

Financial information

APRIL 2019



AKADEMISKA HUS



Akademiska Hus in brief

AKADEMISKA HUS

- Sweden's leading property company for higher education and research
- Rentable floor space of more than three million square metres
- Property portfolio totalling SEK 86 billion

WHOLLY OWNED BY THE SWEDISH STATE THROUGH THE MINISTRY OF EDUCATION AND RESEARCH

- Ownership clause in bond programmes
- Will remain wholly owned by the Swedish state according to 2013 Swedish parliament decision

LONG-TERM LEASES WITH HIGHLY CREDITWORTHY CUSTOMERS

- 87 per cent of rental revenue from universities and colleges
- 60 per cent market share for the entire country

RATING

- Rating AA/A-1+/K1 (stable outlook) from Standard & Poor's (since 1996)
- Short-term rating Prime-1 (P-1) from Moody's (since 2017)

MARKET

Akademiska Hus owns, develops and actively manages knowledge environments for education and research in Sweden. With extensive experience and broad geographic presence, sustainable and efficient environments are developed, while achieving economies of scale. The focus of the core business on long-term leases with creditworthy customers ensures a stable cash flow. With overall responsibility for developing campuses at colleges and universities, student housing investments will also contribute to growth.

MANAGEMENT AND INVESTMENTS

The project portfolio with approved and planned projects at year-end totalled SEK 14,000 million, of which SEK 4,400 million has already been invested in ongoing projects. The portfolio includes investments in both new construction and redevelopment. The bulk of our project portfolio is new development with long lease periods, often between 10 and 25 years.

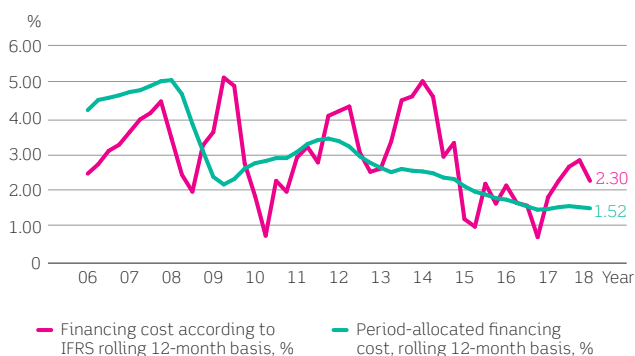
Demand for new premises is strongest in the major centres of education that focus on research. In 2018 Akademiska Hus had net investments of approx. SEK 2,800 million in its own projects. The financial vacancy rate is very low at just 1.7 per cent as of year-end. The average term of a newly signed lease contracts is 10.5 years and at year-end the average remaining maturity was 6.5 years.

FINANCING

Financing activities have focused on an extended capital tie-up period and increased diversification. Investors from both Asia and Central Europe have shown great interest in Akademiska Hus' long-term bonds. During the year a total of 14 bonds were issued corresponding to approx. SEK 4,700 million. All issues were executed under the since long established EMTN programme.

The ECP programme is the most important source of short-term financing. Since January 2017 the ECP programme has a short-term P-1 rating from Moody's, which complements the long-term AA rating from S&P since 1996. The ECP programme utilisation level has fallen somewhat due to the high level of activity in the bond market. The Swedish commercial paper programme has not been utilised during 2018.

COMPARISONS, DIFFERENT CALCULATIONS OF FINANCING COST, %



The net loan portfolio increased by approx. SEK 2,400 million during the year and totalled approx. SEK 30,400 million at year-end. Due to high activity in the bond market, where the focus has been on long-term maturities, the average capital tie-up period increased by 3.2 years to 10.8 years. The proportion of loans maturing within 12 months amounts to 16 per cent, which is a decrease of about 11 percentage points compared to the previous year. During 2018, the level of confirmed bank facilities was increased by SEK 2,500 million and now totals SEK 5,500 million.

The fixed interest period has been adjusted downwards due to uncertain prospects for the future economic climate. Interest rate derivatives continue to serve as an important means to maintain the fixed interest period. Net interest income and expense was SEK -628 million, including changes in the value of financial derivative instruments, and the total financing cost was 2.3 per cent during 2018.

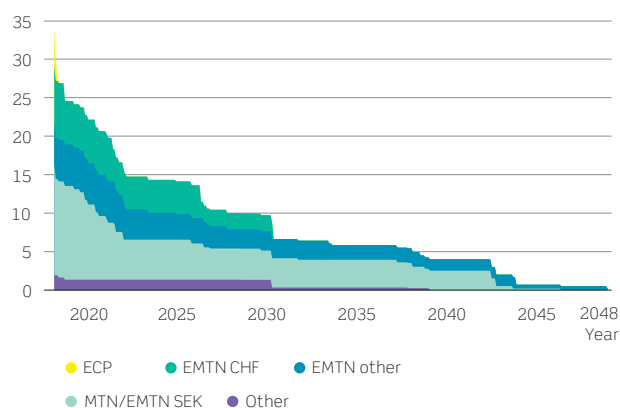
The general terms of the EMTN and MTN-programmes includes an ownership clause stating that if the Swedish state, directly or indirectly, ceases to be the majority owner, loans immediately fall due for payment.

FINANCING PROGRAMMES AND RATING	Rating S&P	Rating Moody's	Framework 31-12-2018	Utilised nom. 31-12-2018	Material contractual terms and conditions
Commercial paper	A-1+/K1		SEK 4 000 m	SEK 0 m	
ECP	A-1+	P-1	EUR 1 200 m	EUR 277 m	
EMTN	AA/A-1+		EUR 4 000 m	EUR 2 901 m	ownership clause
MTN*	AA		SEK 8 000 m	SEK 770 m	ownership clause
Committed credit facilities in bank			SEK 5 500 m	SEK 0 m	

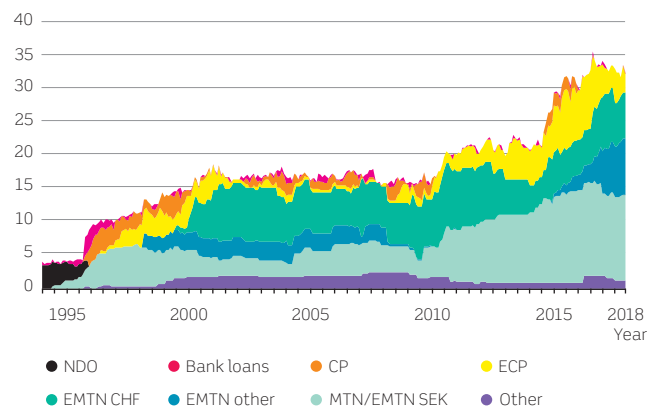
*) ej uppdaterat sedan 2009

	2018	2017	2016
INCOME STATEMENT AND BALANCE SHEET, KEY FIGURES			
Property management income, SEK m	6,117	5,806	5,666
Net operating income, SEK m	3,938	3,829	3,667
Change in value, properties, SEK m	2,585	4,979	3,682
Profit after financial items (incl. changes in value of properties), SEK m	5,314	8,310	6,714
Assessed fair value, properties, SEK m	85,865	80,444	73,013
of which transferred from new construction in progress	4,404	5,717	4,802
Net investments, SEK m	2,836	2,453	2,717
PROPERTY-RELATED KEY FIGURES			
Total yield, properties, %	8.5	12.5	11.4
of which direct yield, %	5.1	5.5	5.7
of which change in value, %	3.4	7.0	5.7
Return on equity, %	11.2	17.6	16.3
Return on operating capital, %	5.5	5.9	6.2
Equity ratio, %	45.8	43.3	41.4
Loan-to-value ratio properties, %	35.4	34.3	37.0
Level of vacant space, rent, %	1.7	1.0	0.9
Level of vacant space, area, %	5.2	4.2	3.9
FINANCIAL KEY FIGURES			
Gross loan debt, SEK m	33,521	34,741	32,757
Net loan debt, SEK m	30,416	27,569	26,962
Interest coverage ratio, %	736	871	694
Fixed interest, basic portfolio, year	4.1	4.5	4.7
Fixed interest, long-term portfolio, year	7.3	7.6	7.2
Maturity, years 7.6 5.2 6.1	10.8	7.6	5.2

DEBT MATURITY STRUCTURE, SEK bn



FINANCING SOURCES, SEK bn



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