAL	143,980	93,479	143,967	93,479

28 Cash and cash equivalents

	Group		Parent Company	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
Current investments	1,900,107	2,179,944	1,900,107	2,179,944
Cash and bank balances	1,776,551	2,157,014	1,776,227	1,338,129
TOTAL	3,676,657	4,336,958	3,676,334	3,518,073

Cash and cash equivalents are recognised and measured at cost. Fair value is equivalent to the carrying amount. Current investments comprise temporary surplus liquidity that is invested in the short term.

These investments are measured at fair value. Current investments can be found on level 2 in the fair value hierarchy.

29 Other liabilities

	Group		Parent Company	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
Other interestbearing liabilities	2,606,111	2,645,232	2,606,111	2,645,232
Other non-interest-bearing liabilities	552,312	233,126	544,276	233,726
TOTAL	3,158,423	2,878,358	3,150,387	2,878,958

The fair value is equivalent to the carrying amount of other liabilities.

Of the Group's other liabilities, KSEK 2,924,804 falls due for payment within one year of the year-end, KSEK 20 000 within one to five years of the year-end, and KSEK 213,619 later than five years after the year-end.

Of the Parent Company's other liabilities, KSEK 2,916,768 falls due for payment within one year of the year-end, KSEK 20 000 within one to five years of the year-end, and KSEK 213,619 later than five years after the year-end.

30 Provisions for pensions

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

DEFINED CONTRIBUTION PENSION PLANS

The Group's defined contribution pension plans, ITP1 and Alternative ITP (a pension for high-income earners) and flex pension cover all Group employees. The defined contribution pension plans mainly comprise a retirement pension, sickness pension and family pension. The premiums are paid continuously throughout the year to different insurance companies. The premiums are based on salary.

The total cost for the financial year for defined contribution pension plans excluding payroll tax (Group and Parent Company) amounted to KSEK 28,702 (28,410).

DEFINED BENEFIT PENSION PLANS

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

The most recent actuarial calculation of the present value of the defined benefit commitment was carried out by an authorised actuary on 31 December 2020. When calculating the present value of the defined benefit commitment and associated costs for employment during the current and previous periods, the Projected Unit Credit Method was used.

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

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

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

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

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

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

Assumptions	2020	2019
Discount rate, %	1.10	1.50
Salary increase, %	2.50	2.80
Inflation, %	1.50	1.80
Income base amount, %	2.00	2.30
Personnel turnover, %	2.00	2.00
Remaining period of service, years	9.80	10.20
Mortality	DUS14	DUS14

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

Estimated average remaining life expectancy, years	31 Dec. 2020	31 Dec. 2019
Retirement at the year-end		
Men	21.8	21.8
Women	24.3	24.4
Retirement 20 years after the year-end		
Men	23.5	23.6
Women	25.3	25.5

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

Amount reported in the Income Statement	2020	2019
Benefits earned during the year	29,461	24,117
Interest on pension provision	10,254	13,467
PARTS OF THE DEFINED BENEFIT PENSION COST REPORTED IN THE PROFIT FOR THE YEAR	39,715	37,584

The defined benefit costs have been reported as a personnel cost and interest cost respectively. The following actuarial gains and losses have been reported under Total comprehensive income:

Total amount reported under Other comprehensive income	31 Dec. 2020	31 Dec. 2019
Actuarial gains and losses that arise as a result of changes in financial assumptions	16,533	85,013
Actuarial gains and losses that arise as a result of changes in experience	-13,110	-835
TOTAL AMOUNT REPORTED UNDER OTHER COMPREHENSIVE INCOME	3,423	84,178

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

Change in the defined benefit obligation for the period	31 Dec. 2020	31 Dec. 2019
Opening balance	661,924	555,339
Service costs during the period	29,461	24,117
Net interest cost	10,254	13,467
Actuarial gains (-)/losses (+)		
Changes in financial assumptions	16,534	85,013
Experience-based adjustments	-13,110	-835
Pension payments	-14,972	-15,177
CLOSING BALANCE	690,091	661,924

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

Estimated term for the pension commitment	31 Dec. 2020	31 Dec. 2019
Fall due for payment within one year of the year-end	16,087	14,925
Fall due for payment 1–5 years after the year-end	65,898	62,115
Fall due for payment later than five years after the year-end	608,106	584,884
TOTAL	690,691	661,924

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

Sensitivity analysis, pension obligations	31 Dec. 2020	31 Dec. 2019
Recorded pension obligation under the reported assumptions	690,090	661,924
Discount rate increases by 0.5 percentage points	621,471	596,054
Discount rate decreases by 0.5 percentage points	768,777	737,488
Inflation increases by 0.5 percentage points	745,580	715,296
Wage growth increases by 0.5 percentage points	734,087	704,382

FUTURE PAYMENTS

The Group is expected to pay KSEK 36,080 (39,715) in charges for the defined benefit plan during the forthcoming financial year.

PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS IN THE PARENT COMPANY

The reported pension liability in the Parent Company comprises:

	31 Dec. 2020	31 Dec. 2019
FPG/PRI pensions	269,678	254,902
Other pensions	54,612	56,192
TOTAL	324,290	311,094

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

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

Pension commitments	31 Dec. 2020	31 Dec. 2019
Opening balance	311,094	304,772
Pension costs, defined benefit plans	16,112	14,309
Interest expense	12,920	12,419
Payments	-15,368	-15,336
Prepaid pension funds	-468	-5,070
CLOSING BALANCE	-324,290	311,094

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

	2020	2019
Pension costs, defined benefit plans	16,112	14,309
Interest part of the pension cost	12,920	12,419
PENSION COSTS, DEFINED BENEFIT PLANS	29,032	26,728
Pension costs, defined contribution plans	28,702	28,410
Employer's contribution and tax on the yield, other pension costs	13,689	13,040
TOTAL PENSION COSTS	71,423	68,178

31 Accrued expenses and prepaid income

	Group		Parent Company	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
Prepaid rental revenue	1,867,816	1,852,243	1,841,707	1,852,243
Accrued salary and personnel costs	50,877	45,105	50,877	45,105
Accrued operating and maintenance costs	71,142	98,119	71,142	98,119
Accrued investments	12,442	33,591	12,442	33,591
Accrued interest	228,084	222,892	222,084	222,892
Other interim liabilities	112,231	78,421	112,231	78,421
TOTAL	2,342,592	2,330,372	2,316,483	2,330,372

32 Maturity structure, liabilities

	Group		Parent Company	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
Liabilities due for payment within one year of the year-end	11,369,040	10,464,357	11,347,476	10,467,109
Liabilities due for payment within 1–5 years of the year-end	6,942,136	8,754,263	6,942,136	8,754,263
Liabilities due for payment later than five years after the year-end	44,372,717	39,007,583	29,680,883	25,550,476
TOTAL	62,683,893	58,226,203	47,970,495	44,771,848

33 Adjustments for items not included in cash flow

	Group		Parent Company	
	2020	2019	2020	2019
Depreciation, etc	13,067	8,341	1,594,218	1,580,198
Change in value, properties	-3,239,913	-3,950,612	—	—
Capital gain (-)/loss (+) on sale of tangible, non-current assets	—	—	-2,617	-94,555
Changes in value, financial instruments	93,010	-64,004	93,010	-64,004
Dividends from subsidiaries	—	—	—	-818,500
Change in pension provisions and similar commitments	28,167	22,407	13,196	6,322
Miscellaneous	139,429	57,766	121,792	63,301
TOTAL	-2,966,240	-3,926,102	1,819,599	672,762

Purchase sum in conjunction with investments, acquisitions and disposals

For investments and acquisitions for the period, a total of KSEK 2,795,134 (3,190,527) has been paid, of which KSEK 2,795,134 was paid in cash and cash equivalents. The Parent Company also invested KSEK 801,568 (0) in shares in subsidiaries. For disposals for the period, a total of KSEK 4,420 (1,579,023) has been received, of which KSEK 4,420 was received in cash and cash equivalents.

Comments financing activities

Opening liabilities for interest-bearing liabilities including derivatives in the Group totalled KSEK 36,742,812. The closing balance amounted to KSEK 39,448,000. This increase consists of a positive cash flow of KSEK 484,822 from financing activities and changes that do not affect cash flow of KSEK 2,220,366 relating to amortisation of premiums/discounts, exchange rates and fair value. The equivalent also applies for the Parent Company.

34 Pledged assets

	Group		Parent Company	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
Blocked bank funds	6,784	9,807	6,784	9,807
Credit Support Annex	167,595	77,914	167,595	77,914
TOTAL	174,379	87,721	174,379	87,721

Unsettled results from transactions as well as standardised computed safety margins using exchange-cleared derivatives have been secured through blocked bank funds.

35 Contingent liabilities

	Group		Parent Company	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
Complementary responsibility	—	—	34,745	—
Contingent liability, FPG/PR	5,504	5,199	5,504	5,199
TOTAL	5,504	5,199	40,249	5,199

36 Transactions with related parties

In conjunction with intra-Group purchases and sales, the same pricing principles are applied as would have been the case in transactions with an external party. Intra-Group property purchases and sales take place subject to a fiscal residual value. Purchases and sales of other current

assets take place at the carrying amount. There were no transactions with the CEO, Board of Directors or senior executives, apart from salary and other remuneration, see Note 11.

Transactions with Group companies are shown in the table below.

	Group		Parent Company	
	2020	2019	2020	2019
INCOME				
Companies within the Akademiska Hus Group	—	—	—	388,841
TOTAL	0	0	0	388,841
RECEIVABLES				
Companies within the Akademiska Hus Group	—	—	1,021,692	150
TOTAL	0	0	1,021,692	150
LIABILITIES				
Companies within the Akademiska Hus Group	—	—	12,582	2,151
TOTAL	0	0	12,582	2,151

37 Events after the year-end

As of February 12, a conditional agreement was signed to sell a property with a gross area of 36,000 square meters. If the conditions are met, access is expected to take place on 31 October 2021. As of 15 March 2021, Intea Fastigheter AB acquired the properties Malmö Niagara 2 and Kristianstad Näsby 34:24. The total gross area amounted to 68,000 square meters and the agreed property value amounted to approximately SEK 1.6 billion.

The board has appointed Caroline Arehult as the new CEO of Akademiska Hus. She succeeds Kerstin Lindberg Göransson, who will leave her position during the autumn. In other respects, no significant events have occurred after the end of the reporting period.

Certification

The Board of Directors and the President hereby certify that the Annual Report has been prepared in accordance with the Annual Accounts Act and RFR 2 and provides a fair picture of the Company's position and results and that the Administration Report provides a fair overview of the development of the Group's operations, position and results and describes material risks and uncertainties facing the Company.

The Board of Directors and the President hereby certify that the Consolidated Accounts have been prepared in accordance

with International Financial Reporting Standards (IFRS), as endorsed by the EU, and provide a fair picture of the Group's position and results and that the Administration Report for the Group provides a fair overview of the development of the Group's operations, position and results and describes material risks and uncertainties facing the companies that form part of the Group.

The Sustainability Report for 2020 has been approved for publication by the Board of Directors and the CEO.

Gothenburg, 17 March 2021

Anitra Steen
Chairperson of the Board

Anna Magnusson
Board member

Britta Bureau
Board member

Christer Nerlich
Board member

Peter Gudmundson
Board member

Robin Teigland
Board member

Svante Hagman
Board member

Örjan Wikforss
Board member

Anders Larsson
Employee representative

Thomas Jennlinger
Employee representative

Kerstin Lindberg Göransson,
CEO

Our Audit Report was submitted on 17 March 2021
Öhrlings PricewaterhouseCoopers AB

Helena Ehrenborg
Authorised Public Accountant

Auditor's Report

REPORT ON THE ANNUAL ACCOUNTS AND THE CONSOLIDATED FINANCIAL STATEMENTS

Opinions

We have audited the annual accounts and the consolidated financial statements of Akademiska Hus AB for 2020, with the exception of the Corporate Governance Report on pages 47-55. The annual accounts and consolidated accounts of the company are included on pages 37-100 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinion does not include the Corporate Governance Report found on pages 47-55. The statutory Administration Report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the Parent Company and the Group.

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

Basis of opinions

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

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

Our audit approach

Emphasis and scope of the audit

The Group's operations comprise owning, developing and managing properties for universities and other higher education institutions, with a main focus on education and research. In Akademiska Hus' operations it is, above all, the large impact on the financial statements of the assessments and estimates made by the Board and management that impact our risk assessment. In our opinion, the largest risk of misstatements in the Annual Report stems from the valuation of properties. In addition to this, we have identified a number of other risks and key areas which have impacted the financial statements.

Our audit comprises the review of all significant properties and business processes for the financial reporting, including rent process, purchase process, financing process and valuation process.

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole (see the table below). These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Materiality

- Overall materiality: 1 100 (930) million
- Special materiality: 200 (190) million

Benchmark

- Overall materiality: corresponding to 1% of the Group's total assets.
- Special materiality: corresponding to 5% the Group's profit before tax, excluding changes in value of investment properties and financial instruments. Used as our starting point in the audit of items in the income statement and balance sheet related to property management.

Basis for audit materiality

We chose total assets as a benchmark for our overall assessment of materiality of the financial statements as a whole, given that the value of the investment properties has a material impact and significance on the Group's financial position and is a particularly important area for the audit. We also defined a specific materiality for the audit of results from property management, including the working capital-related balance sheet items.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context

of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

KEY AUDIT MATTER

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

Measurement of investment properties

We refer to the Administration Report and the description of the Akademiska Hus Group's summary of General accounting policies, Note 2, and Changes in the value of investment properties, Note 12.

As of the 31 December 2020, the value of the investment properties was SEK 91.4 billion. The investment properties comprise a significant part of the balance sheet, and the measurement of the investment properties are, by their nature, subjective and subject to management's assessments of, for example, the specific property's location, condition and future rent income.

Fair value of the Group's property portfolio is based on internal calculations, mainly by applying measurement of cash flows. For a minor part of the property portfolio, the location price method is used or, alternatively, measurement at cost. In order to ensure the quality of the internal measurements, external measurements have been collected as well for approximately 30% of the value of the property portfolio.

When determining the fair value of the properties, consideration is taken to current information, such as current rent agreements, assessment of rent levels and operating costs. In order to arrive at the final valuations, the Company uses assessments and make estimates about future returns, net operating costs and assessed market rent, which are impacted by current requirements of direct yield and comparable market transactions.

The significance of the assessment and estimates that are included in the determination of the fair value is significant, together with the fact that the amounts are significant, make the measurement of investment properties to a key audit matter.

Our audit has, among other areas, focused on the Company's internal control and quality control concerning measurements made as of the 31 December 2020. The audit team, including our evaluation specialists, has collected and reviewed a sample of the evaluation reports in order to assess the cash flow evaluation applied by Akademiska Hus, the mathematical correctness and the reasonability of assessment made.

Our audit has, among other tasks, included the following audit procedures

- Checked that the measurements are in accordance with Akademiska Hus' guidelines and instructions for property valuation.
- Reviewed, by samples, significant controls in the Group's internal valuation process.
- Sampled the mathematical calculations of the model.
- Assessed input through sampled follow-up against historical outcomes and compared with accessible market data.
- We have had meetings with management to discuss significant assessments and evaluations.
- Sampled input in the calculation models against information in relevant systems.
- Taken part of the external valuations and compared these to the internal calculations.

Our work has been focused on the largest investment properties, the most significant assessments and the properties where values have varied most compared to last year. In the cases where assessments of future operating costs net, occupancy grade and requirements of returns have deviated from our initial expectations, these deviations have been discussed with representatives of the Group and, when needed, complementing documentation has been collected.

Finally, we have certified that the models used, that the assessments and sensibility analyses made by Akademiska Hus, are described correctly in Note 12.

The values are based on assessments and are inherently subject to inherent uncertainty. Based on our review, our assessment is that the assumptions used by Akademiska Hus are within an acceptable range.

As a result of our review, we have not reported any material observations to the Audit Committee.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-36 and 106-125. The remuneration report by the company also constitutes other information and is available on the company's website. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU and the Annual Accounts Act. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated financial statements.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionens's website: www.revisorsinspektionen.se/revisornsansvar.

This description is a part of the Auditors' Report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Akademiska Hus AB for the year 2020 and the proposed appropriations of the Company's profit or loss.

We recommend that the meeting of the General Meeting allocate the profit in accordance with the proposal in the Administration Report and grant the members of the Board and the Managing Director discharge from liability for the financial year.

Basis of Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the

Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the Company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the Company's and the Group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the Company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the Company's and the Group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditors' responsibility

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

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

Our goal with the audit of the proposal of allocation of the Company's profit or loss, and therefore our opinion thereof is to, with reasonable assurance assess whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect acts and omissions which can give rise to liability to the Company, or that the proposed allocation of earnings or loss is not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration can be found on the web page of The Swedish Inspectorate of Auditors (Revisorsinspektionen): www.revisorsinspektionen.se/revisornsansvar.

This description is a part of the Auditors' Report.

The auditor's examination of the corporate governance

The Board of Directors is responsible for that the corporate governance statement on pages 51-59 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16. The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

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

PricewaterhouseCoopers AB, 113 97 Stockholm, was appointed auditor of Akademiska Hus AB by the general meeting of the shareholders on the 29 April 2020 and has been the company's auditor since the 27 April 2018.

Stockholm, 17 March 2020
Öhrlings PricewaterhouseCoopers AB

Helena Ehrenborg
Authorised Public Accountant

Sustainability notes

ABOUT AKADEMISKA HUS' SUSTAINABILITY REPORT

The Annual Report is Akademiska Hus' sustainability report and follows the guidelines in the Global Reporting Initiative (GRI) framework. As of 2018, the report has been prepared in accordance with GRI Standards at the Core level. Akademiska Hus aims to fully integrate sustainability into its regular operations, for which reason the description of this initiative is largely incorporated into the regular structure of the Annual Report. For increased transparency and clarity, information about boundaries, responsibilities, follow up and governance is provided for each sustainability aspect in the sustainability notes on page 110.

Since 2013 Akademiska Hus has supported the UN Global Compact and thus takes a stand and accepts responsibility for the ten principles relating to human rights, labour rights, the environment and anti-corruption issues, which constitute the foundation of the Global Compact's mission. This report serves as our Communication on Progress and is a statement of our support linked to both the ten principles of the Global Compact and the UN's 17 global sustainability goals.

The Sustainability Report of Akademiska Hus follows the financial year, is published annually and covers the entire Group, see note 1. The Sustainability Report includes pages 6–7, 12–35, 43–46 and 106–109. It also includes Akademiska Hus' statutory sustainability reporting in accordance with chapter 6 of the Annual Accounts Act. Akademiska Hus' external auditors examined the information and the Auditor's Limited Assurance Report on the Sustainability Report and statement regarding

the Statutory Sustainability Report are presented on page 120. The previous Annual Report was published on 27 March 2020.

No significant changes occurred in the organisation or in our supply chain in 2020. However, Akademiska Hus' property portfolio has changed somewhat due to sales, acquisition and completion of new buildings/projects. The changes do not significantly affect the sustainability report, but may need to be considered when comparing key figures regarding energy consumption and greenhouse gases. In 2019 Akademiska Hus began to report on the climate impact of construction projects in Scope 3. In 2020, the climate analysis was further expanded and, with additions to the reporting from 2019, more issues that impact climate are now included in the total analysis.

In 2020 three new construction projects were completed. None of these projects has a specific climate analysis. The climate impact from construction projects included in GRI 305-3 in 2020 is therefore based on standard calculations. No other significant changes in the scope or boundaries of GRI reporting have been made from previous years. Relevant boundaries are described under each sub-area.

CONTACT

Mia Edoffson, Sustainability Manager
mia.edoffson@akademiskahus.se

Stakeholder dialogue – formats and key issues

We want to be certain that we meet the expectations of our stakeholders, today and in the future. We therefore engage in a variety of ways to create a trustworthy dialogue with our stakeholders that provides knowledge about needs and expectations. Our stakeholders are participants who are influenced by, or who influence, our operations and we view customers, students and researchers, employees, suppliers, local and business communities, our owner and financial players as our most prioritised stakeholder groups. During the year, we focused specifi-

cally on the stakeholder groups customers and students to explore the impact of our deliverables in relation to the ongoing pandemic. Our dialogue with employees was also intensified in order to be able to offer a good working environment during the pandemic.

The table below describes the format of these dialogues, as well as a brief summary of the areas that the stakeholders want us to prioritise.

STAKEHOLDER GROUPS	ACTIVITIES	AREAS OF INTEREST
CUSTOMERS (and their employees)	<ul style="list-style-type: none"> • Meetings with various executives • Development of campus plans • Customer satisfaction surveys 	<ul style="list-style-type: none"> • Provide attractive knowledge environments and campuses that enable the customer to compete in national and international arenas • Contribute to the customer's long-term sustainability efforts through a proactive approach and high resource efficiency • Contribute to increased construction of student accommodation • Develop and provide new services and benefits within property management • Be direct about the organisation, governance, business model and rent setting at Akademiska Hus • Collaboration about personal safety and IT
UNDERGRADUATE AND GRADUATE STUDENTS	<ul style="list-style-type: none"> • Interviews and meetings on campus 	<ul style="list-style-type: none"> • Resource conservation on campus • Development of smart digital solutions • Efficient environments, both indoors and outdoors • Social well-being through open and accessible campuses • Opportunity for collaboration and dialogue • More student housing
EMPLOYEES	<ul style="list-style-type: none"> • Performance reviews and goal-setting process 	<ul style="list-style-type: none"> • Attractive employer offering market-based working conditions • Safe and healthy working environment • Favourable opportunities for skills development • Each employee should understand their role in the operation
SUPPLIERS	<ul style="list-style-type: none"> • Meetings related to procurement of framework contracts and orders, as well as supplier meetings • Startup meetings • Audits 	<ul style="list-style-type: none"> • Clear, relevant procurement terms and conditions • Clear and ambitious requirements for the environment, health and safety, quality and social responsibility • Relationships that benefit both parties • Expectation of evaluation and feedback
LOCAL AND BUSINESS COMMUNITIES	<ul style="list-style-type: none"> • Regional and city-wide planning and development meetings • Meetings to discuss establishment plans • Meetings and participation in interest groups and industry organisations 	<ul style="list-style-type: none"> • Be active in the dialogue on community/regional development • Create opportunities to include businesses on campus • Contribute to increased construction of student accommodation • Be an active participant in innovation-driven development • Be socially sustainable – a good community participant
OWNER	<ul style="list-style-type: none"> • Annual strategy seminar • Meetings with a focus on corporate governance • Board meetings 	<ul style="list-style-type: none"> • Contribute to the Government's objective of strengthening Sweden as a nation of knowledge • Increased customer benefit through collaboration with centres of education • Serve as a role model in sustainable business practices • High resource efficiency in our operations • Contribute to increased construction of student accommodation
LENDERS, BANKS AND CREDIT RATING AGENCIES	<ul style="list-style-type: none"> • Meetings out in conjunction to financial reports 	<ul style="list-style-type: none"> • Long-term capital structure • Professional risk exposure management • Long-term, stable and sustainable operations with profitability and yield in accordance with objectives • Clear financial communication • Presence in market for green bonds

OUR ESSENTIAL AREAS

To identify the issues that are most important for value creation at Akademiska Hus, a materiality analysis is conducted in which the Company creates an aggregate view of the situation in the outside world, the role of the Company in the market, our impact on the outside world, stakeholder expectations and other factors. The analysis is updated annually to keep it up to date and relevant. In 2020 a comprehensive external analysis was conducted in conjunction to the review of the company's strategy, which produced important and renewed insights regarding changes in society that both clearly and quickly affect our industry and operations. The climate issue and the pandemic dominated 2020 and are areas that fundamentally affect our operations and our strategic initiatives.

Using the annual stakeholder dialogue and external analysis as a starting point, we revisited our four essential areas and concluded that they are still important for our sustainability efforts and thus both relevant and a high priority in our endeavour to achieve long-term and successful value creation. The matrix on page 110 describes the strategic impact and relevance of each area in our operation, as well as the sustainability governance for each of them.

VALUE-ADDING KNOWLEDGE ENVIRONMENTS

With climate-smart and innovative investments in our campuses and a viable commercial approach we create long-term benefit for both stakeholders and the environment. We also focus heavily on the social perspectives of well-being and accessibility.

RESOURCE EFFICIENT OPERATIONS

We use the assets at our disposal and the resources we consume more efficiently to reduce the impact on the environment. Collaboration on innovations is crucial and builds a high development capacity.

RESPONSIBLE RELATIONSHIPS

High transparency in our customer relationships creates understanding of our role and our mission. We set clear requirements for high ethical standards that both we and our suppliers must meet, so that together we can contribute to a sustainable society.

CARING FOR PEOPLE

By working proactively for a healthy and safe work environment for both employees and customers, as well as suppliers, we improve the industry and strengthen our relationship with our stakeholders.

UN global goals

Akademiska Hus' governance and sustainability initiatives are well founded in the ten principles of the Global Compact and our value creation rests on the UN's global sustainable development goals. Our business plan contains goals and activities that are clearly linked to the

global goals and associated targets considered to be most relevant for Akademiska Hus, thereby ensuring that we contribute to the global goals through our daily work.

PRIORITISED GOALS

Prioritised targets

Akademiska Hus contributes through



4. QUALITY EDUCATION FOR EVERYONE

To ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

4.A Create inclusive and safe educational environments

Build and improve educational environments that are adapted for children and people with disabilities, and that take into account gender equality aspects and thus offer a safe, peaceful, inclusive and appropriate learning environment for everyone.

- Consideration is given to accessibility and "inequalities" when designing and planning buildings and campuses.
- Research collaboration linked to new learning environments and the importance of green environments for performance and well-being.
- Focus on diverse apartment design in student housing that promotes housing at different stages of life.



5. GENDER EQUALITY

Achieve equality and the empowerment of all women and girls.

5.5 Ensure full participation for women in leadership and decision-making

Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

- Active work in regards to equal treatment within Akademiska Hus through the "Equally Unique" plan.



7. SUSTAINABLE ENERGY FOR EVERYONE

Ensure access to affordable, reliable, sustainable and modern energy for all.

7.2 Increase the share of renewable energy in the world

By 2030, substantially increase the share of renewable energy in the global energy mix.

- Goals and activities to achieve climate neutral property operations and internal operations, which include investments in renewable energy.

7.A Enhance access to clean energy research and technology

By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.

- Innovation partnerships with customers and other parties related to renewable solutions for energy production and systems.

PRIORITISED GOALS
 Prioritised targets

Akademiska Hus contributes through

8. DECENT WORKING CONDITIONS AND ECONOMIC GROWTH

Promote lasting, inclusive and sustainable economic growth, full and productive employment and decent working conditions for all.

8.2 Promote economic productivity through diversification, technological upgrading and innovation

Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including a focus on high-value added and labour-intensive sectors.

- Active work with energy plans and technological upgrading.
- Innovation partnerships with customers and other parties related to technological upgrading and increased efficiency.

8.4 Improve resource efficiency in consumption and production

Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead.

- Goals to achieve climate-neutral project operations and activities to comply with Fossil Fuel-Free Sweden's Roadmap to 2045.
- "Co-Living" – an innovation project based on the development of various types of shared living arrangements.

8.8 Protect labour rights and promote safe and secure working environments for all

Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

- Proactive involvement in and founder of the industry organisation "Håll Nollan", which promotes stronger requirements for safe workplaces.
- Work environment dialogues are conducted regularly in our property management areas.


11. SUSTAINABLE CITIES AND COMMUNITIES

Make cities and human settlements inclusive, safe, resilient and sustainable.

11.1 Safe and affordable housing

By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.

- Goal regarding number of student housing units created.
- Focus on affordable student housing situation through reasonable monthly rent and plan for sustainable daily life.

11.3 Inclusive and sustainable urbanisation.

By 2030, enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.

- Environmental certification of all new construction (Gold) and major renovation projects (at least Silver).
- Method for campus plans with strong focus on participation through an array of stakeholders.
- Climate change resilience is taken into account when investing.

11.4 Protect the world's cultural and natural heritage

Strengthen efforts to protect and safeguard the world's cultural and natural heritage.

- Method for campus plans, including ecosystem services and control of protected cultural and natural heritage sites.

11.7 Create safe and inclusive green spaces for all

By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and people with disabilities.

- Method for campus plans, including green spaces and their role in the urban environment.
- Participant in Vinnova project "Restorative workplaces" with focus on showing the importance of green environments for well-being and performance.


12. SUSTAINABLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns.

12.2 Sustainable management and efficient use of natural resources

By 2030, achieve the sustainable management and efficient use of natural resources.

- Goal regarding energy reduction and systematic work with operational optimisation throughout our property holdings.
- Develop business models for efficiency improvements in premises through, for example, digitalisation of properties.

12.4 Sound management of chemicals and wastes

By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.

- Control and requirements for chemicals included as part of the quality work linked to Miljöbyggnad certification of buildings.
- Chemicals used in operations are registered and monitored in the Byggvarubedömnings system.

12.5 Substantially reduce waste generation

By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

- Akademiska Hus is a participant in the innovation project "Återvinning i Väst" (Recycling in Western Sweden), which is run by IVL to create knowledge and create methods to increase the prospects for reuse.

12.7 Promote sustainable public procurement practices

Promote public procurement practices that are sustainable, in accordance with national policies and priorities.

- Participation in industry-wide groups with goals to formulate requirements and standards for sustainable procurement, in areas such as demolition and construction equipment.


17. ADOPTION AND GLOBAL PARTNERSHIP

Strengthen the means of implementation and revitalise the global partnership for sustainable development.

- Initiator and partner in an array of collaborative projects with a focus on sustainable development together with customers, researchers, industry colleagues and other parties.

Sustainability governance	Value-adding knowledge environments	Resource efficient operations	Caring for people	Responsible relationships
GRI STANDARDS	<ul style="list-style-type: none"> – GRI 201: Economic Performance – GRI 203: Indirect economic impacts 	<ul style="list-style-type: none"> – GRI 302 (CRE-1): Energy – GRI 305 (CRE-3): Emissions – GRI 307: Environmental compliance – CRE 8: Product responsibility 	<ul style="list-style-type: none"> – GRI 403: Occupational Health and safety – GRI 405: Diversity and equality 	<ul style="list-style-type: none"> – GRI 205: Anti-corruption – GRI 308 and 414: Supplier Assessment regarding the environment and social criteria
GRI 103-1	WHY THE TOPIC IS IMPORTANT TO US	By creating value-adding, sustainable and inclusive knowledge environments, we can contribute positively to the social economy, the environment and the people who live in our environments.	Our operations have an impact on the environment, but by increasing resource efficiency and working according to the precautionary principle, we can reduce our impact. The principle is applied when choosing materials and planning projects to prevent damage to the environment and injuries to people.	The key to success, development and profitability is our employees. It is therefore important that our premises are equipped to promote well-being in everyone who spends time in them. Our operations, with both construction projects and property operations, are associated with risk relating to occupational health and safety.
	RESPONSIBILITY AND IMPACT ON THE VALUE CHAIN	<p>Our responsibility is to meet the need for knowledge environments from customers, students and researchers.</p> <p>Impact occurs in conjunction with construction, purchasing, property management and development.</p>	<p>Our responsibility is to be resource efficient in our operations, while making demands on suppliers of energy and materials.</p> <p>Impact occurs in conjunction with construction, purchasing, property management and development.</p>	<p>We are formally responsible for our employees. We are committed to achieving the goal of zero work-related injuries for everyone in our premises or whom we hire.</p> <p>This impact affects the workday of our employees during construction, management, and purchasing.</p>
	BOUNDARIES IN REPORTING	We develop knowledge environments and campuses primarily together with our customers, but other stakeholder groups are also involved in the processes.	We focus on the entire operation, from planning and implementation of construction projects to the ongoing management of properties and campuses.	Reporting mainly occurs regarding our own employees with additional information for suppliers where such information is available. We do not report on customers and users.
	HOW WE WORK	We develop campus plans that are long-term and take into account current and future needs, through dialogue with customers and other stakeholders.	We promote resource-efficient use of materials and energy, but also efficient use of premises.	<p>See specific governance in the Sustainability notes (403: 1–7) and information in the employee section on pages 34–35.</p> <p>Our process includes "shall" criteria for suppliers when signing contracts, with evaluations through random sampling.</p>
GRI 103-2	WE WANT TO ACHIEVE THE FOLLOWING	The goal is to create value-adding knowledge environments that help to make the centres of education more attractive and strengthen Sweden as a nation of knowledge.	The goal is to reduce climate impact by reducing resource consumption and to use those resources we already have efficiently	We want to create a healthy and risk-free workplace that inspires people to grow and contribute.
	• POLICIES ¹	<ul style="list-style-type: none"> – Process method for Campus development, with a focus on sustainability 	<ul style="list-style-type: none"> – Sustainability policy – Energy strategy – Travel guidelines 	<ul style="list-style-type: none"> – Equality and diversity plan – Sustainability policy – Anti-bullying guidelines
	• COMMITMENTS IN ADDITION TO SWEDISH LAWS AND GUIDELINES	– Campus plans and other planning documents together with customers	<ul style="list-style-type: none"> – Member of Fossil Fuel-Free Sweden; signed two roadmaps – Certification of new buildings and major renovation projects according to Miljöbyggnad standards 	<ul style="list-style-type: none"> – Work to promote stronger industry requirements through the "Håll Nollan" initiative
	• GOALS ^{1,2}	<ul style="list-style-type: none"> – Customer Satisfaction Index – Number of student residences – Innovation in collaboration 	<ul style="list-style-type: none"> – Energy reduction – Number of environmentally certified buildings – Climate neutrality 	<ul style="list-style-type: none"> – Accident-free workplaces (ELTAR) – Performance index (AHPI):
GRI 103-3	• SPECIAL PROCESSES, PROJECTS, PROGRAMMES AND INITIATIVES ¹	<ul style="list-style-type: none"> – Process method for Campus development – Citylab – Environment and Work environment – management system 	<ul style="list-style-type: none"> – Climate calculations in projects – System and material selection studies – Environmental building certifications – Environmental and Occupational Safety and Health Management Systems 	<ul style="list-style-type: none"> – Reporting in the IA system for incidents and accidents – Reporting of "Sick and healthy" – Assignment appraisals
	EVALUATION OF CONTROL	– Analysis of Customer Satisfaction Index (pages 14–15)	<ul style="list-style-type: none"> – Annual carbon footprint (p. 15) – Environmental and Occupational Safety and Health Management Systems evaluated through Management review 	<ul style="list-style-type: none"> – Annual audits (internal, external, pages 20, 32) – Analysis of performance index (AHPI)
<p>Read more about the division of responsibilities and control mechanisms in the Corporate Governance Report on pages 47–55.</p> <p>1) All Akademiska Hus' properties and units are included. 2) Read more about goals and outcomes on pages 14–15.</p>				

SUPPLEMENTAL INFORMATION

In this section we describe the methods, assumptions, and conversion factors used to develop Akademiska Hus's GRI indicators. In addition, supplementary tables and information are presented for the annual report, as well as a description of omitted information.

GRI
200

Economic Performance

Financial accountability for our operations along with sound and stable finances are fundamental if we are to succeed with the mandate from our owner. Accepting financial responsibility is also crucial for a long-term approach and meeting the expectations of our customers and other stakeholders. Financial accountability is important in all four of our areas of focus, but for the areas "Value-adding knowledge environments" and "Responsible relationships" it is absolutely crucial.

GRI 201-1 Direct economic value generated and distributed

SEK 1,000	2020	2019	2018
DIRECT VALUE GENERATED			
Income	6,418	6,217	6,117
ECONOMIC VALUE DISTRIBUTED			
Payments to suppliers ¹	-1,558	-1,717	-1,730
Employee wages and benefits	-307	-295	-279
Fees and remuneration to the Board and CEO	-13	-13	-11
Social security costs	-155	-141	-149
Tax ²)	-577	-431	-403
Interest paid to lenders, net	-675	-966	-719
Dividend to shareholder	-1,905	-1,663	-1,630
ECONOMIC VALUE RETAINED	1,228	991	1,196

1) Operating costs, property administration, other property management expenses and central administration

2) Current tax, property tax and site leasehold fees

GRI
300

Environmental standards

Large quantities of materials are used in new construction, renovations and tenant adaptations of our properties. The materials used impact the environment both when they are produced and when they are transported. It is therefore important to reduce the quantity of material used and to aim to reduce the climate impact of the materials we choose. We also need to ensure that those materials that are used do not contain hazardous substances that are spread indoors or to ecosystems.

The topic of environmental responsibility is primarily reflected in our focus on "Resource efficient operations".

Energy consumption

Below is a presentation of energy consumption by Akademiska Hus, based on the system limit of delivered (purchased) energy, including both energy for operating the properties and energy that our tenants use in their activities. Energy provided to the buildings from solar panels, geothermal energy/underground thermal energy storage system, etc., is not included in the company's reported energy use or in the assessment of its climate impact.

Akademiska Hus invests heavily in increasing capacity for renewable energy in the form of solar panels, which reduces the need for delivered energy while also helping to reduce the carbon footprint. Today production corresponds with just over 1 percent of our total electricity consumption.

MWh, annual increase in %	2020	2019	2018	2017			
Own electricity generation from renewables							
– Solar power	4,916	27	3,873	88	2,057	68	1,228

GRI 302-1: Energy Consumption within the organisation

The energy reported is based on measured values and includes energy use by tenants. The share that is passed on to tenants is reported separately.

MWh ¹	2020	2019	2018
Total energy consumption (non-renewable energy)	21,558	34,977	38,192
Total energy consumption (renewable energy)	717,198	729,057	755,615
Total electricity	367,134	382,280	384,370
– <i>including energy charges passed on to tenant</i>	235,702	253,313	258,652
Total heating	289,733	298,058	307,876
– <i>including energy charges passed on to tenant</i>	60,633	71,350	80,043
Total cooling	78,765	77,854	86,662
– <i>including energy charges passed on to tenant</i>	70,527	70,622	76,504
Total biogas/steam	3,123	5,842	14,899
– <i>including energy charges passed on to tenant</i>	0	5,354	7,570

1) Fuel types are presented under indicators 305-1 and 305-2.

During the year, the building portfolio increased and with a larger portfolio, the need for energy increases. Nevertheless, energy consumption decreased by 3.3 per cent, which can be attributed to the company's systematic and aggressive energy initiatives. In addition, the Covid-19 outbreak affected the outcome, with reduced presence in the premises. Renewable or recovered energy currently account for 97 per cent of energy consumption. Recovered energy refers to the proportion stated in the district heating suppliers' production mixes; for example, heat from waste incineration and waste heat from industry.

GRI CRE-1 Energy intensity

kWh/sqm	2020	2019	2018
Energy intensity = Energy consumption per square metre	183.1	192.4	201.6

Energy intensity has decreased by 5 per cent, primarily for the reasons listed under 302-1. The calculation of energy intensity also includes energy that tenants use in their activities. Usable floor area (UFA) is used in the calculation and is a time-weighted value.

GRI 302-4 Reduction of energy consumption

	2020	2019	2018	2017
Total reduction (MWh)	25,279	29,772	-14,191	4,383
Invested, SEK	174,431,100	168,269,193	126,996,023	186,360,175

The investment volume associated with energy investments continued to be high in 2020, which is the result of a deliberate initiative to increase the rate of implementation of energy measures to accelerate our efforts toward achieving our energy and climate targets. Energy investments refer to installation measures, including replacement of heat recovery batteries, fans, pumps, lighting, installation of heat pumps and climate scale measures such as window changes and additional insulation.

Greenhouse gas emissions

Akademiska Hus has set high goals for climate neutrality. The company has goals to achieve climate neutrality in its internal operations and property operations by 2025, and in project operations by 2045. In 2020 Akademiska Hus analysed the company's greenhouse gas emissions throughout the value chain based on the GHG protocol, which provided valuable insights into what parts of our value chain that cause the greatest climate impact. We view this as an important tool for being able to direct the initiatives towards those areas where we have greatest potential to have an impact and thereby drive true benefit through our climate efforts.

The main greenhouse gas emissions occur through indirect emissions attributable to the purchase of electricity, heating, cooling and steam (Scope 2), as well as indirect emissions primarily from construction projects (Scope 3). In addition to these emissions, there is also some climate impact from direct emissions (Scope 1), which are mainly attributable to the use of refrigerants. Content and details related to each scope are presented in greater detail below.

GRI 305-1: Direct greenhouse gas emissions (Scope 1)

In 2020, Scope 1 emissions totalled 1,662 tonnes CO₂, the majority of which is attributable to the use of refrigerants. The climate impact from refrigerants is based on the documentation that is reported annually to the regulatory authority. The outcome for both 2019 and 2020 is based on the values reported for 2019, since the report for 2020 has not yet been compiled. The climate impact of refrigerants is included in the GRI report for the first time in 2020.

The research and incinerator plant that Akademiska Hus has at Chalmers University of Technology has only used biofuel during the year, for which reason it has no climate impact. Fuel consumption within the organisation amounted to 7 MWh and is based on purchased biogas. The emission factor for biogas is 0 g CO₂/kWh.

In addition, Scope 1 also includes a small number from personally owned (leased) vehicles. The climate footprint of the leased vehicle fleet has gradually declined as a result of the company's deliberate strategy to lease hybrid or electric vehicles. In 2020 the pandemic also had a strong impact on travel, for which reason the climate footprint from travel substantially decreased.

GRI 305-2: Indirect greenhouse gas emissions (Scope 2)

Indirect greenhouse gas emissions in Scope 2 constitutes climate impact from purchased electricity, heat/cooling and biogas/steam, including the part that is passed on to tenants. The climate impact from the share that is passed on to tenants is reported separately for increased transparency. CO₂emissions have declined sharply during the year, 23.1 per cent, as a result of the transition by energy suppliers to a more fossil-free fuel mix.

CO₂calculations for district heating and cooling are based on input data from the annual compilation by Energiföretagen (Swedenergy), which means that the values are market-based and that they include CO₂. The majority of these values are based on production in the previous year, with the exception of two energy suppliers, whose 2020 values have been received. The origin of electricity is guaranteed to be fossil-free and climate impact is estimated at 1 g/kWh.

GRI 305-3: Indirect greenhouse gas emissions (Scope 3)

In Scope 3, the predominant item is climate impact from Category 1, purchased goods and services. This category includes purchases of materials and services, which thereby encompasses much of the climate impact from project operations. Akademiska Hus has a target for project operations that we will achieve climate neutrality by 2045. The target includes new construction, renovation and tenant adaptations.

Climate calculations are an important step in the effort to achieve this target, for which reason the company decided in 2018 to carry out climate calculations for all large new construction projects. The calculations will be based on the life cycle stages for Production (A1–3) and Transport (A4) and include, at a minimum, the requirements specified in the Miljöbyggnad certification system. A5 will be estimated using a standard calculation if it is not included in the calculation. If possible, the calculations are based on environmental product declarations (EPDs), but where these are unavailable, generic data have been used.

The climate calculation includes those new construction projects that were commissioned during the reporting year. In 2020, three large new construction projects were commissioned, but all of these were initiated before the decision to carry out climate calculations became effective, for which reason no specific calculations were carried out for these projects; instead the climate impact was estimated using standard values. For renovations and tenant adaptations, climate impact is estimated in part using standard figures and in part using estimates via cost analysis, etc.

The climate footprint from business travel was much smaller in 2020 as a direct consequence of the pandemic.

In 2020 Akademiska Hus began to use carbon offsets to compensate for its climate footprint from internal operations and property operations. This compensation, which corresponds to about half of our total climate footprint, should be viewed as an interim measure for reducing the effects of the company's climate impact during the period when the actual reduction is being achieved.

GRI 305-4/CRE-3: Greenhouse gas emissions intensity

Greenhouse gas emissions levels from Akademiska Hus properties was 5.4 kg of CO₂ per square metre (7.1 kg CO₂/m²). Emissions intensity is based on energy use as presented in 305-2, including energy used by tenants in their activities, and with the addition from the climate impact in Scope 1 (refrigerants). The area used in the calculation is usable floor area (UFA).

Emissions intensity after implemented climate compensation is 0 kg CO₂ per square metre (UFA).

The climate impact of Scope 1 and 2 in the table below corresponds to market-based climate impact. Total site-based climate impact was 81,527 tonnes CO₂ in 2020.

Tonnes greenhouse gas emissions	2020	2019	2018	2017
SCOPE 1				
Fuels	0	0	1	—
Company cars	14	22	86	96
Refrigerant	1,648	1,648	—	—
TOTAL SCOPE 1	1,662	1,670	86	96
SCOPE 2				
District heating	15,479	25,214	28,211	26,208
District cooling	4,273	2,614	532	377
Electricity	366	380	384	1,908
Biogas/Steam	1	38	2	2
<i>including energy charges passed on to tenant</i>				
District heating	3,574	6,036	4,095	2,793
District cooling	3,826	2,371	53	31
Electricity	235	252	131	663
Biogas/Steam	1	38	2	2
TOTAL SCOPE 2	20,119	28,246	29,129	28,495
SCOPE 3-EMISSIONS				
Category				
Materials in construction projects	1	29,372	37,712	—
Groundskeeping	1	938	938	—
Production and distribution energy fuels (in Scope 1 and 2)	3	6,783	7,581	—
Transports in construction projects	4	355	1,111	—
Waste from construction projects	5	1,539	2,129	—
Airtravel	6	41	258	263
Taxi and rental car	6	2	17	16
Hotel	6	3	5	—
Private cars used on business	6	37	64	54
Commuting travel	7	219	410	—
TOTAL SCOPE 3-EMISSIONS	39,289	50,225	333	218
TOTAL EMISSIONS (SCOPE 1, 2, 3)	61,070	80,141	29,548	28,809
TOTAL EMISSIONS WITH CLIMATE COMPENSATION¹	23,021	—	—	—
Emissions intensity (kg/m ² (UFA)) ²	5.4	7.1	7.0	7.0
Emissions intensity (kg/m ² (UFA)), Including climate compensation	0.0	7.1	7.0	7.0

1) Includes climate impact from Scope 1, Scope 2, and parts of Scope 3 (Groundskeeping from category 1, category 6 and category 7)

2) Includes climate impact from energy that tenants use in their activities

ENVIRONMENTAL COMPLIANCE**GRI 307-1: Environmental compliance**

Akademiska Hus uses an external web-based service where all current laws and regulations are collected regarding the work environment and environment. New or amended laws and regulations are continually updated in the system. Relevant changes are sent to managers in the operation and are also addressed in the Health and Safety Committees, both locally and centrally. No fines or sanctions were imposed relating to the environment in 2020.

GRI
400**Social standards**

Our operations are based on collaboration, within the organisation, with our customers and with other stakeholders. Strengthening Sweden as a nation of knowledge through value-adding knowledge environments entails placing people at the centre and taking many different needs into consideration. It also means that we work to create a working climate and a culture where equal treatment, equal opportunity, diversity, safety and security are a given, internally as well as externally. Social responsibility is important in all four of our areas of focus, but it is absolutely crucial in “Value-adding knowledge environments” and “Responsible relationships”.

All personnel data have been compiled as of 31 December 2020.

WORKFORCE**GRI 102-8: Workforce**

As of 31 December 2020 Akademiska Hus had 537 (503) employees, of whom 516 (486) are permanently employed and the remainder are temporary employees. In all, 21 employees within the organisation had part-time contracts, including 12 women and 9 men. Akademiska Hus has no significant variations in the number of employees over the year.

Number of employees per unit and gender

Number	Women	Men	Total
Staff	82	49	131
Campus and Business Development	10	15	25
Property Management	58	249	307
Projects	28	35	63
AWL	2	3	5
Student housing	4	2	6
TOTAL	184	353	537
Per cent	34	66	100

In addition to employees, a large number of hired workers are engaged. The majority of them are contractors, architects and construction engineering consultants. The scope of this group varies over time and it is difficult to find reliable statistics for the number of people in this group, for that reason it is excluded from the report.

GRI 102-41: Proportion of the workforce covered by collective bargaining agreements

Collective agreements apply to all employees except those who belong to Executive Management.

DIVERSITY AND EQUALITY**GRI 405-1: Diversity in the Board of Directors, management and other employees based on age and gender**

Akademiska Hus' management group consists of 5 (6) women and 5 (5) men. The Board of Directors is represented by 4 (3) women and 6 (6) men.

The table below shows the distribution between men and women, broken down by activity and excluding management. In the company as a whole, Akademiska Hus employs 33 per cent (31) women. The Management Unit is least equal in the company, with only 15 per cent (15) women. The most equal gender distribution can be found in the Campus and Business Development unit.

**Gender distribution employees,
excluding Executive Management**

Unit	Gender	Per cent/ unit	Per cent total	Number
Staff	Women	63	15	70
	Men	38	9	42
Campus and Business Development	Women	48	2	10
	Men	52	2	11
Property Management	Women	15	8	38
	Men	85	48	218
Projects	Women	45	6	26
	Men	55	7	32
AWL	Women	40	0	2
	Men	60	1	3
Student housing	Women	60	1	3
	Men	40	0	2
AKADEMISKA HUS TOTAL	Women	33	149	
	Men	67	308	

Diversity within the organisation

The table below shows the age distribution among all employees, management and the Board of Directors:

Composition of the company	2020				2019			
	Number of women	Percent women	Number of men	Percent men	Number of women	Percent women	Number of men	Percent men
Board of Directors¹								
Under 30 years	—	—	—	—	—	—	—	—
30–50 years	1	100	—	—	1	100	—	—
Over 50 years	3	33	6	67	2	25	6	75
Executive Management								
Under 30 years	—	—	—	—	—	—	—	—
30–50 years	—	—	4	100	2	33	4	67
Over 50 years	5	83	1	17	4	80	1	20
Employees in managerial position²								
Under 30 years	12	92	1	8	2	100	—	—
30–50 years	19	45	23	55	19	43	25	57
Over 50 years	11	42	15	58	8	42	11	58
Other employees								
Under 30 years	12	63	7	37	11	37	19	63
30–50 years	96	41	140	59	83	39	132	61
Over 50 years	42	21	161	79	38	21	144	79

1) Employee representatives are included in the statistics

2) Excluding Executive Management

OCCUPATIONAL HEALTH AND SAFETY

GRI 403-1-7: Topic-specific management approach for health and safety

Occupational health and safety is a priority at Akademiska Hus. Our objective is an accident-free and healthy workplace. We work proactively with a structured approach to prevent risks and avoid work-related accidents and illness. Akademiska Hus is certified under the provisions on systematic work environment management (AFS 2001:1), which applies to our entire operation. Our environmental and occupational safety and health management systems with policies, procedures and guidelines is available on our intranet. The management system requirements apply to all employees and hired workers. Occupational health and safety duties, for which the CEO has ultimate responsibility, are allocated and documented in the organisation. The principle is that the manager who is responsible for personnel is responsible for systematic work environment management-related duties. However, occupational health and safety duties are also divided in the organisation associated with our responsibility as property developer and owner. During the year, digital signing was introduced for distribution of tasks, which contributes to reduced administration and increased quality.

Our local safety representatives have an important function in our systematic work environment management and we work together to improve the working environment at Akademiska Hus. Risk identification and risk elimination are the foundation of our systematic work environment management. Risk assessments are carried out on different levels and in specific situations, such as the annual risk assessment in the operation, prior to calls/orders of construction-related services, or in conjunction to changes in the operation. Management of accidents and incidents is also included in our risk management procedures. Both environmental and occupational health and safety matters are reported and managed in our dedicated Incident and Accident (IA) system. The system provides a structured approach to investigate and rectify such events to prevent them from happening again. Moreover, the system serves as a good source of data for statistics and analyses. Safety representatives have the right to stop any work that is considered to be dangerous or that could be associated with a risk of injury or ill health. In our construction projects, incidents and accidents must also be reported in our system so that we can learn from the experience. As an employer, our contractor is formally responsible for investigating and implementing corrective measures in the event of work-related injuries. Our job is to see whether we can learn any lessons from the event in our capacity as property developer with responsibility for the early stages such as design and planning, as well as overarching conditions for the project. Through participation and collaboration, employees are given the opportunity to contribute and influence both their own and the company's work environment. Most importantly, it is desirable that this takes place in daily life and between those affected. Collaboration and participation at forums and meetings, such as the work environment committee, the wellness group, the work clothing group and the safety representative group, provide additional opportunities for influence and to have an impact. At Akademiska Hus we have six local health and safety committees and one central health and safety committee with representatives from both the employer and the employees. During the year, we also held two-day work environment training programmes where managers and safety representatives work together to strengthen collaboration in systematic work environment management.

Akademiska Hus has a cohesive contract with occupational healthcare providers in the locations where Akademiska Hus has its employees. Through dialogue and continual evaluation meetings, we ensure that the organisation's needs for support are met. The "Sick and Healthy" service provides structure and support for management of reporting absence due to illness and reporting back to work after illness, as well as reporting absence to take care of sick children. The service gives employees access to professional healthcare advice and is available 24 hours a day, every day of the year. In order to capture early signs of ill health with the possibility of introducing measures at an early stage, the "Sick and Healthy" service pro-

vides an indication of repeated short-term absence and work-related ill health. Our Occupational Health Care contract includes a dedicated rehab coordinator to provide optimal rehabilitation support. The Occupational Health Care service is primarily intended to support managers with delegated occupational health and safety duties, but each employee also has the right to schedule an appointment with the Occupational Health Care service to receive support and guidance on issues concerning conditions at work. Our focus with our occupational health care partner is to dedicate the majority of our resources to health promotion/prevention services in accordance with the intentions of the Swedish Work Environment Act. During the year, the breakdown for the focus on purchased services was 73 per cent health promotion/prevention and 27 per cent rehabilitation. All employees have health insurance that provides access to several preventive health services such as eHealth services and counselling, available free of charge. In order to enable employees to take good care of their health, all employees are offered a work environment and health analysis at regular intervals. Akademiska Hus wants to inspire and create opportunities for a healthy lifestyle. Each year our wellness group promotes a wellness theme with various wellness activities that are carried out throughout the Company. In 2020 the wellness theme was "Together we are stronger". Through our collaboration with ActiWay, each employee has access to an annual wellness allowance of SEK 4,500. Because of Covid-19 and target in health, the wellness allowance was raised during the year from SEK 3,000 to SEK 4,500.

Through active work from our wellness group and simple administration of the wellness allowance, we have continuously improved the ratio of active individuals who have taken advantage of their wellness allowance and in 2020 84 per cent of employees use some portion of their wellness allowance.

Akademiska Hus operations include many buildings and large land areas all over Sweden. In order to achieve resource-efficient management, operation and construction, we need to cooperate with several different suppliers. Collaboration on business terms is based on clear requirements and expectations, as well as dialogue and evaluation. By being a committed property developer and client with clear requirements for the work environment, we can contribute to and promote sustainable development for the entire construction and property industry. Our Code of Conduct for suppliers, clear specifications in procurement documents and instructions for suppliers are some examples of how we address these issues.

Akademiska Hus is an initiator, co-founder and actively involved in the "Håll nollan" organisation, which aims to achieve the goal of zero accidents in the construction industry. As part of this initiative, during the year we adopted and initiated implementation of the jointly formulated Håll Nollan "standard" for property developers. The starting point is to create clarity regarding the activities we as property developers can influence with the aim of creating good conditions for a safe work environment in our construction projects. During the year we participated in the effort to formulate common metrics and CPIs within Håll Nollan. A confirmation of our commitment and our effective systematic work environment management was that we won the Håll Nollan work environment award for phase 4 of our Ångström construction project in Uppsala during the year. We also actively participate in the Property Developers' work environment group association with the aim of encouraging property developers to accept their responsibility for the work environment.

Against this background, we carry out continuous training for our employees who are clients and / or project managers of construction projects, in both management and in the project organization. Above all, it is training for construction work environment coordinator design (BAS-P) that is relevant, with internal requirements for repetition every 3 years as well as a review of our incident and accident system (IA). All new employees undergo a basic work environment introduction. Through our membership in Håll Nollan, with requirements in our standards for all builders and contractors, all personnel at our construction sites must have undergone a safety introduction with workplace-specific rules, risks and emergency procedures. In addition, everyone must have completed the construction companies' web-based safety training, Safe Construction Training.

GRI 403-8: Number of workers covered by an occupational health and safety management system

All employees at Akademiska Hus are covered by the requirements, guidelines and procedures in our occupational health and safety management system. The system complies with relevant laws and regulations. Our management system is certified to AFS 2001:1 Systematic work environment management. The management system also contains governing documents that apply to our consultants, suppliers and contractors. In accordance with our Work Environment Policy, Akademiska Hus aims to contribute to good health and safety for employees, contractors, suppliers, customers and end users.

	2020	2019	2018
Occupational health care service for own personnel, distribution of utilisation in %			
- Promote and prevent	73	80	69
- Rehabilitate	27	20	31
Percentage of individuals using wellness allowance ¹	84	81	78

1) Percentage of full-year employees who used some part of their wellness allowance

GRI 403-9, 10: Work-related injuries and health

During the year a total of 17 work-related accidents were reported for Akademiska Hus personnel, including three vehicular accidents. One work-related accident resulted in absence in addition to the day of injury. The accident rate is thereby 1.1. Based on reported incidents and accidents, the most common cause of injury/risk involves contact with sharp objects during tasks related to maintenance and repairs. Other causes of injury include contact with electricity, being hit by flying or falling objects, and physical overexertion.

	2020	2019	2018			
Akademiska Hus personnel	Number	Rate	Number	Rate	Number	Rate
Work-related fatal accidents	0	0	0	0	0	0
Work-related injuries	17	19	16	20	18	22
Work-related injuries with absence (LTAR) ¹	1	1.1	2	2.5	0	0
Work-related accidents with absence over 6 months	0	0	0	0	0	0
Work-related sickness absence ²	6	6.7	10	12.5	5	6.2
Total sickness absence in % ³	3.6	N/A	4.5	N/A	5.0	N/A
- Women	5.4	N/A	5.8	N/A	5.9	N/A
- Men	2.7	N/A	3.8	N/A	4.6	N/A
Contractors in construction projects						
Contractors in construction projects	Number	Rate	Number	Rate	Number	Rate
Work-related fatal accidents	0	0	0	0	0	0
Work-related injuries with absence (ELTAR) ⁴	7	2.5	9	2.4	8	2.4

1) LTAR relates to the accident rate for own personnel, excluding vehicular accidents.

The accident rate is defined as the number of workplace accidents that lead to absence for more than one day (8 hours) per 1 million hours worked. Accidents for own employees are reported in the IA system. The number of hours worked for own employees in 2020 was 896,981; information obtained from our Agda payroll system.

2) Number of employees who reported self-perceived work-related absence in our "Sick and Healthy" service.

3) Total sickness absence in % of time worked. Sickness absence was previously reported in % of scheduled time.

4) ELTAR relates to the accident rate for contractors in our construction projects, excluding vehicular accidents. The accident rate is defined as the number of workplace acci-

dents that lead to absence for more than one day (8 hours) per 1 million hours worked. Accidents involving contractors are reported in our IA system. This reporting is not considered to be complete at this time, since all projects do not yet report into our system. Measurement and reporting are under development. The number of hours worked for contractors is based on our investment in new construction and redevelopment, with the assumption that 60% is the cost of labour at an hourly price of SEK 600 per hour. The number of hours worked was 2,770,178 for contractors in 2020.

For contractors in our construction projects, 31 work-related accidents were reported during the year, seven of which involved work-related injuries that led to absence. This corresponds to an accident rate of 2.5, which from an industry perspective is considered to be low. The most common type of injuries are crush or soft tissue injury; fingers were the most common part of the body that was injured.

The accident rate is defined as the number of workplace accidents that lead to absence on one or more contractual workdays per one million hours worked. Some under-reporting is likely and given that we only started recording this data in 2018, patience is required as we continually work to ensure that incidents are reported in all projects. As part of this effort, measures have been implemented during the year that automatically ensure that relevant construction projects are entered in our reporting system. All construction projects therefore have the ability to report, with a clear requirement for contractors to do so.

Absenteeism due to illness remains at a stable low level at 3.6 per cent. Our sickness absence reporting system provides an opportunity for early identification of employees who experience work-related ill health. During the year six employees have stated that their absence is due to conditions at work, which is fewer than the previous year. This work-related ill health is attributable to stress and musculoskeletal ergonomic problems. We work continuously with health-promoting and preventive activities with the aim of preventing employees from suffering work-related injuries and ill-health. This has been a challenge with a high proportion of employees working from home during the year and several measures have been implemented to meet these challenges and risks.

Akademiska Hus' overarching work environment goal of a healthy accident-free workplace is an important starting point for our systematic work environment management. Over the past few years, we have been working across the board with employees, safety representatives and managers to increase awareness of and knowledge about the work environment. Risk assessments are an important cornerstone of our preventive systematic work environment management. Here, we initiated and began to develop better system support for risk assessments during the year. An initiative with risk workshops was also launched during the year in our operations and management, supported by the work environment engineer from our occupational health provider. The purpose is to identify and remedy any risks, as well as to ensure that we comply with legal and regulatory requirements. Another important cornerstone in our systematic work environment management aimed at injury prevention is reporting and management of incidents and accidents. Ever since we implemented a new system, we have continually worked with our reporting culture; in particular, we increased the quality of investigations and measures to learn from and prevent injuries and ill-health. During the year, two extra surveys were conducted due to Covid-19 and new circumstances and risks associated with working at home. Based on the results, measures were taken to meet the needs and risks that the surveys revealed, especially the ergonomic challenges and the lack of social contacts. Measures to address these and other challenges have included offering exercise at home, access to an ergonomics specialist by phone, the option to borrow chair, screen and standing desk for use at home, joint digital meetings and Friday coffee breaks, digital skills development, and training in remote management for all managers. In addition, our benefits and services in these times have been highlighted in an effort to strengthen and support employees in coping with issues that could otherwise contribute to ill health, such as access to counselling, support for domestic violence, help desk for bullying, support for drug and alcohol-related issues, wellness allowance and access to a health portal with e-health programmes.

GRI index

GENERAL STANDARD DISCLOSURES

GRI Standard	Disclosure	Description	Page or reference	Comment/Disclosed information	Global Compact principle
ORGANISATION PROFILE					
GRI 102: General standard disclosures, 2016	102-1	Organisation name	Cover, 47		
	102-2	Important brands, products, and services	1, 24-27, 47		
	102-3	Location of headquarters	125		
	102-4	Location of operations	11		
	102-5	Ownership and legal form	47		
	102-6	Markets served	11, 18, 23, 42		
	102-7	Scale of the organisation	2-3, 10-11, 58, 63, 113		
	102-8	Workforce	113		6
	102-9	Supply chain	32		
	102-10	Significant changes to the organisation and its supply chain	106		
	102-11	Application of precautionary principle	106, 110		7
	102-12	External initiatives on sustainability that the organisation supports and/or by which it is covered	110		
	102-13	Membership of organisations	Available on our website akademiskahus.se/hallbarhet/samarbeten-for-hallbarhet		
STRATEGY AND ANALYSIS					
102-14	Statements from decision-maker		6-7		1
ETHICS AND INTEGRITY					
102-16	Values, principles and ethical guidelines		16-17, 32, 46, 108-110		2, 6, 10
GOVERNANCE					
102-18	Governance structure		47-55		
DIALOGUE WITH STAKEHOLDERS					
102-40	Stakeholder groups		24, 107		
102-41	Proportion of the workforce covered by collective bargaining agreements		113		3
102-42	Identification and selection of stakeholder groups		107		
102-43	Approach to stakeholder engagement		107		
102-44	Stakeholder concerns and how they are handled		107-108		
REPORTING PROFILE					
102-45	Entities included in the reporting		86, 106		
102-46	Process for defining report content and topic boundaries		16-17, 108		
102-47	Identified material topics		16-17, 108		
102-48	Restatements of information		106		
102-49	Material changes		106	Reporting of the climate impact in 305-3 has been expanded. Business trips are reported in 305-1 and 305-3. 2019 is adjusted accordingly.	
102-50	Reporting period		106		
102-51	Date of most recent report		106		
102-52	Reporting cycle		106		
102-53	Contact point for questions regarding the report		106		
102-54	Claims of reporting in accordance with the GRI Standards		106		
102-55	GRI index		117-119		
102-56	External assurance		120	The Sustainability Report has been reviewed by auditors on behalf of the Board of Directors and the President of Akademiska Hus.	

GRI 200: ECONOMIC STANDARDS

GRI Standard	Disclosure	Description	Page or reference	Comment/Disclosed information	Global Compact principle
ECONOMIC PERFORMANCE					
GRI 103: Management approach 2016	103-1, 103-2, 103-3	Description of the material topic, its boundary, management and evaluation	51–53, 110		
GRI 201: Economic performance, 2016	201-1	Direct economic value generated and distributed	111		
INDIRECT ECONOMIC IMPACTS					
GRI 103: Management approach 2016	103-1, 103-2, 103-3	Description of the material topic, its boundary, management and evaluation	51–53, 110		
GRI 203: Indirect economic impacts, 2016	203-1	Investments in infrastructure and services for public benefit	11, 18–20 24, 26–27, 28–30		
ANTI-CORRUPTION					
GRI 103: Management approach 2016	103-1, 103-2, 103-3	Description of the material topic, its boundary, management and evaluation	51–53, 110		10
GRI 205: Anti-corruption, 2016	205-1	Percentage of operations assessed for risks related to corruption	45, 51–53		
	205-3	Number of cases of corruption	51		

GRI 300: ENVIRONMENTAL STANDARDS

ENERGY					8, 9
GRI 103: Management approach 2016	103-1, 103-2, 103-3	Description of the material topic, its boundary, management and evaluation	51–53, 110	Reporting is based on delivered energy for all indicators under energy.	
GRI 302: Energy, 2016	302-1	Energy Consumption within the organisation	111–113		
	CRE-1	Energy intensity	111, 113		
	302-4	Reduction of energy consumption	112	The report indicates change in energy consumption on a total level between 2017 and 2020, not by initiative.	
EMISSIONS					10
GRI 103: Management approach 2016	103-1, 103-2, 103-3	Description of the material topic, its boundary, management and evaluation	51–53, 110		
GRI 305: Emissions, 2016	305-1	Direct greenhouse gas emissions	112–113		
	305-2	Indirect greenhouse gas emissions	112–113		
	305-3	Indirect greenhouse gas emissions	29–31, 112–113		
	CRE-3	Greenhouse gas emissions intensity	113		
COMPLIANCE					
GRI 103: Management approach 2016	103-1, 103-2, 103-3	Description of the material topic, its boundary, management and evaluation	51–53, 110		
GRI 307: Environmental compliance, 2016	307-1	Compliance with environmental laws and regulations	113		
SUPPLIER ASSESSMENT					8
GRI 103: Management approach 2016	103-1, 103-2, 103-3	Description of the material topic, its boundary, management and evaluation	51–53, 110		
GRI 308: Screening of new suppliers using environmental criteria, 2016	308-1	Percentage of new suppliers screened using environmental criteria	32		

GRI 400: SOCIAL STANDARDS

GRI Standard	Disclosure	Description	Page or reference	Comment/Disclosed information	Global Compact principle
OCCUPATIONAL HEALTH AND SAFETY					
GRI 103: Management approach 2016	103-1, 103- 2, 103-3	Description of the material topic, its boundary, management and evaluation	51–53, 110		
Topic-specific management approach for health and safety					
GRI 403: Health and safety, 2018	403-1	Occupational health and safety management system	115		
	403-2	Hazard identification, risk assessment and incident investigation	43, 115		
	403-3	Occupational health services	34–35, 115		
	403-4	Consultation and communication on occupational health and safety	34–35, 115		
	403-5	Worker training on occupational health and safety	34–35, 115		
	403-6	Promotion of worker health	34–35, 115		
	403-7	Prevention and mitigation of occupational health and safety impacts	34–35, 115		
Results occupational health and safety					
	403-8	Number of workers covered by an occupational health and safety management system	115		
	403-9	Work-related injuries	116	Reporting concerning contractors is under development and therefore is incomplete.	
	403-10	Work-related ill health	116	Statistics only relate to own employees. We do not have access to statistics on hired personnel and contractors.	
DIVERSITY AND EQUAL OPPORTUNITY					
GRI 103: Management approach 2016	103-1, 103- 2, 103-3	Description of the material topic, its boundary, management and evaluation	51–53, 110		6
GRI 405: Diversity and equal opportunity, 2016	405-1	Diversity of governance bodies and employees	114		
ASSESSMENT OF SUPPLIERS					
GRI 103: Management approach 2016	103-1, 103- 2, 103-3	Description of the material topic, its boundary, management and evaluation	51–53, 110		10
GRI 414: Screening new suppliers using social criteria, 2016	414-1	Percentage of new suppliers screened using social criteria	32		

INDUSTRY-SPECIFIC DISCLOSURES

CRE: PRODUCT RESPONSIBILITY		7, 8, 9, 10
CRE-8	Type and number of sustainability certificates, ratings and scores for new construction	30

OTHER

Child labour, Forced labour	The Code of Conduct includes these principles, but the areas are not identified as main risk areas within our operations.	7, 8, 9, 10
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Assurance Report

Auditor's Limited Assurance Report on the Akademiska Hus AB (publ) Sustainability Report and statement regarding the Statutory Sustainability Report

To Akademiska Hus AB (publ.), reg. no. 556459-9156

Introduction

We have been engaged by the Board of Directors of Akademiska Hus AB (publ.) to undertake a limited assurance engagement of the Akademiska Hus AB (publ.) Sustainability Report for 2020. The Company has defined the scope of the Sustainability Report on page 106, which is also the Statutory Sustainability Report.

Responsibility of the Board of Directors and Executive Management

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act, respectively. The criteria are given on page 106 of the Sustainability Report, and consist of those parts of the Sustainability Reporting Guidelines issued by the Global Reporting Initiative (GRI) that apply to sustainability reporting, as well as the Company's own reporting and accounting policies. This responsibility also includes the internal control relevant to the preparation of a sustainability report that is free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the Sustainability Report based on our limited assurance procedures and to express an opinion regarding the Statutory Sustainability Report.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of historical financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. We conducted our examination of the Statutory Sustainability Report in accordance with RevR 12, Auditor's report on the statutory sustainability report, issued by FAR. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The audit firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Akademiska Hus AB (publ.) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our review of the sustainability report is based on the criteria defined by the Board of Directors and the Executive Management as described above. We believe that these criteria are appropriate for the preparation of the Sustainability Report. We believe that the evidence we have gained during our limited assurance engagement is sufficient and appropriate in order to provide a basis for our opinion below.

Opinions

Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and the Executive Management.

A Statutory Sustainability Report has been prepared.

Gothenburg, 17 March 2021

Öhrlings PricewaterhouseCoopers AB

Helena Ehrenborg
Authorised Public Accountant

Frida Sidnäs
Specialist member of
FAR

FIVE-YEAR SUMMARY	2020	2019	2018	2017	2016
INCOME STATEMENTS, SEK m					
Property management income	6,418	6,217	6,117	5,806	5,666
Operating costs	-850	-891	-894	-785	-764
Maintenance costs	-445	-619	-676	-615	-686
Property administration ¹	-403	-391	-372	-309	-294
Net operating income ¹	4,485	4,160	3,938	3,829	3,667
Central administration costs	-60	-69	-78	-67	-85
Development costs ¹	-40	-40	—	—	—
Net interest income/expense	-381	-377	-268	-188	-308
Profit before changes in value and taxes	3,920	3,589	3,592	3,574	3,274
Change in value, properties	3,141	3,872	2,585	4,979	3,682
Change in value, financial instruments	-192	-503	-360	-242	-241
Profit before tax	6,869	6,957	5,818	8,311	6,714
Profit for the year	5,440	5,658	5,314	6,453	5,148
STATEMENT OF FINANCIAL POSITION, SEK m					
Fair value, properties	99,611	91,424	85,865	80,444	73,013
Other assets	13,365	13,562	7,612	10,113	9,417
Equity	50,292	46,760	42,832	39,186	34,152
Liabilities and provisions	62,684	58,226	50,645	51,371	48,278
CASH FLOW, SEK m					
Cash flow from current operations	4,398	3,519	2,998	2,121	2,721
Cash flow from investing activities	-3,638	-1,685	-2,991	-2,341	-2,548
Cash flow before financing	760	1,834	7	-220	172
Cash flow from financing activities	-1,420	-801	-3,183	1,330	893
Cash flow for the year	-660	1,033	-3,176	1,110	1,065
PROPERTY-RELATED KEY FIGURES					
Total yield, properties, % ¹	8.7	9.8	8.5	12.5	11.4
of which direct yield, % ¹	5.0	5.0	5.1	5.5	5.7
of which change in value, % ³	3.7	4.8	3.5	7.4	6.0
Rental revenue, SEK/m ²	1,867	1,820	1,791	1,715	1,697
Operating costs, SEK/m ²	253	268	270	241	237
Net operating income, SEK/m ²	133	186	204	189	212
Net operating income in relation to property management income, % ¹	70	67	64	66	65
Net operating income, SEK/m ² ¹	1,337	1,251	1,190	1,176	1,135
Level of vacant space, area, %	3.6	3.8	5.2	4.2	3.9
Level of vacant space, rent, %	2.4	2.2	1.7	1.0	0.9
Fair value, properties, SEK/m ² ²	27,703	25,736	24,173	22,476	20,638
Energy use, kWh/m ²	183	192	201	201	204
CO ₂ , kg/m ²	7	7	7	9	8
FINANCIAL KEY FIGURES					
Return on equity after standard tax, %	11.1	12.2	11.2	17.6	16.3
Return on operating capital, % ⁴	9.0	10.3	9.2	13.7	12.6
Return on total assets, %	6.8	7.5	6.6	10.1	10.8
Net loan debt, SEK m	35,468	32,902	30,416	27,976	26,962
Equity ratio, %	44.5	44.5 ⁵	45.8	43.3	41.4
Interest coverage ratio, %	768	679	736	871	694
Financing cost, %	2.1	2.6	2.3	1.8	2.2
Loan-to-value ratio, %	35.6	36.0	35.4	34.3	37.0
Internal financing level, %	221.7	172.7	115	137	84
Ordinary dividend, SEK m	—	1,905	1,663	1,630	1,393
PERSONNEL					
Average number of employees	523	490	480	449	440

- 1) Beginning in 2020, development costs are recognised separately, which affects property administration, net operating income as well as key figures. Comparative figures for 2019 have been adjusted. For definition, see page 124.
- 2) Excluding properties under construction and expansion reserves.
- 3) Change in value in relation to properties, excluding new construction in progress and expansion reserves.

- 4) The owner's yield target is that the return on operating capital, excluding changes in value, should be at least 6.0 per cent over a business cycle. This key figure has a new definition since 2019, see page 122. Comparative figures for 2016–2018 are adjusted to simplify comparisons.
- 5) In 2019 Akademiska Hus chose to reverse the effect of IFRS 16 when calculating equity ratio. Starting from 2020 this reversal is no longer made and therefore the comparative figure for 2019 is adjusted in order to achieve greater comparability.

Key figures

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 interim report. They are used for internal governance and evaluation 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.

Return on total assets

Earnings before appropriations and taxes excluding financial expenses in relation to average equity and liabilities, excluding liability for leasehold rights (OB+CB)/2.

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 fair 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.

Total financing cost including changes in value

Net interest excluding capitalised interest expense and changes in value of financial derivatives, in relation to average interest-bearing capital (see table on page 89).

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 derivatives 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.

Period-allocated financing cost

Net interest income and expense in the form of the financing cost for loans, net interest for financial derivatives and period allocation of realised profits on financial derivatives over the remaining term of the underlying instrument, in relation to average interest-bearing capital (see table below).

SEK m	2020 Full year	2019 Full year
Net interest income/expense, net loans and financial assets	-386	-343
Net interest derivatives	-53	-46
Other interest costs	-44	-74
Capitalised interest expense, projects	102	86
Total net interest income/expense	-381	-377
Change in value, independent financial derivatives		
– unrealised	-122	-263
– realised	-52	-339
Changes in value, fair value hedges	-18	98
Total changes in value	-192	-503
Site leasehold fees	-84	-84
Reported net interest income and expense	-657	-965
Average interest-bearing capital (full-year basis)	32,021	32,805

Internal financing ratio

Cash flow from current operations before changes in working capital in relation to net investments.

Net investments

Closing balance minus the opening balance for non-current assets plus depreciation and impairments minus 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 derivatives. Pension provisions and similar items are not included.

SEK m	31 Dec. 2020	31 Dec. 2019
Gross loan debt	-37,091	-34,948
Collateral for derivatives, net	-2,439	-2,568
Cash and cash equivalents	3,677	4,337
Other current receivables	385	277
Total net loan liability	-35,468	-32,902

Operating capital

Equity plus interest-bearing net loan liability.

Equity ratio

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

Total yield

Direct yield from properties and their change in value, expressed in per cent.

Definitions

Operating costs

Operating costs are costs incurred to keep a property, installation or similar facility functioning. Operating costs are divided into media provision, 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 evaluation and human resource administration.

Rental revenue

The basic rent, index-linked, and estimated rent for vacant rentable floor space and supplements, with a deduction for vacant space and rent reductions.

Comparable portfolio

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

Floor space, m², GFS

Gross floor space of building. Comprises rentable floor space as well as common areas and the areas surrounding the building.

Floor space, m²

Rentable floor space in square metres.

Maintenance costs

Costs for measures taken aimed at reinstating the original standard and function of worn or damaged parts of a building. Costs for tenant adaptations are also recognised here.

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.

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.

Information schedule

28 April 2021	Annual General Meeting
April 28, 2021	Interim Report, January–March 2021
14 July 2021	Interim report January–June 2021
27 October 2021	Interim report January–September 2021
February 2022	Year-end report 2021
March 2022	Annual Report 2021

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PRODUCED BY: Akademiska Hus in cooperation with Narva

PHOTO: Anders Bryngel (cover, page 3, 17, 24, 29), Ola Kjelbye (inside cover, pages 5, 19, 27, 28, 29, 37), Ermelie Asplund (page 4), Jonatan Fernström (pages 5, 30, 35), Olof Holdar (pages 7, 54–55), Felix Gerlach (page 9), Kristian Pohl/Government Offices (page 10), Jean-Baptiste Béranger (pages 12, 16), Joachim Lundgren (pages 17, 18), Brita Nordholm (pages 17, 29), Johan

Gunséus (pages 17, 34), Akademiska Hus (page 20), Bergslagsbild (page 25), Volante (page 54) (photograph of Robin Teigland)

DIAGRAMS: Henning Larsen Architects (pages 4, 22), RÅformat och Kanozi Arkitekter (pages 5, 22), Tema (page 22), Johannes Norlander Arkitektur (page 22), BSK Arkitekter (page 22)

PRINTER: Göteborgstryckeriet

The information in this Annual Report is such that Akademiska Hus (publ) is obliged to make public pursuant to the Swedish Securities Market Act. The information was submitted for publication at 5:00 p.m. CET on 26 March 2021.



AKADEMISKA HUS

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