

# Corporate Governance Report

Akademiska Hus AB (publ) is a property company that is wholly owned by the Swedish state. The Company applies the Swedish Code of Corporate Governance and the State's ownership policy and guidelines for companies with state ownership. This corporate governance report describes the structure and processes for governance, management and control.

## FOUNDATIONS OF CORPORATE

### GOVERNANCE AT AKADEMISKA HUS

Akademiska Hus AB applies the Swedish Code of Corporate Governance (the Code) which aims to strengthen confidence in Swedish companies by promoting positive development of corporate governance in these companies. In the spirit of the Code, Akademiska Hus formulates policy documents and procedures to ensure transparency, a clear allocation of responsibility between different Company bodies and that the Board discharges its duties effi-

ciently. Since the company is wholly owned by the Swedish state, certain provisions of the Code do not apply, as it is primarily written for companies with diversified ownership. See the deviations from the Code on page 48.

Akademiska Hus' remit is to own, develop and manage properties for colleges and universities, where the primary focus is on education and research, as well as activities compatible therewith. Long-term and sustainable development permeate Akademiska Hus and its efforts to contrib-

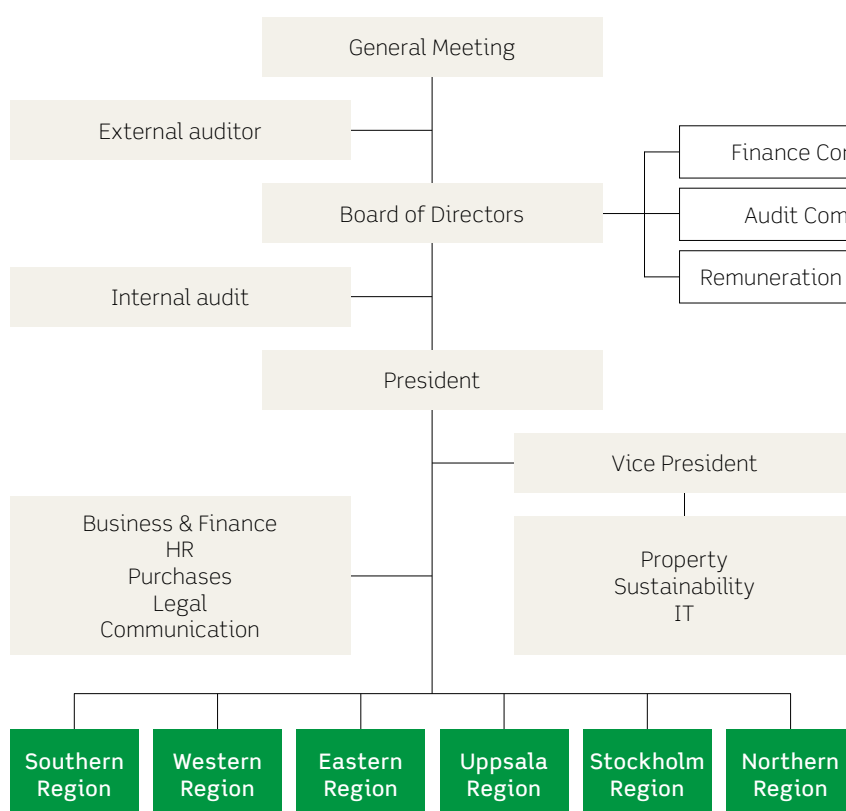
ute to strengthening Sweden as a nation of knowledge.

## Owner objectives

The owner has three financial objectives for Akademiska Hus; read more on page 35.



## Governance and organisational chart



### External regulations that affect governance:

- Companies Act
- Accounting Act
- Annual Accounts Act
- State ownership policy
- IFRS
- Swedish Code of Corporate Governance
- Code about gifts, rewards and other benefits in business
- UN Global Compact principles
- Global Reporting Initiatives (GRI) guidelines G4
- Stock market rules

### Internal documents that affect governance:

- Articles of Association
- The Board's Rules of Procedure
- Instructions to the President
- Allocation of responsibility and authority
- Strategy documents
- Code of Conduct
- Sustainability policy, procurement policy and financing policy
- Guidelines for the Company's operations
- Attestation and authorisation guidelines

## GENERAL MEETING

The General Meeting is the highest decision-making body at Akademiska Hus. The shareholder exercises its influence at the General Meeting. Members of the Riksdag and the public have the right to participate. Members of the Riksdag must report their intention to participate at the AGM to the Company.

### Annual General Meeting 2015

According to the State's ownership policy, Akademiska Hus must hold its Annual General Meeting before 30 April each year. The notice is published on the Company's website. The Annual General Meeting was held on 28 April 2015. The Chairman of the Board of Akademiska Hus, Eva-Britt Gustafsson, convened the meeting and was appointed to run it. Also present were Malin Fries, shareholder representative, Kerstin Lindberg Göransson, President, Michael Walmerud, Vice President, Björn Flink, authorised public accountant, KPMG, and Carolin Åberg Sjöqvist, secretary. In addition, all members of the board were present.

### Decisions at the 2015 Annual General Meeting

First, the meeting adopted the income statement and balance sheet for the Parent Company and the Group for the 2014 financial year.

In addition, the AGM approved the Board's proposal for profit distribution, which entails a dividend of SEK 1,445,000,000 to the owner. The principles for remuneration and other terms of employment for senior executives were adopted. These principles and terms are in line with the 'Guidelines for terms and conditions of employment for senior executives in state-owned companies', which the Government passed on 20 April 2009. The AGM also resolved to amend the Articles of Association to add the location in which the general meeting can be held. The Annual General Meeting also resolved to reduce the Parent Company's share capital by a total of SEK 5,000,000,000 for allocation to non-restricted equity. In addition, the Annual General Meeting approved bonus issues of a total of SEK 5,000,000,000 by raising the value of properties.

### Extraordinary General Meeting 2015

The Company held an Extraordinary General Meeting on 19 October 2015. The Meeting resolved that Akademiska Hus AB would pay an additional distribution of SEK 6,500,000,000.

### Annual General Meeting 2016

The Annual General Meeting will be held in Stockholm on 28 April 2016.

## AUDITORS

Procurement of auditors took place in 2013/2014. At the 2015

Annual General Meeting it was decided to elect KPMG AB as auditors for the period up to the end of the 2016 Annual General Meeting, which appointed authorised public accountant Björn Flink to serve as auditor in charge. The fee to the auditors during the year was paid as billed.

## INTERNAL AUDITOR

Akademiska Hus has an internal audit function comprising an employed internal auditor. The internal auditor reports directly to the Company's Board of Directors.

The work of the internal audit function is based on a risk analysis that is made at least once a year and which is updated as necessary. An internal audit plan is adopted by the Board of Directors prior to each financial year.

## 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 of the Board is governed by the Rules of Procedure adopted by the Board of Directors each year. The Rules of Procedure lay down the Board's working methods and instructions for the Board's committees.

### Nomination process

Akademiska Hus applies a structured nomination process in conjunction with the appointment of Board members and auditors. The nomination process for board members is conducted and co-ordinated by the state ownership unit at the Ministry of Enterprise and Innovation. Members are selected from a broad recruitment base.

The nomination process is presented in the Government's ownership policy. Board membership requires a high level of expertise within relevant current business operations, business development, industry know-how, financial issues, or in other relevant areas. In addition, there should be a strong sense of integrity and a capacity to act in the Company's best interests.

### Composition of the Board of Directors

The Board of Directors for Akademiska Hus consists of eight members elected by the General Meeting, as well as two members who represent the employees of the Company. The composition of the Board should be such that the Board always has knowledge of the industry or other know-how relevant to the Company. The composition should also be such that a balance is achieved in terms of background, age and gender. The Articles of Association do not contain any stipulations regarding appointment or dismissal of Board members.

## DEVIATIONS FROM THE CODE

### NOMINATION (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



### EVA-BRITT GUSTAFSSON

Chair since 2007. Chair of the Audit and Remuneration Committee.

**Year of birth:** 1950.

**Other positions:** Board member of Svenska Spel AB.

**Previous positions:** President of Apoteksgruppen i Sverige Holding AB and Apoteksgruppen i Sverige AB, Bank Director, Nordbanken; Vice President Securum Finans AB, President of Venantius AB; President of Apoteket Omstrukturering AB.

**Education:** MBA.



### BRITTA BUREAU

Member since 2014. Chair of the Finance Committee.

**Year of birth:** 1964.

**Position:** President of Nordea Liv since 2004.

**Other positions:** Board member of Svensk Försäkring and Nordea Liv Fastighet Holding AB.

**Previous positions:** Accenture 1992-2004.

**Education:** MSc and MBA.



### OLOF EHRLÉN

Member since 2011.

**Year of birth:** 1949.

**Other positions:** Board member of Wingroup AG and Instalco Holding AB, Chair of Svevia AB and advisor to FSN Capital.

**Previous positions:** President and CEO of NCC AB.

**Education:** MSc Eng.



### THOMAS JENNINGER

Employee representative (Ledarna union) since 2008.

**Year of birth:** 1956.

**Position:** Operating manager at Akademiska Hus Uppsala.

**Education:** Production engineering studies.



### ANDERS LARSSON

Employee representative (SEKO) since 2009.

**Year of birth:** 1963.

**Position:** Operating engineer at Akademiska Hus Stockholm.

**Previous positions:** Employee representative (SEKO) Akademiska Hus Stockholm AB, 1998-2009.

**Education:** Production engineering studies.



### INGELA LINDH

Member since 2014.

**Year of birth:** 1959.

**Position:** Deputy city manager and CEO of Stockholm Stadshus AB.

**Other positions:** Board member of the Royal College of Music, Board member of Sweden Green Building Council.

**Previous positions:** Director of City Planning, Stockholm. President of AB Stockholmshem.

**Education:** Architect MSA.



### LEIF LJUNGQVIST

Member since 2012.

**Year of birth:** 1971.

**Position:** Company manager at the State Ownership Unit at the Ministry of Enterprise and Innovation.

**Other positions:** Board member of Apoteket AB, Samhall AB and Statens Bostadsomvandling AB.

**Previous positions:** Board member of AB Svensk Bilprovning, Vasallen AB and AB Bostadsgaranti. Stock market analyst Kaupthing Bank, Nordiska Fondkommission and Hagströmer & Qviberg.

**Education:** MBA.



### PIA SANDVIK

Member since 2011.

**Year of birth:** 1964.

**Position:** President of Länsförsäkringar Jämtland.

**Other positions:** Chair of RISE AB. Member of the board of the Strategic Research Council, Länsförsäkringar AB and the IVA Industry Council. Member of the board of IVA.

**Previous positions:** Vice-Chancellor of Luleå University of Technology and Pro Vice-Chancellor of Mid Sweden University.

**Education:** PhD. in engineering



### GUNNAR SVEDBERG

Member since 2009.

**Year of birth:** 1947.

**Other positions:** Member of the board of Kemakta Konsult AB and the Göran Gustafsson Foundation for Scientific and Medical Research. Member of the board of IVA and KVVIS in Gothenburg.

**Previous positions:** President of Innventia AB, Vice-Chancellor of University of Gothenburg and Mid Sweden University and Deputy Vice-Chancellor of the Royal Institute of Technology.

**Education:** PhD. in engineering Professor of Energy Technology.



### INGEMAR ZIEGLER

Member since 2007.

**Year of birth:** 1947.

**Other positions:** Stockholm Concert Hall and the Clara Foundation.

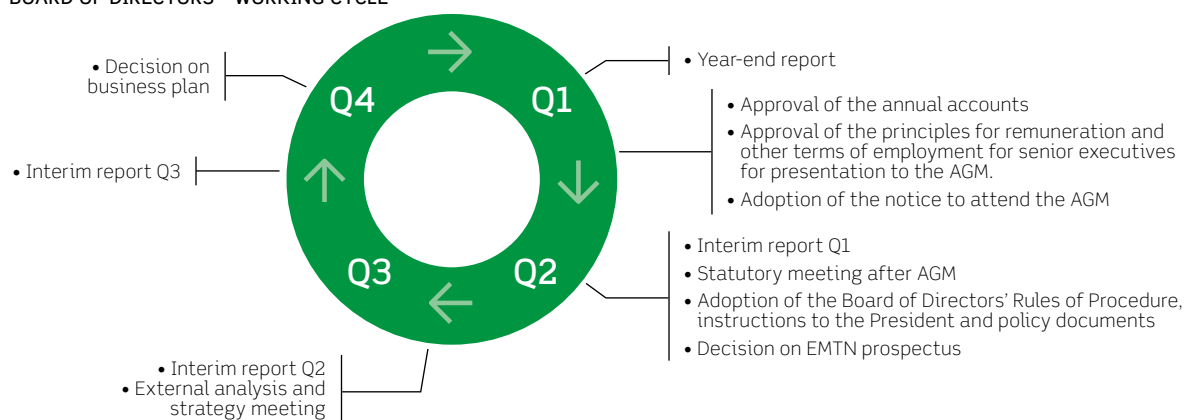
**Previous positions:** President of AB Storstockholms Lokaltrafik, Locum AB, Diösförvaltning, Stockholms Mark- och Lokaliseringsbolag. Finance Secretary, City of Stockholm.

**Education:** BA.

### AUDITORS, KPMG AB, BJÖRN FLINK, LEAD AUDITOR

Born 1959. MBA. Lead auditor at Akademiska Hus since 2014. Authorised public accountant. Other audit assignments, selection: Hemfosa Fastigheter, Axfast and Stenvalvet. Directorships: Member of the board of KPMG AB, FAR, the trade association for auditors, accounting consultants, and advisers.

## BOARD OF DIRECTORS – WORKING CYCLE



## Work of the Board of Directors in 2015

The work of the Board of Directors follows the above cycle each year, with Board meetings scheduled at specific times. The Board's working year begins at the statutory meeting in the spring. The agenda for that meeting includes appointing members to the Board committees and adoption of important policy documents.

- April – Statutory meeting is held following the AGM, usually in late April.
- May – International bond programme (EMTN prospectus).
- June – Strategy meeting.
- June – Investment matters.
- July – Interim report January–June.
- September – Investment matters.
- October – Interim report January–September and investment matters.
- December – Adoption of business plan and investment matters.
- February – Year-end report and investment matters.
- March – Adoption of annual report and sustainability report, as well as agenda for the Annual General Meeting.
- April – Interim report January–March and investment matters.

In 2015 the Board held fourteen (14) meetings at which minutes were taken. In addition to regular meetings, extra meetings are scheduled when necessary, such as occasions when investment decisions require Board approval. The attendance by the members of the Board of Directors is presented in the tables below. At regular meetings the President presents a report on significant events involving the Company and the committee chairs present reports from the committee meetings that were held between Board meetings. Several of the Board meetings in 2015 were held on site at the centres of education and were combined, as far as possible, with meetings with the management of these centres. The Board of Directors visited the following centres of education: the Lund Campus, Frescati in Stockholm, Medicinareberget in Gothenburg and the Solna Campus. Extra meetings are held at the request of a Board member or the President. In 2015 one extra meeting was held in February regarding the decision to submit a bid for a public contract and one in September when the Board Of Directors decided to recommend that the General Meeting approve an additional distribution of SEK 6,500,000,000.

## Evaluation of the work of the Board and the President in 2015

According to the Code, the Board of Directors evaluates the work of the Board and the President using a structured, systematic process. Evaluation takes place once a year with the aim of developing the working forms and efficiency of the Board of Directors. The chairman leads the evaluation, which is carried out by all members of the Board. The owner, through the Government Offices, is 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.

## Board committees

The Board shall, without otherwise affecting the responsibility and duties of the Board Directors, appoint committees. The Board of Directors has appointed three committees from within its number.

- The tasks of the Finance Committee are to:
  - represent the Board of Directors in ongoing issues related to financing,
  - support and follow up financing activities,

ATTENDANCE OF THE BOARD OF DIRECTORS  
– FINANCIAL YEAR 2015

	Number of Board meetings	Number of meetings of the Finance Committee	Number of meetings of the Audit Committee	Number of meetings of the Remuneration Committee
Eva-Britt Gustafsson	14/14	2/2	3/3	1/1
Britta Burreau	14/14	5/5		
Olof Ehrlén	11/14		3/3	
Thomas Jennlinger	12/14			
Anders Larsson	12/14			
Ingela Lindh	12/14			
Leif Jungqvist	13/14	2/3	6/6	1/1
Pia Sandvik	10/14	5/5	3/3	
Gunnar Svedberg	12/14			1/1
Ingemar Ziegler	14/14		5/6	

- annually evaluate and propose changes to the Finance Policy,
- evaluate, prepare and report on matters to be decided by the Board.
- The Audit Committee will supervise the Company's financial reporting and:
  - with regard to the financial statements, monitor the efficiency of the Company's internal control systems and risk management.
  - remain informed about the audit of the annual accounts and the consolidated accounts.
  - examine and monitor the impartiality and independence of the auditor and in doing so be particularly attentive if the auditor provides the Company with services other than auditing services.
  - assist in the preparation of proposals for the election of auditors at the Annual General Meeting.
- The tasks of the Remuneration Committee are to:
  - prepare decisions regarding terms and conditions for salaries and employment for the President and the Executive Management.
  - monitor and evaluate the application of the guidelines for remuneration to senior executives, which will be decided at the Annual General Meeting, along with the applicable remuneration structure and remuneration levels within the Company.

The Group's President, Vice President, CFO, and Treasurer can attend the meetings in the capacity of presenters.

## GOVERNANCE OF AKADEMISKA HUS

The Board of Directors is ultimately responsible for ensuring that the company is managed in an exemplary manner. As part of this work, the Board formulates relevant policies and guidelines based on the State ownership policy and ownership directives. Akademiska Hus' strategy is the basis of the annual process of formulating a business plan. The Business Plan, together with policy documents, comprises the overall basis for control of the Company, built on the Company's values: attentiveness, commitment and value creation.

### President, management and common support functions

The Business Plan describes the way Akademiska Hus deals with customers, manages assets and addresses the future. It also describes how Akademiska Hus is working to achieve the owner's objectives through the strategic control parameters that are monitored internally, linked to a long-term economic plan. Business planning begins with strategy days held by the Board and management in the spring and ends when the Board adopts the plan at its December meeting. The strategy process includes an external analysis of customers, locations, market segments, financing and so on. The business plan is formulated for the Company as a whole and broken down into clear operational plans in the regions and support functions to the President, with operational objectives and activities to meet them.

The business plan is continuously monitored with quarterly feedback sessions between management and the respective regions and functions during which the operational objectives and operational control parameters are addressed. The Executive Management comprises the President, Vice President, the six Regional Directors, the CFO, the Corporate Communications Director, the Purchasing Director, the General Counsel and the Human Resources Director, all of whom report directly to the President.

Executive Management is a forum for information, discussion and decisions regarding joint strategic Company matters. Executive Management is also the steering committee for the prioritised processes. The Company's common support functions are presented in the organisational chart on page 47.

### Regions

Each region has a regional management team. Investment matters are initiated and prepared by the regional management and are then reviewed by the Executive Management. In the case of major investments, a matter, after receiving the support of the Executive Management, passes to the Board of Directors for a decision.

### Ethical Council and whistle-blowers

Akademiska Hus has an Ethical Council that provides support to employees. The Council addresses issues raised by employees related to the ethical guidelines in the Company. Employees can also report suspected deviations from the guidelines or other irregularities to the Council. The Ethical Council consist of the General Counsel, Human Resources Director, Corporate Communications Director, a Property Manager, a Project Manager, and an Administrative Manager. The Company has established a system for whistle-blowing that is completely independent of the Company. Employees within Akademiska Hus as well as external partners can anonymously report suspected irregularities through the whistle-blower function.

## REMUNERATION

Remuneration and other terms and conditions of employment for persons in an executive position are in accordance with the Government's 'Guidelines for terms and conditions of employment for senior executives'.

### Principles for remuneration to the Board of Directors and senior executives

- 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.
- Remuneration for committee work was set at the 2015 Annual General Meeting.
- Payment to the President and other senior executives comprises a basic salary and a pension. Payment to the President is decided by the Board of Directors following a recommendation from the Remuneration Committee. Payments to other senior executives are decided by the President 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. No changes will be made regarding the principles for remuneration to the Board of Directors and senior executives for 2016.

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 9 and 10.



## Executive Management



**KERSTIN LINDBERG GÖRANSSON**

President  
Employed 2011

**Year of birth:** 1956

**Other assignments:** Board member of Jernhusen AB, Board member of Byggherrarna, Board member of K2 National Knowledge Centre for Public Transport.

**Previous positions:** Airport Director, Stockholm-Arlanda Airport; Accounting and Finance Director and Vice President of the Scandic Group.

**Education:** MBA.



**MICHAEL WALMERUD**

Vice President  
Employed 2012

**Year of birth:** 1967

**Other assignments:** Board member of BIM Alliance and Board member of Smart Built Environment.

**Previous positions:** President, Projektgaranti AB; Head of transactions, Catella Swedebroker AB; Property Manager, Postfastigheter AB; Project Manager, NCC Fastigheter AB. Board member of BIM Alliance and Board member of Smart Built Environment.

**Education:** MSc Civil Engineering.



**PETER BOHMAN**

Regional Director, Uppsala  
Employed 2013

**Year of birth:** 1972

**Other assignments:** Board member of Realus AB and IFU Arena AB.

**Previous positions:** Terminal Manager and on-call Airport Director, Stockholm-Arlanda Airport. Various management positions within Swedavia. Business developer/property developer.

**Education:** BSc. in Business Administration with focus on real estate.



**DAVID CARLSSON**

Regional Director, North  
Employed 2003

**Year of birth:** 1976

**Previous positions:** Regional Director, Uppsala, Head of Property Management and Property Manager, Akademiska Hus Uppsala; Business Developer, SP Production AB.

**Education:** MSc and MBA.



**BIRGITTA VAN DALEN**

Regional Director, Western Region  
Employed 2005

**Year of birth:** 1958

**Previous positions:** Planning adviser, Akademiska Hus Head Office; Head of property supply and operating manager, Karlstad University; Planning Manager, Property Department, Karlstad Municipal Authority.

**Education:** BA Soc. Admin.



**ULF DÄVERSJÖ**

Purchasing Director  
Employed 2014

**Year of birth:** 1979

**Previous positions:** Management consultant, Capgemini Consulting, Global Purchaser, Arla Foods, Business Analyst, Arla Foods.

**Education:** MSc Business Administration.



**LARS HAGMAN**

Regional Director, Eastern Region  
Employed 2012

**Year of birth:** 1953

**Other assignments:** Board member at Linköpings Expo AB.

**Previous positions:** Business developer, JM AB; President of a subsidiary of Vattenfall AB. Regional Manager, Partena Security AB.

**Education:** MBA.

**KRISTINA KORSGREN**

Human Resources Director  
Employed 2010

**Year of birth:** 1969

**Other assignments:** Board member Almega Fastighetsarbetsgivarna.

**Previous positions:** HR positions within the Volvo Car Corporation and Volvo Truck Corporation.

**Education:** Human resources specialist.

**CECILIA NIELSEN**

CIO  
Employed 2012

**Year of birth:** 1969

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

**Education:** BA.

**JONAS RAGNARSSON**

CFO  
Employed 2014

**Year of birth:** 1962

**Previous positions:** CFO at Tradedoubler, CFO at EQT Partners AB, acting CFO at Swedish Space Corporation (SSC). Accounting and Finance Manager, Radisson SAS Hotels & Resorts, Administrative Manager and Vice President, Grand Hotel Holdings AB.

**Education:** MBA.

**TOMAS RINGDAHL**

Regional Director, South  
Employed 2013

**Year of birth:** 1960

**Previous positions:** Division Director for Residential Construction, Skanska Sverige AB; Vice President, Skanska Sverige AB; Chair of Myresjöhus, Chair of BoKlok AB, Head of Development, Nordic Region, Skanska AB; President, LB Hus.

**Education:** MSc Eng.

**STEN WETTERBLAD**

Regional Director, Stockholm Region  
Employed 2008

**Year of birth:** 1957

**Other assignments:** Board member, Stockholm Construction Association; Chair, Sthlm6000+ (Student Housing Fair 2017).

**Previous positions:** Property Director, City of Stockholm; Market Hall Director, City of Stockholm; Vice President, Stockholm Parking; Property Manager, Kullenberg Fastigheter i Stockholm AB; Site Manager/Project Manager, Platzer Bygg AB.

**Education:** MSc Eng.

**CAROLIN ÅBERG SJÖQVIST**

General Counsel (Secretary to the Executive Management and the Board of Directors)  
Employed 2004

**Year of birth:** 1968

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

**Education:** LL.M.

**CHANGES IN GROUP MANAGEMENT**

Jonas Ragnarsson left his position on 12 February 2016. Anders Ruth took up the position of acting CFO on 13 February 2016.

Kristina Korsgren left the position of Human Resources Director on 29 February 2016. Fredrik Färm took up the position of acting Human Resources Director on 1 March 2016.

# Internal control of financial reporting

The responsibility of the Board of Directors for internal control is governed by the Swedish Companies Act and the Swedish Code of Corporate Governance. This report has been prepared in accordance with the Annual Accounts Act and the Swedish Code of Corporate Governance and is thus limited to internal control of financial reporting.

The purpose of internal control of financial reporting is to provide reasonable assurance regarding the reliability of external financial reporting in the form of interim reports and annual reports, and to ensure that external financial reporting complies with the relevant laws, regulations, accounting standards and the specific guidelines for external reporting that apply to state-owned companies.

The description of internal control of financial reporting at Akademiska Hus is based on the five components of internal management and control as defined by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) in its framework for internal management and control.

## CONTROL ENVIRONMENT

The basis for internal control comprises the control environment with the organisation, decision procedures and responsibility. Akademiska Hus has a number of policy documents such as Rules of Procedure for the Board of Directors, instructions to the President, allocation of responsibility and authority, attestation and authorisation guidelines and financing policy that state how responsibility shall be distributed and authorities delegated. The control environment also encompasses the culture and the values based on which the Board of Directors and management communicate and act and thereby influence employee awareness of internal control issues.

The Board of Directors has overall responsibility for internal control of financial reporting. The Board of Directors has established an Audit Committee which has tasks that include preparing the Board's work with quality assurance of the Company's reporting. The responsibility of the Board of Directors and the internal allocation of work within the Board and its committees are clarified in the Rules of Procedure.

Akademiska Hus' business is conducted in six regions, but all accounting is handled by a common department for accounting and reporting. In addition to internal accounting guidelines, the Company has designed a structure for reporting and follow-up that includes an analysis and review of financial statements by managers of each region at each closing date. Guidelines for financial reporting are updated in the event of a change in legal requirements, stock exchange listing requirements or accounting standards.

## RISK ASSESSMENT

Risk assessment regarding financial reporting aims to identify and evaluate the business areas and processes where there is the greatest risk of errors that could have a material impact on financial reporting. Akademiska Hus identifies and evaluates ongoing risk areas in order to ensure that reliable controls aimed at avoiding errors in financial reporting are in place in the relevant processes. Generally speaking, there is an increased risk of material misstatements in financial reporting when items in the balance sheet and income statement contain a large element of judgment, where the values of transactions are high or where the process involves great complexity. Risk analysis and risks relating to financial reporting are regularly discussed with the external auditors.

## CONTROL ACTIVITIES

Control activities that are designed to prevent, detect and correct errors and deviations are incorporated in the financial reporting process used by Akademiska Hus. These controls have been designed to deal with the most significant risks that can arise in financial reporting, and include both general and detailed checks. Control activities take place at several different levels in the company and include approval of transactions, account reconciliations and analytical follow-up.

All IT systems that are used for financial reporting include built-in automatic controls to ensure reliable financial reporting. Control measures also take place in the general IT environment, in the form of well-developed regulations that govern system permissions, system updates and backup procedures.



## INFORMATION AND COMMUNICATION

Akademiska Hus have formalised and well-established procedures for both internal and external information and communication.

Executive Management receives information about results and financial position through financial briefings conducted with all regions and support functions at each closing date. The Board receives financial information from Executive Management at each balance sheet date.

All financial reports are published on the Company's website in direct connection with the Board meeting for the relevant financial period. The Annual Report is also produced as a printed publication.

Internal information channels include regular meetings of Executive Management and regional information meetings for all staff.

The Company's governing documents are available to all employees on the intranet.

Guidelines and other instructions relating to final account events are distributed to all concerned employees through a shared files area.

The Audit Committee receives regular updates from both the Company's internal auditor and external auditors and is thereby kept up to date on current findings in internal management and control.

## FOLLOW-UP AND EVALUATION

Internal management and control of financial reporting are monitored and evaluated continuously by the Board of Directors, President, Executive Management and the accounting and finance department to ensure that procedures are appropriate and efficient. Opportunities for improvement are identified through controls and analyses. Any shortcomings in the system are reported to the relevant person to ensure that improvements can be made.

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 Committee has a specific responsibility to follow up audit matters and more extensive matters of principle with regard to financial reporting, including property valuation.

The internal audit unit is instructed by the Board of Directors to independently review and evaluate the company's internal management and control procedures, including internal control over financial reporting.

Akademiska Hus continuously reviews and updates internal management and control procedures within the company, for example, to take into account and implement measures regarding recommendations from both the internal audit and the company's external auditors.

# Auditor's report

To the annual meeting of the shareholders of Akademiska Hus AB (Publ), corp. id 556459-9156

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Akademiska Hus AB (Publ) for the year 2015, except for the corporate governance statement on pages 47–55. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 34–92.

### Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director 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.

### Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

### Opinions

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 the parent company as of 31 December 2015 and of their financial performance and cash flows 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 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and in accordance with the Annual Accounts Act. Our opinions do not cover the corporate governance statement 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 annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Akademiska Hus AB (Publ) for the year 2015. We have also conducted a statutory examination of the corporate governance statement.

### 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, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act, and that the corporate governance statement on pages 47–55 has been prepared in accordance with the Annual Accounts Act.

### Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As basis for our opinion on the Board of Directors proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have sufficient basis for our opinions. This means that our statutory 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 audit standards in Sweden.

### Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and consolidated accounts.

Göteborg 14 March 2016

KPMG AB  
Björn Flink  
Authorized Public Accountant