



Akademiska Hus in brief

AKADEMISKA HUS – ONE OF THE LARGEST PROPERTY COMPANIES IN SWEDEN

- Over three million square metres of rentable floor space
- Property value in excess of SEK 61 billion
- Operations in university and college towns and cities throughout Sweden

OWNS AND MANAGES UNIVERSITY AND COLLEGE PROPERTIES

- 61 per cent market share for the whole country (area)
- 83 per cent of the floor space is leased to universities and colleges (area)

WHOLLY OWNED BY THE SWEDISH STATE

- Ownership clause in the EMTN and MTN programmes

LONG LEASES WITH CUSTOMERS WITH A VERY HIGH CREDIT RATING

- 92 per cent of the rental revenue derives from Government-controlled customers

RATING

- Since 1996, the Group has had a long-term rating from Standard & Poor's of AA with a stable outlook and a short-term rating of A1+/K1

CLARIFIED MISSION AND CONTINUED STATE OWNERSHIP

An extensive corporate analysis was conducted in 2013, resulting in a clearer remit from the owner. The remit was passed by Parliament in December. It was also confirmed in the decision that Akademiska Hus will continue to be wholly owned by the Swedish state.

MANAGEMENT AND INVESTMENT

Sales totalling SEK 2,797 million took place during 2014. On the whole, this corresponds to the investment of SEK 3,004 million that has been made in the Company's own property development projects.

Results 2014

- Rental revenue increased to SEK 5,495 million (5,359)
- Net operating income amounted to SEK 3,717 million (3,506)
- The fair value of the properties totalled SEK 61,437 million (57,557)
- The change in the value of the properties was SEK 3,529 million (232)
- Net investments totalled SEK 254 million (2,379)

The geographically widespread Akademiska Hus portfolio is strongly positioned on growing regional markets, primarily university and college towns and cities. Ongoing investment in new construction and the development of property holdings generate value. The focus on core operations involving long-term leases with customers with a good credit rating ensures stable cash flows.

The rentable floor space at the year-end totalled 3.2 million square metres. The proportion of laboratory premises is high, 35 per cent. These are technically more complex than other premises and in terms of energy considerably more resource-intensive. The financial level of vacant space was just 1.2 per cent as the vacant premises have a lower than average rental value.

Before a construction project commences, a signed lease must be in place. The lease renewal dates are well distributed over time. The average term for a newly signed lease is eleven years. At the year-end, the average remaining term was 6.0 years. For complex, specialist buildings intended for laboratory and research activities, a lease is required where a large proportion of the investment is repaid within the lease period. For this type of building, leases are signed for 10 years or more following Government approval.

FINANCING

Akademiska Hus has been established on the public financing market since 1996 with short-term and long-term financing programmes, both domestic and international. Apart from the programmes, there were

bank facilities totalling SEK 3,100 million, of which SEK 1,100 million was unconfirmed.

With falling market interest rates for a large part of the year, the focus has been on analysing the interest market and re-examining previous positions. As interest rates at the beginning of the year could already be regarded as very low, the fall in interest rates has been extraordinary. In addition to the fall in interest rates, there has been a decrease in credit spreads for corporate bonds, which can be attributed to a good level of demand in a low interest environment.

Financing requirements during the year were slightly lower than forecast as a result of the property sales during the autumn. Interest-bearing net debt fell by SEK 407 million and totalled SEK 18,871 at the end of the year. The lower financing requirements, the continued fall in interest rates and reduced credit spreads have meant that no bond issues took place during the year. Refinancing took place mainly on the ECP market. At the turn of the year, half of the total financing derived from

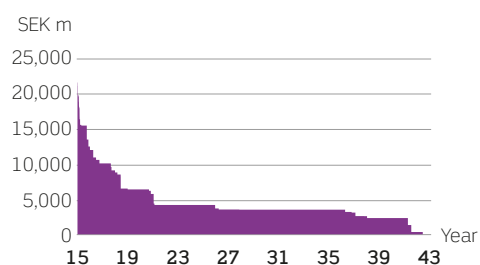
abroad. The average maturity in the total portfolio fell from 6.8 years to 5.8 years at the year-end. The proportion of loans falling due within 12 months amounted to 43.3 per cent at the turn of the year.

The maturity has been balanced by interest derivatives in order to maintain the maturity during the year. As a result of the drop in interest rates, there has been a significant fall in value in the derivative portfolio. The net financial income and expense was SEK -939 million (-390), which is equivalent to interest expense during the period, including changes in the value of financial derivatives, of 5.04 per cent (2.62).

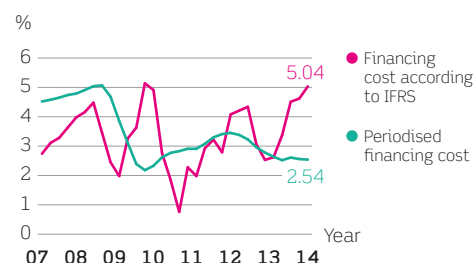
The fixed interest period in the basic portfolio at the year-end was 3.4 years.

The general terms and conditions of the EMTN and MTN programmes include an ownership clause, which means that the loans fall due for immediate repayment if the Swedish Government ceases, directly or indirectly, to be the majority shareholder.

LOAN RENEWAL STRUCTURE



COMPARISONS OF DIFFERENT INTEREST EXPENSE CALCULATIONS



FINANCING PROGRAMMES AND RATING

	Rating, Standard & Poor's	Framework 31-12-2014	Utilised, nominal 31-12-2014	Financial undertakings
Commercial paper	A1+/K1	SEK 4,000 m		
ECP	A1+	EUR 1,000 m	EUR 533 m	
EMTN	AA/A1+	EUR 3,000 m	EUR 1,469 m	Ownership clause
MTN ¹⁾	AA	SEK 8,000 m	SEK 2,261 m	Ownership clause
Bank, confirmed		SEK 2,000 m		
Bank, unconfirmed		SEK 1,100 m		

1) Not updated since 2009

PROFIT AND PROPERTY-RELATED KEY FIGURES

	2014	2013	2012
Property management income, SEK m	5,681	5,588	5,511
Net operating income, SEK m	3,717	3,506	3,588
Changes in value, properties, SEK m	3,529	232	-291
Profit after financial items (excluding change in value of properties), SEK m	2,732	3,043	2,840
Profit after financial items (including change in value of properties), SEK m	6,261	3,275	2,549
Fair value, properties, SEK m	61,437	57,557	54,677
of which new construction in progress	5,407	4,491	4,006
Net investments, SEK m	254	2,379	2,771
Total yield, properties, %	13.4	7.2	6.8
of which yield, %	6.9	6.8	7.1
of which change in value, %	6.5	0.4	-0.3
Return on equity after standard tax, %	15.5	8.8	6.9
Equity ratio, %	48.0	46.8	46.2
Loan-to-value ratio, properties, %	30.7	33.5	33.9
Vacant space, rent, %	1.2	0.9	1.0
Vacant space, area, %	3.6	2.1	2.6

FINANCIAL KEY FIGURES

Interest-bearing net loan liabilities, SEK m	18,871	19,278	18,528
Interest-bearing liabilities, SEK m	26,082	23,860	24,212
Interest coverage ratio, %	671	647	558
Internal financing ratio, %	278	124	93
Fixed interest period, basic portfolio, annual average	3.4	3.4	3.2
Fixed interest period, long-term portfolio, annual average	25.6	26.5	27.5
Maturity, annual average, years	5.8	6.8	7.2

FOR FURTHER INFORMATION, PLEASE CONTACT

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