

## Strong performance and continued increase in property value

Akademiska Hus increased its net operating income compared with the previous year and profit before changes in value and tax improved. During the year, the estimated property value increased to approximately SEK 105 billion, mainly as a result of lower yield requirements.

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

### FINANCIAL KEY FIGURES

#### Period January – June

- Rental revenue was SEK 3,285 million (3,116).
- Net operating income was SEK 2,435 million (2,315), which in a comparable portfolio corresponds to an increase of 1.3 per cent.
- Profit before changes in value and tax was SEK 2,172 million (2,054).
- Changes in property values amounted to SEK 5,917 million (572).
- Net interest income amounted to SEK -167 million (-169) and changes in the value of financial instruments amounted to SEK 378 million (-136).
- Profit before tax was SEK 8,468 million (2,490) and profit for the period was SEK 7,013 million (1,971).
- Investments in redevelopment, extensions and new construction totalled SEK 1,430 million (1,557).
- The yield (excluding properties under construction) was 5.0 per cent (5.1) over the past 12 months.

### KEY EVENTS DURING THE QUARTER

- Akademiska Hus is investing SEK 103 million to convert a former office building into 61 apartments in the Näckrosen area in central Gothenburg. The project will create much-needed campus-based housing for 125 undergraduate and graduate students and help to reduce the student housing shortage in the city. Occupancy is planned for 2023.
- In May construction kicked off for the new headquarters for the Nordic Genetic Resource Centre in Alnarp. Sustainable solutions are a hallmark of the new building and its prominent campus location will strengthen its position as a unique green meeting place for world-leading research, education and innovation. Occupancy is expected in December 2021.
- Akademiska Hus has sold the property Kronåsen 1:15 in Uppsala to Hemsö. The purchase price was calculated based on an underlying property value of SEK 714 million. Hemsö took possession on 1 June, at which time it took over all existing leases with no changes.
- The multibillion Albano initiative has achieved yet another milestone with three of four buildings now complete on the new Stockholm campus. In conjunction with this achievement, the advanced geothermal energy plant will be commissioned, thereby ensuring that the university

premises are self-sufficient with respect to heating and cooling while reducing the amount of energy supplied by 75 per cent. Increasing production of renewable energy is one way for Akademiska Hus to achieve its vision of a zero carbon footprint.

- The Danish architectural firm Cobe and its proposal 'The Lighthouse of Knowledge' won the prestigious competition for a new university library for the University of Gothenburg. The new building will provide a setting conducive to the development of a modern library, while opening up the unique location between Korsvägen and Götaplatsen.



AKADEMISKA HUS

# This is Akademiska Hus

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

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

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

## CREDITWORTHY TENANTS AND LONG-TERM CONTRACTS

The majority of Akademiska Hus' revenue, approximately 93 per cent, comes from colleges and universities. Since they are essentially government agencies, this customer group has the highest credit rating. To meet customer needs, we often invest in specially adapted premises, which results in longer lease terms. The average lease term for all signed leases at 30 June was 10.1 years (10.5 at year-end). The average remaining lease term is 5.9 years (6.5 at year-end). The financial vacancy rate accounts for 2.2 per cent (2.4 at year-end) of our total rental revenue. The vacancy rate regarding rentable space excluding properties that will be demolished is 3.7 per cent (3.6 at year-end). One reason for the relatively low vacancy rate is that new projects generally are not initiated until contracts are signed.

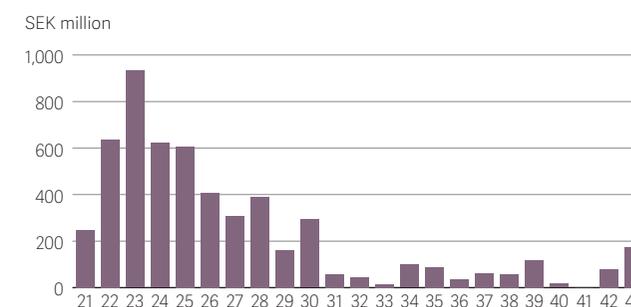
## LONG-TERM FINANCING

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

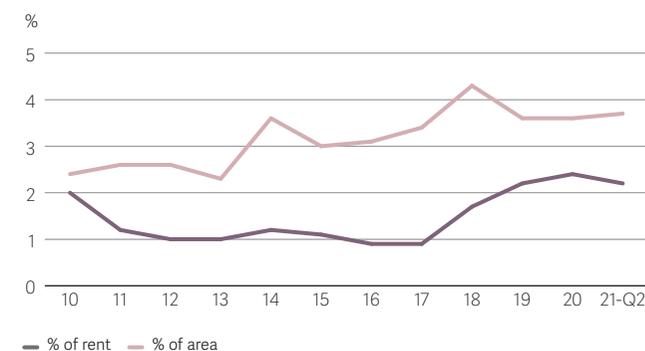
# AA

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

## MATURITY STRUCTURE ON LEASES



## LEVEL OF VACANT SPACE





AKADEMISKA HUS IN BRIEF	2021 April–June	2020 April–June	2021 Jan.–June	2020 Jan.–June	Rolling 12 months July 20–June 21	2020 Full year	2019 Full year
Income from property management, SEK m	1,650	1,611	3,346	3,188	6,576	6,418	6,217
Net operating income, SEK m	1,208	1,209	2,435	2,315	4,605	4,485	4,160
Profit before changes in value and taxes, SEK m:	1,089	1,084	2,172	2,054	4,039	3,920	3,589
<b>Financial key figures</b>							
Equity ratio	47.2	42.0	47.2	42.0	47.2	44.5	44.5
Return on operating capital, %	*	*	*	*	14.9	9.0	10.3
Return on equity, %	*	*	*	*	20.0	11.1	12.2
Interest coverage ratio, %	*	*	*	*	843	768	679
Loan-to-value ratio, %	32.6	38.3	32.6	38.3	32.6	35.6	36.0
Yield, properties, % <sup>1</sup>	*	*	*	*	5.0	5.0	5.0
Yield, properties, % <sup>2</sup>	*	*	*	*	4.6	4.7	4.6
Assessed market value, properties, SEK m	104,665	93,548	104,665	93,548	104,665	99,611	91,424

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

1) excluding properties under construction and expansion reserves 2) including properties under construction and expansion reserves

#### OWNER'S FINANCIAL PERFORMANCE MEASURES:

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

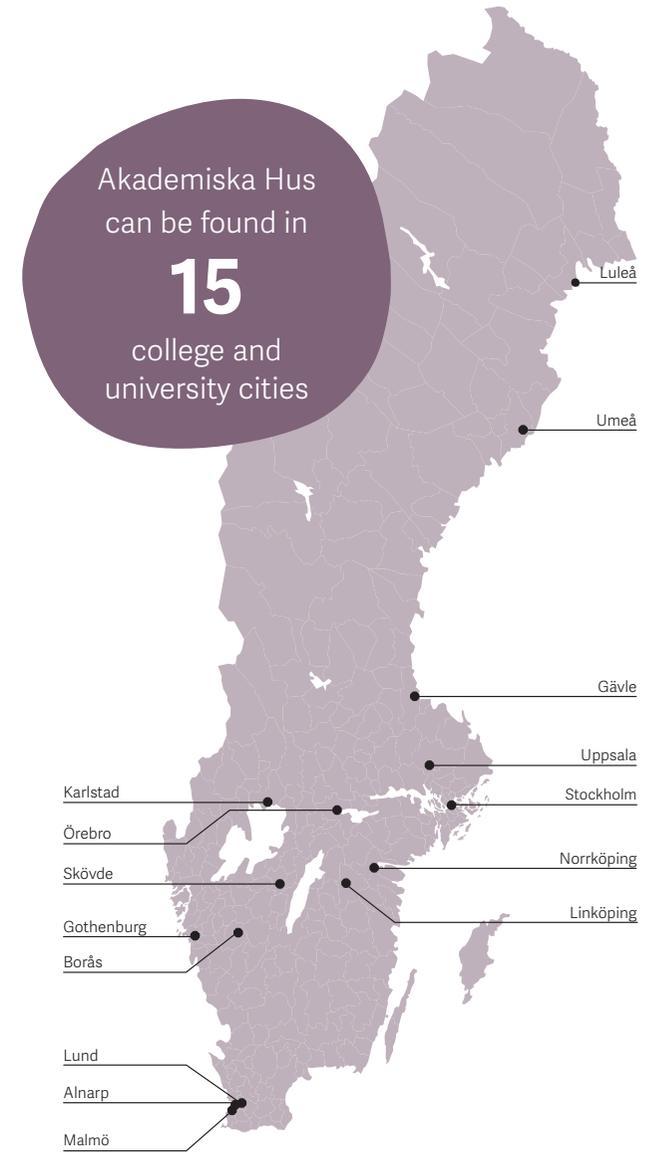
# Our vision – to strengthen Sweden as a nation of knowledge

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

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

both successfully developing customised premises and properties and that we constantly develop our collective deliverables and our service offering. The key to this is a close and effective dialogue with our customers.

Read more in our annual report or on our website about how we work with our customers to develop value-adding knowledge environments.



## Our six largest locations

Market share, per city/town	Market value and area	Largest centres of education
Stockholm	SEK <b>52</b> billion <b>1,028,000</b> m <sup>2</sup>	Stockholm University Karolinska Institutet Royal Institute of Technology
Uppsala	SEK <b>17</b> billion <b>579,000</b> m <sup>2</sup>	Uppsala University Swedish University of Agricultural Sciences, Ultuna
Gothenburg	SEK <b>11</b> billion <b>368,000</b> m <sup>2</sup>	University of Gothenburg Chalmers University of Technology

● Akademiska Hus ● Other

Market share, per city/town	Market value and area	Largest centres of education
Lund	SEK <b>8</b> billion <b>360,000</b> m <sup>2</sup>	Lund University
Umeå	SEK <b>5</b> billion <b>239,000</b> m <sup>2</sup>	Umeå University Swedish University of Agricultural Sciences, Umeå
Linköping	SEK <b>4</b> billion <b>234,000</b> m <sup>2</sup>	Linköping University

Source: Share 2020, Swedish National Financial Management Authority

# Climate neutrality targets affect all operations

As one of Sweden's largest property owners, we have a responsibility to reduce our own climate footprint and to contribute to the industry's transition to fossil-free and sustainable solutions. We view collaboration with our customers as crucial to fully achieving climate neutrality.

Building practices that are energy and resource efficient are fundamental to achieve climate neutral operations, as well as reducing the energy requirements of our existing buildings. Within property management, we have a strong focus on energy efficiency and each year we make a large number of investments in energy-saving technologies, while optimising our operations. In addition, we aim to ensure that the energy we purchase is fossil-free and gradually increase the share of renewable energy we produce ourselves.

Climate-neutral construction poses many challenges, regardless of whether projects involve new construction, renovations or tenant adaptations. An increased focus on climate issues from early stages and a shift in business models that prioritise solutions that are climate-efficient are measures that we see as generating valuable synergies. By increasing the attractiveness and efficiency of existing buildings, we can shift from a situation where new construction is usually viewed as a first choice to one where renovation is seen as a viable, sustainable option for the future. Recycling is a prioritised issue to increase resource efficiency and reduce climate impact and our ambition moving forward is that all projects will have recycling and reusing targets.

The climate challenge is urgent and the transition must begin now. We are therefore focusing on achieving an actual reduction in our climate impact, this includes reviewing projects already underway to actively re-evaluate and decide on measures to reduce our climate impact. As part of our efforts to achieve our climate targets, new procurement requirements for contractors and consultants will be established to indicate a strong demand for materials and solutions that are climate efficient, as well as to facilitate implementation of the technology and expertise that is necessary to accelerate the reduction of our actual emissions.



## REMODEL INSTEAD OF NEW CONSTRUCTION THROUGH CIRCULARITY

To achieve the thorough climate transformation that society needs, the construction industry must fundamentally change. We need to carefully evaluate what needs serve as the foundation for a new construction project and consider whether there are any alternative 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 participants 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. The building, which was built in the 1930s, has now been remodelled based on new needs and is also the first project to be built according to the new Akademiska Hus concept for undergraduate and graduate student housing – Academic Living. 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.

# Campuses to open this autumn

There has been a surge in applicants to this autumn's courses, and universities and colleges have opened more places to meet the demand. While online classes have produced good academic results, universities believe that the role of the campus will remain important in the future and are now planning a return to more campus-based teaching. Although course evaluations have been favourable, students are experiencing a decrease in mental health and distance learning becomes too one-dimensional. Clearly, there is a need for a physical space where students can acquire knowledge beyond the curriculum and develop skills for the future such as creativity, critical thinking and the ability to collaborate with others.

In order to continue to be a relevant partner and landlord for our customers, we are now trying to understand just how much of distance learning will remain and how the premises will need to be designed to suit the new paradigm in both the short and long term. The issues are many and all of our customers are addressing them in different ways. It is therefore positive that we already have so many collaborative development projects together. We now have strategic cooperation agreements with most centres of education, the most recent of which is the University of Gothenburg.

## Forward-looking campus development

During the quarter, an array of events have clearly shown that we continue to make progress despite the pandemic. For example, we have decided to convert an office building into student housing in the middle of the emerging campus at Näckrosen in Gothenburg. A new university library is also planned in the same area, and the winning proposal in a competition has now been selected. In May construction also kicked off for the new headquarters for the Nordic Genetic Resource Centre in Alnarp. Sustainable solutions are a hallmark of the new building and its prominent campus location will strengthen its position as a unique green meeting place for world-leading research, education and innovation.

## Sustainability initiatives that make a difference

We are steadily scaling up our work with reusage and one of the many examples of which I am particularly proud is a project that has garnered considerable attention: a project in Stigbergsparken in Stockholm, where seven large trees stood in the way of a new metro station and have now been given new life at Albano, where our new campus area is emerging. We have also recently commissioned an advanced geothermal energy plant at Albano, which ensures that the university premises are self-sufficient in respect to heating and cooling, while reducing the amount of energy supplied by 75 per cent. Increasing production of renewable energy is one of many ways for us to achieve our vision of a zero carbon footprint. The Alnarp Campus will also have geothermal energy, thereby reducing the need for purchased energy by 35 per cent.

## Property values continue to rise

The uncertainty of the pandemic has brought more capital to seek out the relatively secure cash flows of the property segment. In Sweden, we have seen increased demand for residential and community properties among both domestic and international participants, which has put downward pressure on yield requirements. Against this background, we have adjusted our assumptions regarding yield targets in the quarterly valuation. During the year, we have invested approximately SEK 1.4 billion in new construction and redevelopment, while at the same time disposing of properties for just under SEK 2.3 billion. In total, this brings our estimated property value to approximately SEK 105 billion as of 30 June 2021.

The effects we have seen regarding loss of rental revenue due to the pandemic are still very limited. Net operating income for the period increased somewhat compared with the previous year and totalled SEK 2,435 million (2,315). Profit before changes in value and tax improved somewhat, SEK 2,172 million (2,054).



## Ten fantastic years as CEO

We are encouraged as we are beginning to hopefully see the end of the pandemic. I look forward to the autumn when the campuses are once again filled with activity. This is my last quarterly report after ten fantastic years as CEO of Akademiska Hus. This autumn, on 1 September, my successor, Caroline Arehult, will continue the exciting journey with new sustainable projects that strengthen the attractiveness of higher education institutions.

Kerstin Lindberg Göransson  
*Chief Executive Officer*

# Continued stable property market

## TRENDS

A recovery in the global economy is underway as the Covid-19 pandemic continues. Despite both a second and third wave of increased cases and resulting restrictions, economic growth has shown some resilience. The global industrial sector has been less affected, while parts of the service sector remain strained. Expectations of easing restrictions and a return to more normal consumption patterns are driving strong growth forecasts for 2021 and to some extent 2022. However, the differences in vaccination rates are large, and the EU still lags behind the US, which affects the pace of recovery. In the US, the large fiscal stimulus has also further contributed to a positive outlook for the US economy. The Swedish economy has been boosted by the resilience of the industrial sector and the recovery abroad.

## FINANCIAL MARKETS

The US labour market and US inflation have been in the spotlight during the spring. These two parameters are crucial for the formulation of monetary policy by the US Federal Reserve (Fed). Large fiscal stimulus measures were the driving force behind rising inflation expectations and thus higher US borrowing rates, especially in the early spring. The inflation outcome for May was 5 per cent, but since the rise is considered to be due to temporary factors, the high outcome has not led to further increases in interest rates.

The recovery in the labour market has been slower than expected, and there are still approximately 7 million fewer jobs in the US than before the outbreak of the pandemic. With the easing of restrictions and the reduction of support to households after the summer, the recovery in the labour market is expected to gain momentum, which in turn would increase the Fed's ability to reduce the monetary stimulus. Swedish and European bond yields, as in the US, have stabilised at a higher level after the rise earlier this year. In Sweden, the rise in inflation is also expected to be tempo-

rary and underlying inflationary pressures, both in Sweden and elsewhere in Europe, remain weak. Both the Swedish central bank (the Riksbank) and the European Central Bank (ECB) restate the need for continued strong monetary policy stimulus measures in order to achieve the inflation target.

## PROPERTY MARKET

The property market as a whole is benefitting from the improved economy and greater optimism about a quicker return to fewer restrictions and increased mobility. Demand for property is strong among both domestic and foreign participants, with residential, logistics and community properties being the strongest segments, which have seen further reductions in yield requirements.

The transaction market has been strong during the year. According to Newsecs market report for June 2021 transaction volume for the year amounted to approximately SEK 148.8 billion (80.8), which is an increase of total 84 per cent compared to the same period previous year. The great increase depends largely on Corems acquisition of Klöveren as well as the weak market during the first half 2020 due to the pandemic. Housing and offices constitute the largest segments at 24 per cent of the volume each, followed by community property at 17 per cent and logistics/industry at 15 per cent. The transaction volume for offices consists mainly of the real estates that were included in Corems acquisition of Klöveren. Otherwise, the interest in the office segment in the investor market gained momentum again after a somewhat cool year due to the uncertainty of the pandemic. Consequently, offices traded at unchanged yield levels during the quarter.

Regarding the rental market for modern offices in Stockholm and Malmö CBD we see unchanged levels since the year-end, while the top rent in Gothenburg CBD has risen to SEK 3.600 per square metres (3.500). Given expectations that employees will continue to work remotely to some extent even after the pandemic, companies in office-inten-

sive sectors are reviewing their future need for premises. This trend mainly affects older holdings and office properties in secondary locations. Tenants are increasingly demanding flexible leases and office solutions, such as a mix of private offices and shared spaces.

## COMMUNITY PROPERTIES

The market for community properties has remained strong during the second quarter of the year. Demand for stable and secure cash flows has been strong among both domestic and foreign participants, and has far exceeded the supply in the market. The gap between supply and demand for community properties has resulted in transactions at lower yield levels than in the past. As a result, the project market has also been strong, since participants need to develop in-house in order to reach the desired volume in the community property segment. The Covid-19 pandemic, along with increased government investments in education, has resulted in a greater influx of students to colleges and universities. A record number of applicants are applying for this autumn's courses – an increase of 3 per cent or 19,000 people compared with the autumn of 2020, which was also a record. More openings for students have historically meant an increase in the need for premises. Meanwhile, the digitalisation trend, which has been strengthened by the pandemic, has entailed an increase in distance learning, as well as streamlining of premises. It is therefore still unclear whether the overall need for premises of the centres of education will change in the future. We are continually developing our learning environments in collaboration with our customers so as to offer modern full-scale campuses with undergraduate and graduate student housing, a high level of service, good communications and an integrated business community.

# Consolidated income statement

Consolidated income statement, summary, SEK m	2021 April–June	2020 April–June	2021 Jan.–June	2020 Jan.–June	Rolling 12 months July 2020–June 2021	2020 Full year
Rental revenue	1,613	1,578	3,285	3,116	6,433	6,264
Other property management income	37	33	60	72	143	155
<b>Total property management income</b>	<b>1,650</b>	<b>1,611</b>	<b>3,346</b>	<b>3,188</b>	<b>6,576</b>	<b>6,418</b>
Operating costs	-209	-178	-494	-430	-915	-850
Maintenance costs	-83	-94	-145	-169	-421	-445
Property administration	-115	-101	-214	-202	-414	-403
Other property management expenses	-35	-30	-58	-72	-222	-236
<b>Total costs from property management</b>	<b>-442</b>	<b>-403</b>	<b>-911</b>	<b>-873</b>	<b>-1,972</b>	<b>-1,933</b>
<b>NET OPERATING INCOME</b>	<b>1,208</b>	<b>1,209</b>	<b>2,435</b>	<b>2,315</b>	<b>4,605</b>	<b>4,485</b>
Central administration costs	-18	-16	-33	-31	-63	-60
Development costs	-13	-10	-20	-18	-41	-40
Interest income	15	14	21	26	43	48
Interest expense	-83	-91	-188	-195	-422	-429
Site leasehold fees	-21	-21	-42	-43	-84	-84
<b>PROFIT BEFORE CHANGES IN VALUE AND TAXES</b>	<b>1,089</b>	<b>1,084</b>	<b>2,172</b>	<b>2,054</b>	<b>4,039</b>	<b>3,920</b>
Change in value, properties	4,484	402	5,917	572	8,486	3,141
Change in value, financial instruments	-135	81	378	-136	322	-192
<b>PROFIT BEFORE TAX</b>	<b>5,437</b>	<b>1,567</b>	<b>8,468</b>	<b>2,490</b>	<b>12,847</b>	<b>6,869</b>
Tax	-1,004	-327	-1,455	-519	-2,365	-1,429
<b>PROFIT FOR THE PERIOD</b>	<b>4,433</b>	<b>1,240</b>	<b>7,013</b>	<b>1,971</b>	<b>10,482</b>	<b>5,440</b>
Of which attributable to the shareholder in the Parent Company	4,433	1,240	7,013	1,971	10,482	5,440

Consolidated statement of comprehensive income, summary, SEK m	2021 April–June	2020 April–June	2021 Jan.–June	2020 Jan.–June	Rolling 12 months July 2020–June 2021	2020 Full year
Profit for the period	4,433	1,240	7,013	1,971	10,482	5,440
Reclassifiable items						
Profit/loss from cash flow hedges	18	—	26	—	26	—
Tax attributable to cash flow hedges	-2	—	-3	—	-3	—
Non-reclassifiable items						
Revaluation of defined benefit pensions	—	—	—	—	-3	-3
Tax attributable to pensions	—	—	—	—	1	1
<b>TOTAL, OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>16</b>	<b>0</b>	<b>23</b>	<b>0</b>	<b>21</b>	<b>-2</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>4,449</b>	<b>1,240</b>	<b>7,036</b>	<b>1,971</b>	<b>10,503</b>	<b>5,438</b>
Of which attributable to the shareholder in the Parent Company	4,449	1,240	7,036	1,971	10,503	5,438

# Comment: Operating profit

## SECOND QUARTER

Profit for the quarter before changes in value and taxes increased by SEK 5 million compared to the same period previous year and amounted to SEK 1,089 million (1,084). Net operating income is unchanged at SEK 1,208 million (1,209). Increased rental income is mainly offset by increased operating costs. Changes in the value of properties are higher than for the corresponding quarter the previous year and totalled SEK 4,484 million (402).

## FIRST HALF OF THE YEAR

Profit for the period before changes in value and tax was SEK 2,172 million (2,054). The improved performance is attributable to an increase in net operating income of SEK 120 million compared with the previous year. In a comparable portfolio, net operating income increased by 1.3 per cent.

Change in the fair value of properties was SEK 5,917 million (572), an increase of SEK 5,345 million compared with the previous year. The average yield requirement was 4.70 per cent (5.13). The yield targets were not adjusted during the first half of 2020 due to the uncertainties related to the pandemic. Only minor changes in fair value attributable to other cash flow factors were reported, which explains the large difference regarding the change in fair value between the periods. The impact of the pandemic on earnings during the period has been limited. Revenue was affected to a limited extent by rent reductions and lower parking revenue due to free parking in Uppsala and Stockholm.

## RENTAL REVENUE

Rental revenue increased by SEK 169 million compared with the previous year and totalled SEK 3,285 million (3,116). Completion of new buildings in 2020 and 2021 with an impact on the period contributed to an increase in revenue of approximately SEK 43 million, and is mainly attributable to the Ångström Building 1 in Uppsala and Albano. In addition, the acquisition of Albanova in December 2020 had a positive impact on rental revenue for the quarter of SEK 57 million. The sale of Kristianstad, Niagara and ITC in

Uppsala had a negative impact on rental revenue of SEK 30 million.

Revenue from tenant adaptations increased by SEK 27 million, which is attributable to a new assessment as of the second quarter of 2020. In addition, beginning in 2021, parking revenue is recognised in rental revenue, which has a positive impact on rental revenue of SEK 20 million, while an increase in charges for media also had a positive impact on rental revenue of SEK 29 million. Other impact relates to indexation. In a comparable portfolio, contractual rental revenue increased by 1.9 per cent compared with the same period the previous year.

Other property management income fell by SEK 12 million and amounted to SEK 60 million (72), mainly because parking revenue was reclassified as rental revenue beginning in 2021.

## LEASING LEVEL

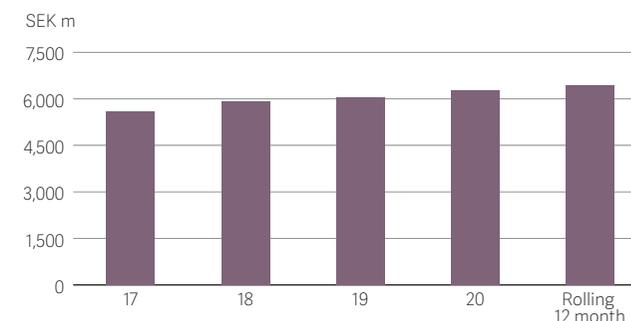
The financial vacancy rate accounts for 2.2 per cent (2.4 at year-end) of our total rental revenue, which corresponds with SEK 146 million on an annual basis (155 for 2020). Several discussions are underway with potential tenants, for example at the Solna Campus and Frescati.

Vacant space in terms of area at the end of the period amounted to 126,000 square metres, corresponding to 3.7 per cent (3.6) of our total rentable area of approximately 3.4 million square metres. Rentable floor space during the first half of the year declined by 16,000 square metres due to the sale of our holdings in Kristianstad, the property Niagara in Malmö and a school in Uppsala for a total of 81,000 square metres. The reduction is offset by the completion of Albano Building 2 and the KI Residence for a total of 50,000 square metres.

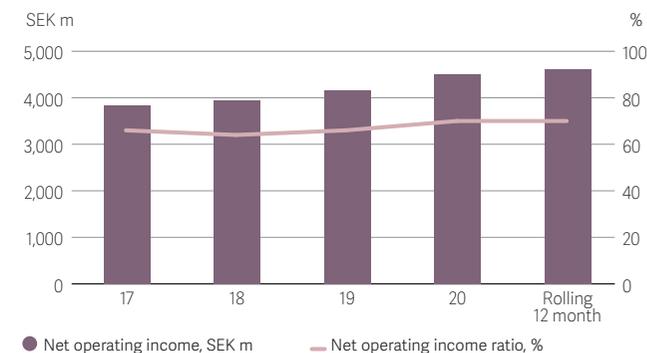
## OPERATING AND MAINTENANCE COSTS

Expenses for operation and maintenance increased by SEK 40 million and totalled SEK 639 million (599). Operating costs involve supervision and service, as well as media provision, and amounted to SEK 494 million (430). Operating

## STABLE RENTAL REVENUE



## STABLE NET OPERATING INCOME AND RISING NET OPERATING INCOME RATIO



costs include media provision of SEK 305 million (269), and monitoring and service amounting to SEK 189 million (164). The cost for purchased media corresponds to SEK 172/m<sup>2</sup> (161) over the past 12 months. The increased costs for media mainly relate to higher consumption of district heating compared with the previous year, because of the first six months of 2020 were warmer than a normal year, as well as increased electricity prices. Monitoring and service increased by SEK 25 million where the majority of the increase relates to increased costs for snow removal in conjunction with the

extreme weather in northern Sweden at the beginning of the year. Maintenance costs fell by SEK 24 million and amounted to SEK 145 million (169). The lower maintenance costs are mainly attributable to lower remedial maintenance. Other property management expenses declined by SEK 14 million and totalled SEK 58 million (72) as a result of non-recurring costs in 2020.

### ADMINISTRATION COSTS

Total administration costs increased by SEK 14 million and amounted to SEK 247 million (233). The increase is mainly attributable to higher staff costs, primarily due to contractual salary increases. Development costs amounted to SEK 20 million (18).

### 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 167 million (169) for the six-month period. This corresponds to an interest rate of 1.25 per cent (1.44), which includes capitalised interest expense for projects in progress of SEK 36 million (50). See table describing the composition of net interest income and expense on page 24.

### TOTAL FINANCING COST INCLUDING CHANGES IN VALUE

	2021 Jan.–June	2020 Jan.–June	2020 Full year
Interest cost for loans, including charges, %	1.14	1.29	1.31
Interest swaps, net interest, %	0.11	0.15	0.17
<b>Net interest income/expense, %</b>	<b>1.25</b>	<b>1.44</b>	<b>1.48</b>
Changes in value, financial derivatives, %	-2.48	0.74	0.59
<b>Total financing cost, %</b>	<b>-1.22</b>	<b>2.18</b>	<b>2.07</b>

### CHANGES IN VALUE, FINANCIAL INSTRUMENTS

Changes in value in the derivative portfolio amounted to SEK 378 million (-136). This increase is mainly attributable to rising market interest rates and a steeper yield curve, mainly during the first quarter of the year when interest rate duration was gradually extended, resulting in positive changes in fair value. The derivative portfolio largely con-

sists of interest rate derivatives (mainly interest rate swaps and interest rate futures) that are primarily entered into with the aim of extending the fixed interest period in the liability portfolio, where approximately half of our financing currently relies on floating interest rates. Approximately one third of Akademiska Hus' interest risk exposure derives from interest rate derivatives, which means that even minor changes in the interest rate situation affects earnings through changes in 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 fair 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 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.

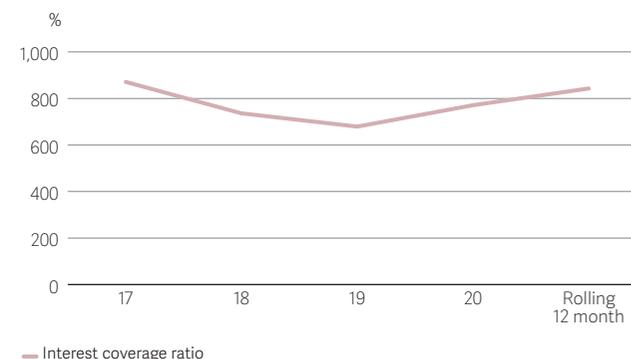
To clarify the underlying financing cost, a comparative calculation is carried out in which the cash flows of realised interest rate derivatives are also attributed (allocated) to the underlying maturity of each instrument. This allocation for the past twelve-month period corresponds with an interest expense of 0.20 per cent. The diagram on the right shows this comparative calculation of the underlying financing cost, in which interest rates are expressed as rolling 12-month interest rate (annualised). The accrued financing cost amounted to 1.58 per cent as at 30 June. The calculation shows that the long fixed interest period has resulted in stable financing costs.

When calculating the interest coverage ratio, the capitalised interest expense and accrued earnings from the closed interest rate derivatives are included. The interest coverage ratio continues to be high at 843 per cent (717), see diagram on the right.

### COMPARATIVE CALCULATION TOTAL FINANCING COST, ROLLING 12-MONTH BASIS



### INTEREST COVERAGE RATIO CONTINUES AT HIGH LEVEL



## CHANGES IN VALUE, PROPERTIES

The 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. Net changes in property values for the first half of the year had an impact on profit of SEK 5,917 million (572) of which SEK 28 million refers to realised changes in value. The change for the year can be attributed to a reduction in the yield requirement of SEK 4,907 million because of a favourable market trend since we have seen increased demand for residential and community properties among both domestic and international participants, which has put downward pressure on yield requirements. Other changes in fair value totalled SEK 982 million (570) for the first half of the year. This increase is primarily attributable to improved cash flow in the Stockholm and Gothenburg metropolitan regions. Overall, this results in an increase in the total change in market value of SEK 5,917 million since year-end. The average yield requirement was 4.70 per cent (5.13).

To estimate the impact of Covid-19 on change in value, an analysis of rental losses during the second quarter 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.

# Consolidated statement of financial position

Consolidated statement of financial position, summary, SEK m	30 June 2021	30 June 2020	31 Dec. 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Capitalised expenditure	3	4	3
Properties	104,665	93,548	99,611
Site leasehold rights	2,736	2,736	2,736
Equipment, fixtures and fittings	36	18	34
Derivatives	3,396	5,340	4,277
Other non-current receivables	475	571	548
<b>Total non-current assets</b>	<b>111,311</b>	<b>102,218</b>	<b>107,209</b>
<b>Current assets</b>			
Current receivables			
Derivatives	104	739	534
Other current receivables	1,351	1,842	1,557
<b>Total current receivables</b>	<b>1,454</b>	<b>2,581</b>	<b>2,091</b>
<b>Cash and cash equivalents</b>			
Cash and cash equivalents	4,096	6,627	3,677
<b>Total cash and cash equivalents</b>	<b>4,096</b>	<b>6,627</b>	<b>3,677</b>
<b>Total current assets</b>	<b>5,550</b>	<b>9,209</b>	<b>5,768</b>
<b>TOTAL ASSETS</b>	<b>116,861</b>	<b>111,426</b>	<b>112,976</b>

Consolidated statement of financial position, summary, SEK m	30 June 2021	30 June 2020	31 Dec. 2020
<b>EQUITY AND LIABILITIES</b>			
Equity	55,186	46,826	50,292
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans	31,983	32,137	31,603
Derivatives	1,390	2,260	2,210
Deferred tax	14,801	12,885	13,842
Long-term debt finance lease	2,736	2,736	2,736
Other non-current liabilities	937	796	924
<b>Total non-current liabilities</b>	<b>51,847</b>	<b>50,814</b>	<b>51,315</b>
<b>Current liabilities</b>			
Loans	4,829	7,318	5,487
Derivatives	32	108	147
Other current liabilities	4,966	6,361	5,734
<b>Total current liabilities</b>	<b>9,827</b>	<b>13,787</b>	<b>11,369</b>
<b>Total liabilities</b>	<b>61,674</b>	<b>64,601</b>	<b>62,684</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>116,861</b>	<b>111,426</b>	<b>112,976</b>

# Comment: Statement of financial position

## PROPERTIES

As of the end of the second quarter, the fair value of Akademiska Hus' property holdings totalled SEK 104,665 million, an increase of SEK 5,054 million and 5.1 per cent compared with year-end. Fair value includes the completed portions of projects in progress. The unrealised change in fair value amounted to SEK 5,889 million (570). Remaining changes relate to investments in properties for the year of SEK 1,430 million (1,557) and sales of SEK 2,264 million (2).

During the first quarter of 2021 the Niagara Building 2 and the property Näsby 34:24 were sold to Intea Fastigheter. During the second quarter the property Kronåsen 1:15 was sold to Hemsö. The ongoing pandemic continued to have 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 charge related to the effects of the Covid-19 pandemic at this time.

The fair value was calculated by means of an internal property valuation covering all the Company's properties. The fair 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. The average yield requirement was 4.70 per cent, compared with 5.13 per cent as at 30 June 2020. Akademiska Hus engages external rating agencies to verify the yield requirement and fixed costs on a quarterly basis to ensure that market rates are applied in the internal valuation.

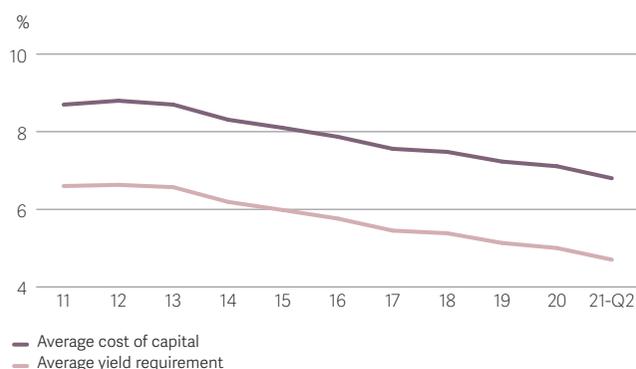
Each year 25–30 per cent of the property portfolio is also valued by external valuation professionals. External valuations are used as a benchmark for the internal valuation, thereby confirming its reliability that we are within the interval stated below.

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  $\pm$  five to ten per cent, which would be equivalent to approximately SEK  $\pm$  5,233 million to SEK 10,467 million in the Akademiska Hus portfolio.

## PROPERTIES 30 JUNE 2021 (incl. new construction in progress and capitalised interest costs)

Change in property holdings, SEK m	30 June 2021	30 June 2020	31 Dec. 2020
Opening fair value	99,611	91,424	91,424
+ Investment in new construction, extensions and redevelopment	1,430	1,557	2,872
+ Acquisitions	—	—	2,179
- Sales	-2,264	-2	-2
<b>± Change in fair value</b>	<b>5,889</b>	<b>570</b>	<b>3,138</b>
Of which change in value due to a change in the cost of capital and yield requirement	4,907	—	1,828
Of which other change in value	982	570	1,310
<b>CLOSING FAIR VALUE</b>	<b>104,665</b>	<b>93,548</b>	<b>99,611</b>

## YIELD REQUIREMENTS AND COST OF CAPITAL



## PROPERTY PORTFOLIO'S ACCUMULATED VALUE GROWTH AND NUMBER OF SQUARE METRES FLOOR SPACE, M<sup>2</sup> GFA AND UFA



## FINANCING

The trend for credit spreads has been stable during the second quarter of the year and remains at a low level as a result of the large purchases of securities by the central banks. Committed credit facilities in banks amounted to SEK 6,000 million and were all unutilised as at 30 June. Because of the credit facilities, stable rent payments and property sales, Akademiska Hus has had very limited financing needs during the quarter. Short-term funding under the ECP programme increased slightly, from a low level, while no bond issuance occurred in the second quarter.

The net liability portfolio totalled SEK 34,091 million as at 30 June, corresponding to a decrease of SEK 1,377 million during the six-month period. The equity ratio is 47.2 per cent (42.0).

## NET LOAN LIABILITY

SEK m	30 June 2021	30 June 2020	31 Dec. 2020
Gross loan debt	-36,812	-39,455	-37,091
Collateral for derivatives, net	-1,663	-3,540	-2,439
Cash and cash equivalents	4,096	6,627	3,677
Other current receivables	288	504	385
<b>Total net loan liability</b>	<b>-34,091</b>	<b>-35,863</b>	<b>-35,468</b>

## FIXED INTEREST PERIOD AND MATURITY

Akademiska Hus has a long average period for tied-up capital, which at 30 June was 9.5 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 values 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. Given the low interest rate environment, combined with progress with vaccinations and thus improved growth prospects, the risk in the

fixed income market has been assessed as asymmetric, with a greater risk of sharply rising interest rates than sharply falling rates. This caused an extension of interest rate duration earlier in the year, which was retained during the second quarter. As before, debt management will focus on allocating the portfolio's interest rate risk to the most effective periods on the yield curve. As at 30 June the interest rate duration in the total portfolio was 7.9 years.

### The liability portfolio is allocated as follows:

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

## FIXED INTEREST PERIOD AND MATURITY

	Fixed interest, years, June 2021	Fixed interest, years, Dec. 2020	Maturity, years, June 2021	Maturity, years, December 2020
Basic portfolio	5.6	4.4	7.6	7.8
Long-term portfolio	19.7	19.9	19.7	19.9
<b>Total portfolio</b>	<b>8.0</b>	<b>7.1</b>	<b>9.7</b>	<b>9.9</b>

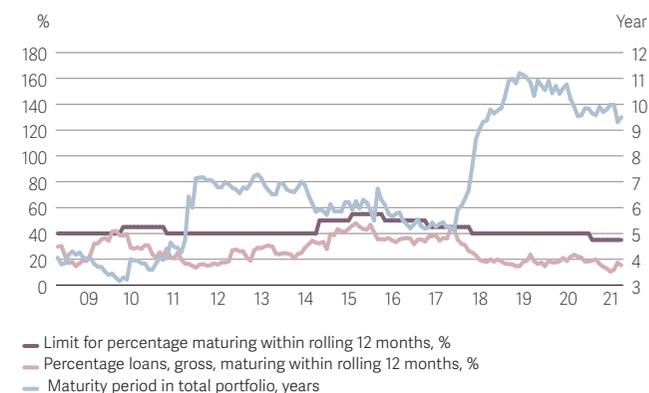
Year	Fixed interest, SEK m	Maturity, SEK m
2021	15,302	4,655
2022–2026	9,799	13,414
2027–2031	4,390	4,521
2032–2036	525	1,101
2037–2041	3,976	4,578
2042–2046	730	5,131
2047–2051	505	1,827
<b>TOTAL</b>	<b>35,227</b>	<b>35,227</b>

The table above shows the nominal amounts.

## FIXED INTEREST PERIOD IN TOTAL PORTFOLIO



## AVERAGE MATURITY AND PERCENTAGE MATURING



## PROJECTS

The project portfolio includes future investments over the next few years. The projects are mainly located in Stockholm and Gothenburg, where there are several large new construction and renovation projects.

Our approved and planned projects amounted to SEK 16,400 million, of which approximately SEK 6,100 million has already been invested in projects in progress. Planned projects have increased by approximately SEK 1,500 million during the first half of the year as a result of two new student housing projects in Umeå and Lund. No major projects were commissioned during the current year.

Our project portfolio includes several student housing projects and more will be added moving forward. The approved and planned projects include five student housing projects with a combined budget of approximately SEK 2,700 million.

## PROJECT PORTFOLIO

SEK m	30 June 2021	31 Dec. 2020
Approved projects	10,400	9,400
Planned projects	6,000	4,500
<b>APPROVED AND PLANNED PROJECTS</b>	<b>16,400</b>	<b>13,900</b>
of which already invested in projects in progress	-6,100	-4,900
<b>REMAINDER OF APPROVED AND PLANNED PROJECTS</b>	<b>10,300</b>	<b>9,000</b>

The different investments are categorised as:

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



## APPROVED PROJECTS

Project name	Location	Type of premises	Investment limits, SEK m	Percentage accrued, %	Miljöbyggnad certification	Additional floor space, m <sup>2</sup> , GFA	Expected completion	Customer
Albano	Stockholm	Education	2,864	90	Silver	100,000	2022-Q2	Stockholm University
Natrium	Gothenburg	Laboratory	1,803	26	Gold	28,000	2023-Q2	University of Gothenburg
Ångström Phase 4	Uppsala	Laboratory	1,185	55	Silver	30,000	2022-Q4	Uppsala University
Forum Medicum	Lund	Education	821	23	Gold	13,800	2023-Q2	Lund University
School of Business, Economics and Law	Gothenburg	Education	529	15	—	9,200	2025-Q2	University of Gothenburg
LTH Maskinteknik	Lund	Education	499	45	—	19,000	2022-Q2	Lund University
KI Residence	Stockholm	Residential	434	89	—	15,500	2021-Q3	Karolinska Institutet
A-, B-, and E-building Luleå	Luleå	Education	320	2	—	—	2024-Q1	Luleå University of Technology
Retzius	Stockholm	Laboratory	179	23	—	—	2022-Q1	Akademiska Hus
C-Building Luleå	Luleå	Education	122	9	—	—	2022-Q1	Luleå University of Technology
Astrid Fagreus Lab	Stockholm	Laboratory	103	22	—	—	2023-Q1	Karolinska Institutet
Språkskrapan	Gothenburg	Residential	103	7	—	—	2023-Q1	University of Gothenburg
Projects under SEK 100 million			1,338					
<b>Total</b>			<b>10,400</b>					

## Changes in group equity

Changes in group equity in brief, SEK m	Attributable to the Parent Company's shareholder					Total equity
	Share capital	Other contributed capital	Hedge reserve	Actuarial profit and loss	Profit for the year brought forward	
<b>EQUITY, 1 JAN. 2020</b>	<b>2,135</b>	<b>2,135</b>	<b>0</b>	<b>-99</b>	<b>42,589</b>	<b>46,760</b>
Dividends <sup>1</sup>					-1,905	-1,905
Total comprehensive income, Jan.–June 2020	—	—	—	—	1,971	1,971
<b>EQUITY, 30 JUNE 2020</b>	<b>2,135</b>	<b>2,135</b>	<b>0</b>	<b>-99</b>	<b>42,655</b>	<b>46,826</b>
Total comprehensive income, July–Dec. 2020	—	—	—	-3	3,469	3,466
<b>EQUITY, 31 DEC. 2020</b>	<b>2,135</b>	<b>2,135</b>	<b>0</b>	<b>-102</b>	<b>46,124</b>	<b>50,292</b>
Dividends <sup>2</sup>					-2,142	-2,142
Total comprehensive income, Jan.–June 2021	—	—	23	—	7,036	7,036
<b>EQUITY, 30/06/2021</b>	<b>2,135</b>	<b>2,135</b>	<b>23</b>	<b>-102</b>	<b>50,995</b>	<b>55,186</b>

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

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

## Consolidated statement of cash flows

Consolidated statement of cash flows, summary, SEK m	2021 Jan.–June	2020 Jan.–June	2020 Full year
<b>CURRENT OPERATIONS</b>			
Profit before tax	8,468	2,490	6,869
Adjustment for items not included in the cash flow	-6,348	-484	-2,966
Tax paid	-209	-206	-315
<b>CASH FLOW FROM CURRENT OPERATIONS BEFORE CHANGES IN WORKING CAPITAL</b>	<b>1,911</b>	<b>1,800</b>	<b>3,588</b>
<b>CASH FLOW FROM CHANGES IN WORKING CAPITAL</b>			
Increase (+)/decrease (-) in current receivables	247	-191	6
Increase (+)/decrease (-) in current liabilities	-159	56	805
<b>CASH FLOW FROM CURRENT OPERATIONS</b>	<b>1,999</b>	<b>1,665</b>	<b>4,399</b>
<b>INVESTING ACTIVITIES</b>			
Investment in properties	-1,344	-1,507	-2,770
Sale of properties	2,156	4	4
Investment in other non-current assets	-9	-2	-25
Acquisition of shares in Group companies	—	—	-802
Increase (+)/decrease (-) in non-current receivables	73	-67	-46
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>876</b>	<b>-1,572</b>	<b>-3,639</b>
<b>FINANCING ACTIVITIES</b>			
Raising of interest-bearing loans, excluding refinancing	6,213	12,963	15,327
Repayment of loan	-6,082	-9,642	-13,148
Amortisation of loan related to acquisition	—	—	-1,075
Interest paid	-161	-162	-430
Realised derivatives and CSA	-284	943	-189
Dividend paid	-2,142	-1,905	-1,905
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-2,456</b>	<b>2,197</b>	<b>-1,420</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>419</b>	<b>2,290</b>	<b>-660</b>
Opening cash and cash equivalents	3,677	4,337	4,337
Closing cash and cash equivalents	4,096	6,627	3,677

# Comment: Statement of cash flows

Cash flow from current operations before changes in working capital totalled SEK 1,911 million (1,800). The impact of investments in properties on cash flow was SEK 1,344 million (1,507).

Cash flow related to investing activities amounted to SEK 876 million (-1,572). This is mainly due to the property sales of Niagara 2, Näsby 34:24 in Kristianstad and Kronåsen 1:15, which generated SEK 2,156 million.

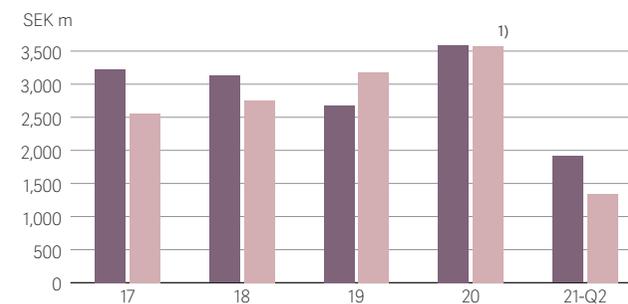
Cash flow relating to financing activities amounted to SEK -2,456 million (2,197). The change mainly relates to a decline in net borrowing of approximately SEK 3 billion compared with the same period the previous year

Total cash flow for the year was SEK 419 million (2,290).

## CASH FLOW AND INVESTMENTS

Total cash flow from current operations before change in working capital during the period 2017 to June 2021 was SEK 14,529 million. Investments during the same period totalled SEK 13,405 million. The diagram shows that cash flow from current operations is reinvested largely in new construction as well as in redevelopment and extensions of existing holdings.

## STABLE CASH FLOW FROM CURRENT OPERATIONS



● Cash flow from current operations before changes in working capital  
● Investments

1) Includes payment for the acquisition of Alba Nova

# Risk management

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

The pandemic has led to testing of new, digital working methods, which fundamentally impacts Akademiska Hus and our customers. One effect of the pandemic may be that in the future, education may be conducted in a different way. This may entail a reduction in the need for premises at centres of education in the long term. This could lead to a decline in demand for the premises that Akademiska Hus provides, which could entail an increased risk of higher vacancies and lower rental revenue.

Akademiska Hus' exposure to counterparty risk arises from investment of excess liquidity and from trading with financial instruments. Exposure to counterparty risk is managed by imposing a limit based on ownership circumstances,

ratings and the term of the commitment. Counterparty exposure when trading in financial derivative instruments is managed through Credit Support Annex (CSA) agreements. With CSA agreements, collateral corresponding to the undervalue in derivative contracts is exchanged mutually between the derivative counterparties and Akademiska Hus, thereby substantially reducing counterparty risk exposure. The Covid-19 pandemic has not affected handling of counterparty risk at this time and the impact on counterparty risk exposure is considered to be limited. Credit risk for the company's accounts receivable is still considered to be low since our customers are primarily colleges and universities, which are mainly financed by the Swedish state. The Covid-19 pandemic has not affected our assessment of this risk.

The Covid-19 pandemic initially entailed rising volatility in financial markets and reduced functionality, which entails a risk that it will become more difficult and/or associated with higher costs for Akademiska Hus to obtain financing. Strong measures from the central bank have contributed to stabilisation. Akademiska Hus has had an extremely limited need for funding during the quarter, for which reasons no

bond issuances were carried out. Committed credit facilities, stable rental payments and property sales contributed to continued good liquidity during the second quarter. The impact of the pandemic is considered to be limited.

Despite global concerns regarding the effects of Covid-19, Akademiska Hus has managed well during the crisis. We therefore see no risk that the company's ability to survive as a going concern has been affected. Read more about the material risks that Akademiska Hus faces on pages 43–46 of the 2020 Annual Report.

## SENSITIVITY ANALYSIS, PROPERTY VALUE 30/06/2021

Change	Increase by one percentage point			Decrease by one percentage point		
	Impact on net operating income, SEK m	Impact on change in value and assessed fair value, SEK m <sup>1)</sup>	Impact on fair value, percentage points	Impact on net operating income, SEK m	Impact on change in value and assessed fair value, SEK m <sup>1)</sup>	Impact on fair value, percentage points
Rental revenue	64	413	0.4	-64	-413	-0.4
Vacant space	-61	-854	-0.8	61	854	0.8
Operating costs	-9	-108	-0.1	9	108	0.1
of which media provision	-6	-54	-0.1	6	54	0.1
Cost of capital		-6,053	-5.8		6,679	6.4
Yield target		-9,355	-8.9		14,865	14.2

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

# Parent Company income statement

Parent Company income statement, summary, SEK m	2021 April–June	2020 April–June	2021 Jan.–June	2020 Jan.–June	2020 Full year
Income from property management	1,615	1,616	3,346	3,192	6,414
Property management expenses	-418	-415	-940	-904	-2,004
<b>NET OPERATING INCOME</b>	<b>1,197</b>	<b>1,201</b>	<b>2,406</b>	<b>2,288</b>	<b>4,410</b>
Central administration costs	-18	-16	-33	-31	-60
Development costs	-13	-10	-20	-18	-40
Depreciation and impairment as well as reversed impairment in property management	-429	-419	-908	-759	-1,594
<b>PROFIT BEFORE FINANCIAL ITEMS</b>	<b>737</b>	<b>755</b>	<b>1,445</b>	<b>1,481</b>	<b>2,717</b>
Result, shares in subsidiaries	—	—	1,132	—	24
Interest income	-251	14	21	26	48
Interest expense	171	-118	-224	-245	-531
Change in value, financial instruments	-142	81	378	-136	-192
Appropriations	—	—	—	—	448
<b>PROFIT BEFORE TAX</b>	<b>516</b>	<b>732</b>	<b>2,752</b>	<b>1,125</b>	<b>2,514</b>
Tax	-104	-155	-561	-238	-530
<b>PROFIT FOR THE PERIOD</b>	<b>412</b>	<b>577</b>	<b>2,191</b>	<b>887</b>	<b>1,983</b>

Parent Company statement of comprehensive income, summary, SEK m	2021 April–June	2020 April–June	2021 Jan.–June	2020 Jan.–June	2020 Full year
Profit for the period	412	577	2,191	887	1,983
Reclassifiable items					
Profit/loss from cash flow hedges	18	—	26	—	—
Tax attributable to cash flow hedges	-2	—	-3	—	—
Cash flow hedges, reclassified to the income statement	—	—	23		
<b>TOTAL, OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>16</b>	<b>0</b>	<b>2,214</b>	<b>0</b>	<b>0</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>428</b>	<b>577</b>	<b>2,214</b>	<b>887</b>	<b>1,983</b>

# Parent Company statement of financial position

Parent Company statement of financial position, summary, SEK m	30 June 2021	30 June 2020	31 Dec. 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Capitalised expenditure	3	4	3
Properties	48,289	46,072	46,507
Equipment, fixtures and fittings	36	18	34
Shares in Group companies	1,958	1	826
Derivatives	3,396	5,340	4,277
Other non-current receivables	475	571	548
<b>Total non-current assets</b>	<b>54,156</b>	<b>52,005</b>	<b>52,194</b>
<b>Current assets</b>			
Receivables from subsidiary	—	—	1,022
Derivatives	104	739	534
Other current receivables	1,342	1,842	1,547
Cash and bank balances	4,096	6,627	3,676
<b>Total current assets</b>	<b>5,541</b>	<b>9,208</b>	<b>6,780</b>
<b>TOTAL ASSETS</b>	<b>59,697</b>	<b>61,213</b>	<b>58,974</b>

Parent Company statement of financial position, summary, SEK m	30 June 2021	30 June 2020	31 Dec. 2020
<b>EQUITY AND LIABILITIES</b>			
Equity	7,143	5,974	7,070
Untaxed reserves	3,933	4,380	3,933
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans	31,983	32,137	31,603
Derivatives	1,390	2,260	2,210
Deferred tax	2,364	2,233	2,252
Other non-current liabilities	566	438	558
<b>Total non-current liabilities</b>	<b>36,303</b>	<b>37,069</b>	<b>36,623</b>
<b>Current liabilities</b>			
Loans	4,829	7,318	5,487
Derivatives	32	108	147
Other current liabilities	7,459	6,364	5,713
<b>Total current liabilities</b>	<b>12,320</b>	<b>13,790</b>	<b>11,347</b>
<b>Total liabilities</b>	<b>48,622</b>	<b>50,859</b>	<b>47,970</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>59,697</b>	<b>61,213</b>	<b>58,974</b>

# Parent Company

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

## REVENUE AND PROFIT/LOSS

The Company's sales for the period amounted to SEK 3,346 million (3,192). Of this amount, revenue from subsidiaries accounted for SEK 0 million (0). Profit before financial items was SEK 1,445 million (1,481). Profit after tax was SEK 2,191 million (887).

## DEPRECIATION

The revaluations of investment properties made in 2014 and 2015 are depreciated at a rate such that the revaluation is fully written off when the rest of the building is fully depreciated.

## INVESTMENTS

Investments in machinery and equipment amounted to SEK 10 million (2) and in properties to SEK 1,394 million (1,507).

## EQUITY

Equity totalled SEK 7,143 million compared with SEK 7,070 million at year-end. In May 2021 a dividend of SEK 2,142 million was paid to the shareholder.

## EVENTS AFTER THE END OF THE REPORTING PERIOD

No events of a material nature occurred after the end of the reporting period in either the Parent Company or the Group.

# Signing of the Report

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

Gothenburg, 14 July 2021

Anitra Steen  
*Chairperson*

Peter Gudmundson  
*Board member*

Svante Hagman  
*Board member*

John Johnsson  
*Employee representative*

Anders Larsson  
*Employee representative*

Christer Nerlich  
*Board member*

Erik Sandstedt  
*Board member*

Robin Teigland  
*Board member*

Örjan Wikforss  
*Board member*

Kerstin Lindberg Göransson  
*Chief Executive Officer*

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

# Notes

## NOTE 1 ACCOUNTING POLICIES

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

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

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

The general principles for the valuation of financial instruments are that financial investment assets and all derivatives should be valued at fair value whilst other financial assets and financial liabilities are measured at amortised cost. Financial instruments are 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 or loss.

Since 1 January 2021, the company applies hedge accounting for its electricity derivatives. Hedge accounting is a cash flow hedge, which means that changes in the market value of the derivative are recognised in other comprehensive income on an ongoing basis rather than in net financial income.

## NOTE 2 ALTERNATIVE PERFORMANCE MEASURES

In accordance with European Securities and Markets Authority guidelines (ESMA) on reporting of alternative performance measures, the definition and reconciliation of alternative performance measures for Akademiska Hus are presented here. The guidelines entail additional disclosures regarding financial measures that are not defined in IFRS. The performance measures presented below are reported in the 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 after 20.6 per cent tax rate in relation to average equity (OB+CB)/2.

### Return on operating capital

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

### Loan-to-value ratio

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

### Yield

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

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

## Net operating income ratio

Net operating income in relation to property management income.

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

## Net interest income and expense, breakdown, SEK m

	2021 Jan.–June	2020 Jan.–June	2020 Full year
Net interest income/expense, net loans and financial assets	-160	-181	-386
Net interest derivatives	-17	-22	-53
Other interest costs	-26	-15	-44
Capitalised interest costs, projects	36	50	102
<b>Total net interest income/expense</b>	<b>-167</b>	<b>-169</b>	<b>-381</b>
Change in value, independent financial derivatives			
-unrealised	432	-206	-122
-realised	-40	-26	-52
Changes in value, fair value hedges	-14	97	-18
<b>Total changes in value</b>	<b>378</b>	<b>-136</b>	<b>-192</b>
Site leasehold fees	-42	-43	-84
<b>Reported net interest income and expense</b>	<b>169</b>	<b>-348</b>	<b>-657</b>

## 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	30 June 2021	30 June 2020	31 Dec. 2020
Gross loan debt	-36,812	-39,455	-37,091
Collateral for derivatives, net	-1,663	-3,540	-2,439
Cash and cash equivalents	4,096	6,627	3,677
Other current receivables	288	504	385
<b>Total net loan liability</b>	<b>-34,091</b>	<b>-35,863</b>	<b>-35,468</b>
<b>Average interest-bearing capital (full-year basis)</b>	<b>29,828</b>	<b>29,046</b>	<b>32,021</b>

**Operating capital**

Equity plus interest-bearing net loan liability.

**Interest coverage ratio**

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

**Equity ratio**

Equity in relation to total assets at the end of the period.

# Definitions/Glossary

## Comparable portfolio

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

## Development costs

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

## FLOOR SPACE, m<sup>2</sup>, GFA

Rentable floor space in square metres.

## FLOOR SPACE, m<sup>2</sup>, GFS

Gross floor space of building. Comprises rentable floor space as well as common areas and the areas surrounding the building.

## FLOOR SPACE, m<sup>2</sup>, UFA

Rentable usable floor space in square metres.

## Maintenance costs

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

## Operating costs

Operating costs are costs incurred to keep a property, installation or similar facility functioning. Operating costs are divided into 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 follow-up and human resource administration.

## Rental and vacancy levels

Leased or vacant floor space in relation to the total floor space. Financial leasing or vacant space levels are rental revenue for space leased and estimated rental revenue for vacant space in relation to the total rental revenue.

## Rental revenue

The basic rent, index-linked, and estimated rent for vacant rentable floor space and supplements, with a deduction for vacant space and rent reductions.

The information in this interim report is such that Akademiska Hus (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act.

## REPORT CALENDAR

Interim Report January–September 2021	27 October 2021
Year-end report 2021	February 2022
Annual Report 2021	March 2022

## CONTACT PERSONS

Kerstin Lindberg Göransson, CEO  
 Telephone: +46 708 91 61 10  
 E-mail: kerstin.lindberggoransson@akademiskahus.se

Catarina Fritz, CFO  
 Telephone: +46 703 42 94 69  
 E-mail: catarina.fritz@akademiskahus.se

## ADDRESS: GROUP OFFICE

Akademiska Hus AB  
 Sven Hultins plats 5  
 Box 483, SE-401 27 Gothenburg, Sweden

Telephone: +46 10 557 24 00  
 URL: [www.akademiskahus.se](http://www.akademiskahus.se)  
 e-mail: [info@akademiskahus.se](mailto:info@akademiskahus.se)  
 Reg. no.: 556459-9156