



Annual Report 2008



AKADEMISKA HUS

Contents

With over 3 million square metres of rentable floor space, property values in excess of SEK 46 billion and operations in 32 towns and cities throughout the country, Akademiska Hus is the second-largest property company in Sweden. We are owned by the Swedish government and we have been commissioned to offer universities and colleges premises in free competition with other operators

Our property holdings extend from Kiruna in the north to Malmö in the south. Each day over 300,000 people study, research and work in our properties. As experts in modern research and education environments we contribute to our customers' success and promoting Sweden as a knowledge nation. Our size, unique expertise and local presence mean that we can be a long-term, proactive partner for our customers. Our significant financial capacity means that we can also help them to expand even in a recession and times of financial unrest.

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The statutory Annual Report, which has been audited, comprises pages 4–45, 58–92.

Akademiska Hus – Presentation

We are a proactive partner in the development of Sweden as a knowledge nation

Akademiska Hus will be a long-term partner for universities and colleges in the provision of premises and property as well as entire campuses. We have experience and collective expertise in environments for learning and research that is unique among property companies in Sweden. By owning, managing and developing premises and campuses we will play an active part in helping our customers to focus on their core operations – education and research. Universities and colleges are by far the most dominant customer group for Akademiska Hus. This customer group accounts for over 80 per cent of the revenue. Other customers are institutes and companies specialising in research and other operations with a clear link to the academic world – operations that are suited to a campus and which help promote our customers' core operations.

Our campuses have an important role to play in society

A good study and research environment is much more than just premises. Akademiska Hus adopts a complete approach and endeavours to develop a campus in such a way that it offers natural and stimulating meeting points for different groups – students, teachers, researchers, the community and industry. An attractive, well-planned campus can be a driving force for a whole region. With our knowledge as a base we can act as a catalyst in long-term community development projects involving centres of education, municipal authorities and other bodies with a vested interest in campus development.

We are stable and efficient and we have a unique investment capacity

Education and research are a strategic resource for Sweden. As a specialised property company in this field we have a considerable responsibility. Each year we invest around SEK 2 billion in new construction and redevelopment. Our size offers economies of scale in management, specialised operations and energy costs. This is reinforced further by our strong financial position. Akademiska Hus has highly efficient short-term and long-term financing programmes thanks to our high credit ratings. This

gives us a unique capacity to invest even in times of financial uncertainty. This offers reassurance to our customers and a guarantee that Sweden will develop as a knowledge nation, where the rise in demand for education and research is counter-cyclical to the economy.

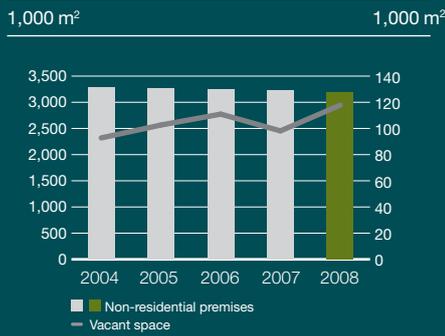
We are working in a highly competitive sector

Akademiska Hus is owned by the Swedish government and has been commissioned to offer universities and colleges high-quality premises on market terms and conditions and in free competition with other property companies. Our customers are completely at liberty to choose the premises they wish to lease. We are fully aware of this fact and we know that our customers will only continue to choose us if they feel that we are the best partner for them. Up to now we have succeeded well. We are the leading landlord for universities and colleges with a market share of 64 per cent, making us the largest in Sweden. Adopting a businesslike approach with rents set on the same terms and conditions as our competitors is an important responsibility and an integral part of our assignment. If we were to fail to discharge this responsibility fully and correctly competition would be distorted.

We work on a focused, long-term basis with sustainability

Our operations include the duty to manage carefully the significant economic values in our properties. This involves considerable trust and imposes a long-term obligation on us which is firmly in line with our task of promoting sustainable development. As the first property company in Sweden we highlighted sustainability issues seriously 15 years ago. Today we are the leading company in the industry in energy efficiency, the most important sustainability issue for Akademiska Hus. We have programmes in place to reduce the use of electricity, heating and water and at the same time cut maintenance costs. We have reduced the volume of purchased energy (measured as kWh/m²) by over 10 per cent during the past eight years. We now intend to bring this figure down even further. The aim is a reduction of 30 per cent through to 2025.

Rentable floor space



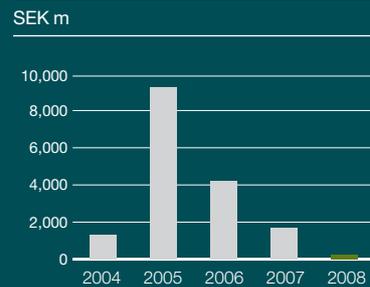
The rentable floor space is approximately 3,200,000 square metres. In terms of floor space, Akademiska Hus is the second-largest property company in Sweden. Vacant space amounts to approximately 119,000 square metres, equivalent to 3.7 per cent. The level of vacant space within Akademiska Hus is low – at other large property companies this figure can be as high as 10 per cent.

Rental income



Rental income was SEK 4,793 million compared to SEK 4,635 million the previous year. Indexing of rents and the addition of newly constructed and redeveloped properties has contributed positively to the increase. At the same time, sales in Stockholm and Hårnösand have reduced income slightly. On average, the rental income is SEK 1,500/m² (1,439).

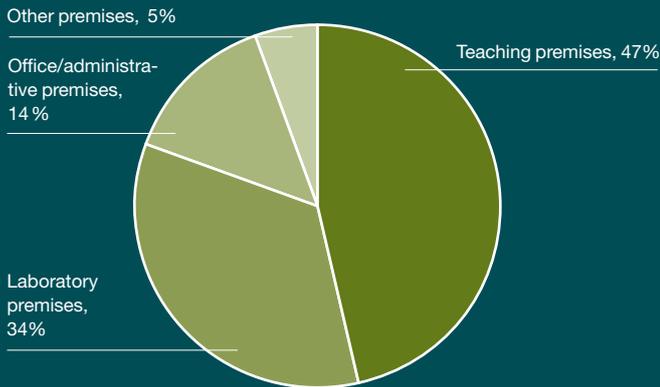
Profit before tax



The profit before tax amounted to SEK 223 million (1,673). The fall in profit can be attributed to the negative change in value of the investment properties, caused by higher risk premiums in the property valuations as a result of the downturn in the economy and concern on the finance market. Operations are marked, however, by a very stable cash flow and an increase in net operating profit.

Type of premises

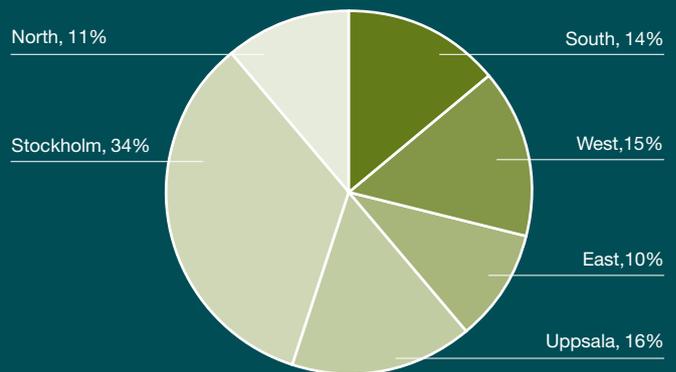
Total 3,200,000 m²



Teaching premises account for the largest proportion of floor space, 47 per cent. Laboratory premises also account for a large proportion, 34 per cent, and in terms of value the proportion is even higher.

Rental income per region

Total SEK 4,793 million



Stockholm is clearly the largest region with 34 per cent of the rental income. Stockholm is also the region in the country that has most students. The Uppsala Region is the second-largest region with 16 per cent of the rental income, closely followed by the Western Region and the Southern Region.



← Over the past 10 years Akademiska Hus has maintained an average rate of investment of approximately SEK 2 billion. Our financial strength and stable ownership structure means that we can also invest in times of financial uncertainty.

→ We are specialised in creating and developing campuses. With its infrastructure, identity and meeting points, the campus has a positive impact on enjoyment, interaction and education and research results.



2008 in brief

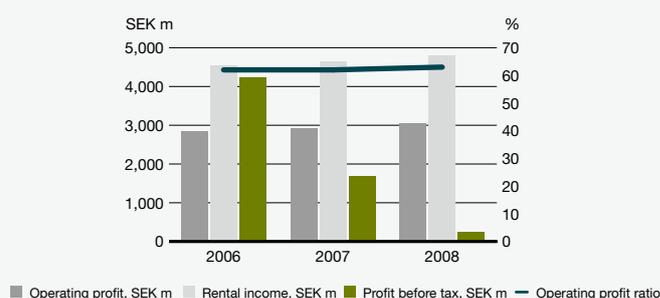
- Property operations continued to report a very stable cash flow and an increased net operating profit for the period.
- Rental income amounted to SEK 4,793 million (4,635) and the net operating profit amounted to SEK 3,055 million (2,918). The net operating income ratio was 63 per cent (62).
- The current financial unrest had a negative effect on property valuations and thus also on the results. The uncertain market situation led to a higher risk premium in the property valuations. Akademiska Hus has raised the cost of capital and direct yield requirement. The assessed fair value was SEK 46,351 million (48,389). The decrease can be attributed mainly to unrealised changes in value amounting to SEK -2,192 million (-617).
- Net financial income was SEK -589 million (-610). The financing cost for loans has increased as a result of the rise in interest rates throughout most of the year. At the same time, it was counteracted by a steep increase in risk premiums resulting in a positive change in the value of international bonds.
- The profit before tax for the period was SEK 232 million (1,673). The fall can be attributed to the change in value of investment properties. The profit before tax, but excluding the change in value of investment properties, rose from SEK 2,290 million for 2007 to SEK 2,424 million for 2008. An increase in rental income and improved net financial income contributed to the result.
- The total yield on investment properties was 1.9 per cent (4.6).
- The direct yield was 6.4 per cent (6.0).
- The change in value was -4.5 per cent (-1.4).
- During the autumn part of the Tre Vapen 2 property in Östermalm in Stockholm was sold to Vasakronan. The entire holdings in Härnösand were also sold during the year.
- Gross investments amounted to SEK 2,325 million (2,183). The largest completed construction projects during the year were the new construction of the Vänern Building in Karlstad and the Bilbergska Building in Örebro as well as the redevelopment and extension of parts of Kåkenhus in Norrköping.
- At the end of 2008 Akademiska Hus had produced energy declarations for 80 per cent of the buildings with the aim of promoting efficient use of energy.
- The Åkroken Campus was voted the best campus and won the Prix Rothier.
- It is proposed that Akademiska Hus pays a dividend for 2008 of SEK 978 million.
- On January 1, 2009, Mikael Lundström was appointed President of Akademiska Hus.

Profit and key figures

	2008	2007
Rental income, SEK m	4,793	4,635
Net operating profit, SEK m	3,055	2,918
Changes in value, investment properties, SEK m	-2,192	-617
Profit before tax, SEK m	232	1,673
Vacant space, rent, %	1.5	2.1
Vacant space, area, %	3.7	3.1
Assessed fair value, investment properties, SEK m	46,351	48,389
Rentable floor space, m ²	3,200,000	3,222,000
Total yield, properties, %	1.9	4.6
of which direct yield, %	6.4	6.0
of which change in value, %	-4.5	-1.4
Net operating income per m ²	956	906
Return on equity after standard tax, %	0.7	4.9
Equity ratio, %	46.5	47.8
Interest coverage level, % ¹⁾	369	399

¹⁾ Excluding change in value, investment properties, and financial derivatives.

Profit trend



Strong net operating profit but with falling property values



» *The change in value of the property holdings was -4.5 per cent.*«

Akademiska Hus has reported a lower profit for 2008 as a result of falling property values in a declining market. The profit before tax was SEK 232 million (1,673). Signs of a falling property market and financial unrest caused Akademiska Hus to make a downward adjustment of the property values in its annual accounts for 2007. During 2008, market values fell even further. From December 31, 2007 to December 31, 2008, Akademiska Hus reported a decrease in property values totalling SEK 2,800 million as a result of the increase in risk premiums in the market. The change in value in the property holdings was -4.5 per cent. The value of the investment properties at the end of 2008 stood at SEK 46,351 million. The valuation does not have the same level of support from the market compared with the previous year due to the fact that considerably fewer properties were bought and sold during 2008.

Rentable floor space fell by 22,400 square metres as a result of sales during the first half of 2008, and rose following acquisitions and the commissioning of new constructions. Larger new constructions commissioned during the year were the Vänern Building in Karlstad, the Bilbergsga Building in Örebro and an extension to the Kåkenhus block in central Norrköping. The total rentable floor space is 3,200,000 square metres (3,222,000). The sales included all the Company's properties in Härnösand and part of the Tre Vapen 2 property in Stockholm. These sales mark the concluding part of the property disposals commenced in 2007 and referred to properties which in the long-term would not be used primarily for higher education and research. The largest single individual sale was part of the Tre Vapen 2 building in Stockholm, which was sold to Vasakronan for SEK 1,084 million. The purchase sum received for the property

has meant that the borrowing volume in 2008 was limited. This proved beneficial in a very turbulent financial market.

The net operating profit increased slightly and for 2008 amounted to SEK 3,055 million (2,918). Indexing of rents, a reduction in the average level of vacant space from an already very low level and a good level of operating efficiency contributed to raising the net operating profit from SEK 906 per square metre in 2007 to SEK 962 per square metre in 2008 (excluding non-recurring costs for energy declarations in 2008).

Work on energy optimisation remained firmly in focus during 2008, among other things through the energy declarations. At the end of the year the declaration process was completed for around 80 per cent of the buildings. The resulting documentation will provide a valuable basis for planning future measures aimed at limiting energy use even further.

At the year-end two major new construction projects were in progress, each worth over SEK 500 million – Pedagogikum in Uppsala and the Karolinska Institute Science Park in Solna. During autumn 2008, the Swedish University of Agricultural Sciences and Akademiska Hus completed plans for the concentration and extensive renewal of the buildings in Ultuna. Planning of investments totalling over SEK 2 billion has now entered a very intensive phase. Plans are also in place for a high volume of new construction in Stockholm.

Gothenburg, March 5, 2009

Thomas Norell

Akademiska Hus – a proactive partner in the development of Sweden as a knowledge nation



» Demand for education and research is countercyclical and in many areas we have noticed an increase in demand...«

Our position as owner of well-located properties with a good, long-term level of demand from the market is a considerable advantage in times such as these. Despite this, we have become acutely aware of the general uncertainty on the property market and increased risk premiums have led to a fall in property values, even for Akademiska Hus.

At the same time, core operations are marked by long-term leases with stable customers and good cost control. This gives us a stable cash flow. Our credit rating is very high and we are able to borrow on good terms on the international markets, despite the financial crisis. We are also working more efficiently and the net operating profit ratio has increased for the fifth year in succession.

However, well-located properties and exceptionally good financial prerequisites are not the only Akademiska Hus assets. Expert personnel, satisfied customers, a strong, long-term owner and a good reputation as a professional operator on the property market have given us a stable platform for the future development of the Company.

It is this process of development that will be firmly in focus as we plan for 2009 and beyond.

Akademiska Hus will be known not only as an expert, resolute and professional operator but also as a proactive, innovative partner in the development of Sweden as a knowledge nation. We will assume a clearer standpoint and refine our expertise even further. We will contribute proactively to the development of our customers' premises and campuses and also be involved in influencing urban development generally. We will instigate more clearly defined initiatives and develop relationships with decision-makers on all levels – locally, regionally and nationally.

Without relinquishing the well-developed relationships with the management teams at the various universities and colleges we will develop a dialogue with the users and become experts in understanding and satisfying their needs. Over 300,000 people study, conduct research and work in our premises each day. We are striving to promote these people in their day-to-day endeavours and in their success. How can we become even better at creating optimal conditions for them? A well-developed dialogue with the users makes us an even more attractive partner for our customers.

Proximity to our customers is another strength at Akademiska Hus. Operations are currently divided into six regions and we are to be found where our customers are to be found – throughout the whole country. At the same time, if we are to retain our proximity we must become even better at capitalising on the expertise of a large company. We are the second-largest property company in Sweden and we have unique potential to work intelligently and efficiently. All the economies of scale that we can find will free up resources for investment, particularly related to sustainability. This is a field in which we will continue to be the leader, above all in energy optimisation.

We build and own on a long-term basis – longer than the majority of other property companies – and our well-established customer relationships are a further source of strength. Thanks to these relationships we can invest for the future. Examples include the focus on sustainability and the high level of architectural quality. It is important, however, to communicate our assignment and our role. Our customers must understand how we act, be aware of our reasons for doing so and know where we are heading. They must understand how we set our rents and the nature of our yield requirements. We will therefore discuss more and reinforce the whole communication process.

Demand for education and research is countercyclical to the economy and in many areas we have noticed an increase in demand from our customers to develop new and existing premises. Our strong financial position, good reputation and high credit rating also provide us with the opportunity to borrow on favourable terms and conditions on the international credit market and to invest despite the current financial unrest. This means that we can help our customers to expand as the demand for their products and services increases. Not only does this offer reassurance, it also guarantees the development of Sweden as a knowledge nation. This is one of the principle strengths at Akademiska Hus as we face the challenges of 2009 and beyond.

Gothenburg, March 5, 2009

A handwritten signature in blue ink, appearing to read 'Mikael Lundström'.

Mikael Lundström

Akademiska Hus will be the leading property company in Sweden in creative, purpose-designed environments for higher education and research. The key concepts are creativity, attractiveness, long-term thinking, profitability and efficiency.

The most important control document at Akademiska Hus is AkaVision. The executive management, with broad-based support within the organisation, have laid down the business concept as well as the strategies, corporate culture and key figures within four sub-areas: marketing, profitability, properties/sustainability and empowerment and leadership.

Akademiska Hus will

- Create inspirational, purpose-designed environments for our customers and in doing so contribute to reinforcing Sweden as a knowledge nation.
- Be the most attractive property company for both customers and employees by focusing on ongoing improvement.
- Through long-term thinking in our ownership create property management that is forward-thinking and flexible and provides the customers with the service they are seeking.
- Create growth in value through good profitability and long-term property development.
- Offer the most cost-effective solutions and act in a businesslike manner in open competition.

Strategy

Market leader

We operate throughout the country in a number of larger towns and cities with advanced knowledge and research activities. In the development of Sweden as a knowledge nation the large, well-established university towns and cities are particularly important because of their research. At these locations, which it is felt offer greater operational stability, Akademiska Hus has focused on establishing a strong presence. We are endeavouring to be the leading player in a balanced local market. Through local presence and external monitoring we are developing our knowledge of existing and potential customers and we offer competitive solutions that include both premises and services.

Profitability

We strive to achieve good profit levels, economic sustainability and financial capacity. We run cost-effective operations with ongoing improvement and we can offer competitive rents and other services.

Long-term approach to sustainability and properties

We develop campuses and buildings which are competitive in the long-term and we manage these in an efficient and environmentally adapted way with careful consideration given to the customers' operations. We build and acquire for long-term ownership and in-house management of properties.

Leadership and satisfied employees

Through AkaVision we will pursue a common course of action that is firmly established and accepted by all employees. Our actions should be pursued on business terms and with a focus on the customer. The demand for business thinking is just as important as ensuring in our relationships with customers and personnel that we live up to the demands regarding ethics, morals and openness that ensue from our position as a public company. Akademiska Hus will be perceived as an attractive, stimulating employer.

Objectives

The factors which have the greatest impact on the NKI (Satisfied Customer Index) are Property Management (good co-operation with regard to operation and maintenance, good routines for handling reported faults and maintaining assurances regarding service quality), construction operations, quality and environment as well as personal service.

Akademiska Hus runs its own customer surveys as well as smaller 'event surveys' – following redevelopment for example.

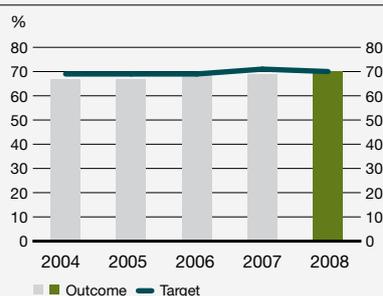
The owner's overall financial objectives is that the return (profit after tax) on average equity over a business cycle should be the equivalent of the five-year government bond interest rate plus four percentage points. In addition, the dividend should be 50 per cent of the profit after financial items, excluding unrealised changes in value, with a deduction for current tax. The equity ratio ought to be at least 35 per cent.

Follow-up of electricity, heating and water use is reported in the Environment section together with other overall environmental objectives. The overall environmental objectives for energy management have been established for the coming year and in the long term – in the case of energy management through to 2025. The long-term objective is that the volume of purchased energy, stated in kWh/m², is reduced by 30 per cent compared with 2000.

The Satisfied Employee Index (NMI) describes how satisfied the employees are with their working situation. The factors that have the greatest impact on the NMI are the employer, duties, co-operation and organisation as well as competence and development.

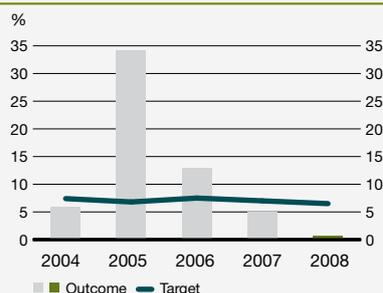
Fulfilment of objectives

NKI (Satisfied Customer Index)



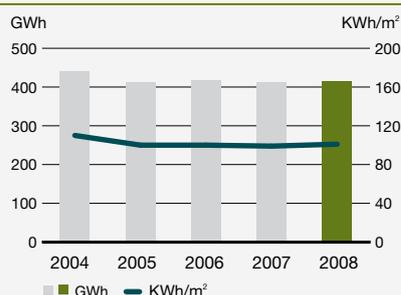
In a survey of 620 decision-makers and operational representatives, it emerged that they were more satisfied with Akademiska Hus as a landlord than they were the previous year. The NKI (Satisfied Customer Index) increased by one unit to 70, which was the target. The long-term trend, with a slight increase in the NKI, is continuing. A total of 91 per cent of the respondents felt that Akademiska Hus was as good as or better than in the previous year.

Return on equity



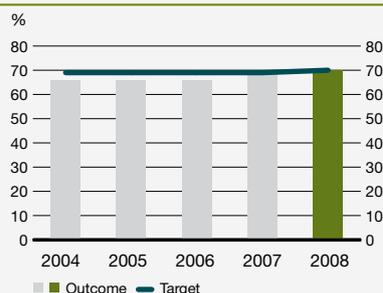
For 2008 the return on equity was 0.7 per cent compared with the target of 7.8 per cent. The yield requirement was 7.8 per cent and has not been achieved.

Purchased energy



The target for 2008 was that the volume of purchased energy, stated in kWh/m², should be lower than 2007. The outcome was 101 kWh/m² and the target was 99 kWh/m². The long-term objective is a reduction of 30 per cent through to 2025.

NMI (Satisfied Employee Index)



The Satisfied Employee Index (NMI) for 2008 was 70 (69). The target for 2008 was 70 and has thus been reached. The survey in 2008 shows better results for the majority of the factors included. The vast majority (87 per cent) state that they enjoy their work and half of the employees feel that working at Akademiska Hus has improved during the year.

Uncertainty on the property market

General prospects

The extent of the global financial crisis and not least its impact on the property market became increasingly obvious during the second half of 2008. A growing wave of redundancies, particularly in manufacturing industry, is leading to a rapid reassessment of unemployment forecasts. According to forecasts from the Employment Agency, unemployment is expected to be over nine per cent in 2010. Up to 5,000 redundancies have been announced each week. Approximately 150,000 people risk losing their jobs during 2009–2010. In industry, at least 35,000 jobs are expected to disappear, of which around 10,000 are in the construction industry. The automotive industry and its suppliers are experiencing major problems and the trend is spreading from one industry to another. There have been calls for various support packages and in the automotive industry the government has already taken action.

Property market

The shortage of capital is making it difficult to finance property transactions and this is reflected directly in highly leveraged operators disappearing from the market, opening up opportunities for operators with a more solid equity base. Sellers and purchasers are facing the prospect of agreeing on new market prices and yield requirements. The demand for a higher yield, a higher risk premium and cost of capital, a greater focus on the true operating and maintenance costs as well as a careful evaluation of tenants will make less attractive objects even more difficult to sell. Project and development properties could come under considerable pressure with falling prices as a result. There have been fewer transactions, of which the majority have been 'off-market' transactions,

making market analysis more challenging and adding to the general uncertainty and difficulty in making valuations.

Rental market

A lack of willingness to invest and an expected fall in demand will naturally in time reduce the demand for premises. The willingness to pay will also fall, resulting in greater demands for investment and maintenance in conjunction, for example, with renegotiations and new leases. The majority of companies will probably review their use of premises and their locations and this will be reflected directly in the move away from inefficient premises requiring modernisation as well as less attractive geographical areas. The level of vacant space in these areas will rise and in the future there could be a general fall in rents.

Construction market and projects

In the property and construction sector various bodies, including SABO, have acted by proposing a range of stimulation packages directed at the housing sector. It has been reported that government redevelopment support in combination with temporary investment grants totalling SEK 10 billion could generate between 50,000 and 60,000 new jobs. These initiatives could lead to refurbishment of the housing stocks built in the 1950s and 1960s as part of the 'million programme' as well as investment in energy savings and construction of new dwellings for rent.

The construction market has for a number of years been feeling the effects of the previous high level of economic activity, which has led to property development companies finding it difficult to find consultants coupled with a steady rise in prices. The current economic situation will probably result in some

relief in the construction industry in terms of resources and costs.

Market position

Akademiska Hus is the second-largest property company in Sweden. The key figures are very good in comparison with other large property companies. Our position as an owner of well-located properties with a good level of demand in both the short-term and long-term will be of considerable benefit in times of uncertainty.

For Akademiska Hus the current crisis will not lead to a fall in demand for existing premises. The rent levels, however, could be affected by the turbulence on the market generally. The lease portfolio structure with long lease periods and a good lease expiry spread over a number of years will contribute to maintaining stability. A fall in demand generally for new premises along with an increase in financing costs for such premises will be key issues in future. From experience, further education initiatives tend to emerge in times of recession. The main focus is usually on vocational training programmes although higher education generally also notices an increase in the number of applicants as job opportunities fall. Akademiska Hus's focus on premises for higher education and research offers a firm basis for continued operational stability. Core operations are characterised by good, long-term demand, long leases and stable customers in a highly diversified lease portfolio with good cost control. There are also several large projects in the pipeline, at a total cost of SEK 4.3 billion, and a number of projects are being examined following requests from our major customers. Further investment in education and research will facilitate growth in property capital in the years to come.

Key figures for the largest property companies in Sweden 2008

	Property value	Floor space, 1,000 m ²	Rental income, SEK m	Vacant space, %	Direct yield, %
Vasakronan	74,551	3,201	3,937	8.0	4.5
Akademiska Hus	46,351	3,200	4,793	1.5	6.4
Fabege	29,511	1,454	2,214	7.0	4.8
Kungsleden	28,576	3,185	2,736	5.0	6.5
Castellum	29,165	3,172	2,501	10.3	3.9
Hufvudstaden	19,083	354	1,282	5.3	4.6
Wihlborgs	13,620	1,257	1,168	7.0	6.5

The above figures have been taken from the companies' year-end reports for 2008.



Premises for higher education and research

What is perhaps the most important factor with regard to demand for premises for higher education and research is the number of young people in each age category. Other factors also have an effect.

In total, there are four factors that can be regarded as being the primary driving forces on the Akademiska Hus market:

- The number of young people within the relevant age group (19–23 years)
- The national economy
- The size of grants and the universities' financial position
- Structural changes in the focus and arrangement of education and research

The degree of competition among property owners also has an impact (see Competitive situation, page 10)

Renewed rise in the number of young people

Following a slight decline during the boom of recent years the number of students has once again risen. In the autumn term 2008 the highest number of students ever were enrolled in higher education – over 87,000. The majority of universities and colleges have increased the number of admissions. The programmes that have increased most

are law, social sciences, engineering, medicine and nursing. Only the teaching programme has reported a decrease. Higher education studies pursued on a distance learning basis have also become more established.

Sweden currently finds itself in a period when the number of young people is on the increase. In the age range 19–23, which is when most people choose to commence higher education, numbers will culminate in 2012–2013. There will then be a noticeable downturn through to 2018 after which the number will not fall very dramatically compared with the beginning of the century. It is the culminating numbers of young people that could present a challenge. The need to expand the volume of available premises during this period should be resolved in a way that does not involve undertakings that are far too permanent or long-term.

The number of foreign students at Swedish universities has increased in recent years. In the admissions for the autumn term 2008 they represented 25 per cent. The Bologna process and its harmonisation of higher education in Europe has resulted in Swedish universities and colleges starting several new programmes that are attracting foreign students. Students coming here choose technical programmes to a greater extent than Swedish students, which is good for those universities and colleges with a high

proportion of engineering programmes.

The table below shows that the number of applicants and admissions for higher education during this century has been relatively stable even if there have been variations in individual years. If anything, the previously high allocation of financial resources that is behind the increase in numbers in undergraduate education during this period.

Declining national economy will probably lead to more admissions

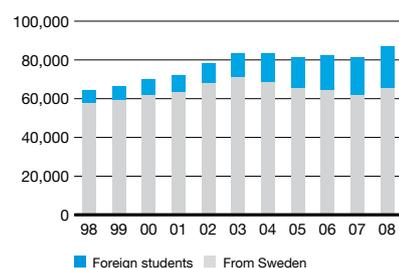
In autumn 2008 the high level of economic activity came to an abrupt halt. Society now finds itself in times of great uncertainty with a declining labour market. This will probably lead to a higher number of applications as in the past interest in higher education is strongly linked to the economic climate albeit with a certain delay. It is only after a time that the effects of the labour market situation become apparent. This further reinforces the expected upturn in the number of applicants for higher education during the next few years. Earlier in the year the Swedish National Agency for Higher Education reported that universities and colleges are not making full use of the grants available. It is reasonable to assume that this situation will change in line with the deterioration on the labour market.

Total number of people aged 19–23 years in Sweden as well as higher education applications and admissions, 1998–2008

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
19 to 23-year-olds	517,900	512,793	511,373	512,234	515,164	517,400	522,055	532,694	548,728	571,796	588,104
Applications	287,691	289,321	283,331	268,563	284,403	291,672	293,882	289,528	263,671	291,540	295,181
Admissions	155,785	167,108	181,562	182,027	191,038	193,601	185,829	180,600	171,837	191,168	192,506

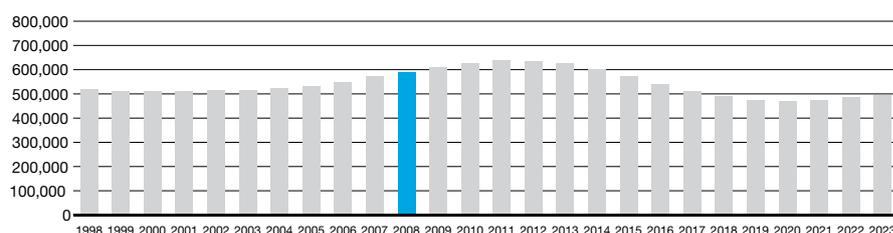
New admissions at universities and colleges

Numbers



Young people aged 19– 23 years in Sweden, 1998–2023, forecast

Numbers



Source: Högskoleverket

Adaptation to a lower grant level implemented

As yet there is no collective forecast for the financial outcome at the country's universities and colleges for 2008. The Swedish National Agency for Higher Education general assessment is that the majority of universities have already adapted cost levels to the decrease in income resulting from the fall in the number of students in recent years. The large universities can also balance their result with buffers from previous years.

Research and Innovation Bill

On October 22, 2008 the government presented the research bill 'A boost for research and innovation'. The proposal means a significant increase in research grants, which will rise over a four-year period. The permanent total increase at the end of the period will be SEK 5 billion. Of this amount, approximately SEK 1.5 billion would take the form of an increase in faculty grants. A new system will be introduced for allocating grants. Two quality indicators will be established: the number of publications and quotations in scientific journals and the volume of external research funds.

The assessment is that it will be the large, traditional universities that will receive the largest supplements over the next four years. Due to the fact that the allocation is based on good results in the past, the centres of learning that already have successful research will benefit.

A final allocation of grants cannot be presented as it is based on future quality evaluations. The table below shows the figu-

res published by the Ministry of Education. Eleven centres of learning will receive almost 90 per cent of the increased grant allocation and all these are important Akademiska Hus tenants.

In addition to the faculty grants, the research councils, together with industrial research institutes, will receive an annual increase of SEK 875 million, to be divided among different research projects. In addition, 'research VAT' worth SEK 300 million per year will be abolished to facilitate external funding.

Another item of news is 'strategic investments', which will receive SEK 1.8 billion each year in grants. These strategic investments will contribute to solutions to the major challenges facing mankind in medicine, climate and technology. One stipulation is that the investments must strengthen Sweden's competitiveness and they must involve areas in which Sweden already has world-class research. This will probably also benefit the established universities and research groups.

The Bill aims, among other things, to increase the benefit of research results and improve their commercialisation potential. One step in this process is the setting up of 'innovation offices' at seven different centres of learning. These will contribute to and promote commercialisation of research results by making it easier for researchers and the centre itself to develop ideas and results into new companies and with financial benefits. There are also proposals to increase grants for the research infrastructure, i.e. physical aids and tools for research that entail high equipment costs.

Research and Innovation Bill, estimated additional funding, 2009–2012

Centre of learning	SEK m	%
Lund University	252	18
Uppsala University	218	16
Karolinska Institute	196	22
Gothenburg University	144	13
Stockholm University	127	11
Swedish University of Agricultural Sciences	95	13
Royal Institute of Technology	91	12
Umeå University	83	10
Linköping University	78	14
Chalmers University of Technology	74	16
Luleå University of Technology	20	7

The government decision regarding the proposal was approved on January 28, 2009 without any objections.

Autonomy Inquiry

On November 27, 2007, the government appointed a commission to examine alternative operational forms for state-owned universities and colleges. The assignment involves proposing means for bringing about increased self-determination for centres of learning and reduced political involvement although at the same time the interests of the government in being able to monitor and control certain aspects must be assured. The background to this is that education and research have assumed an increasingly important role in society and at the same time they have in different ways become more and more interlinked with other parts of society and the economy. The results of the Inquiry were presented on December 8, 2008.

It is proposed that universities and colleges have greater scope to compete and co-operate on the international market and to make better use of the potential for commercialisation presented by research investments as a means of creating new jobs and generating growth in Sweden. It is proposed that the centres of learning become independent legal entities through a new, statutory organisational form, giving them their own legal capacity and potential to act independently. This would to a certain extent be similar to the municipal authorities.

The inquiry report has been circulated and the final date for responses is May 31, 2009.

In order to act independently in every sense the new centres of learning must be guaranteed financial strength in the form of equity. The head of the Inquiry, Tarschy, states that free use of equity is a vital component of true autonomy and that a change without such freedom cannot have any real impact.

Two alternatives are presented: The first proposal would mean that the centres of learning could raise loans and secure credit facilities from the National Debt Office. It is also presumed that the government furnishes some form of financial guarantee for each centre of learning. The centres of learning would also be entitled to raise loans and secure credit facilities on the open market. The second proposal would mean that Akademiska Hus would switch to being a holding company owned jointly by the centres of learning. Apart from this, the Inquiry devotes very little attention to Akademiska Hus. The company is regarded as having a very good reputation and being well run and it is proposed that a new, independent inquiry should study in detail the implementation in concrete terms as well as the implications of transforming Akademiska Hus into a holding company.

Government financing of higher education and research otherwise remains the same as before. The new areas of freedom will mainly provide scope for supplementary financing.

Future demand

With the growth in population in the age categories when one normally begins an undergraduate programme at a university or college, Akademiska Hus will probably notice an increase in demand for adaptation of

premises and for new leases. Expansion in the form of completely new premises ought to be handled restrictively as the 'age peak' is transient. It is probably often better financially for both Akademiska Hus and its tenants to refer to other premises that are perhaps available on the market. If, however, Akademiska Hus has vacant premises it is of course a good opportunity to utilise these resources.

On the research side, the increase in demand ought to be seen as long-term. This year's government bill entails a significant increase in the annual grants. As the largest landlord for the universities that will have the largest applications for funding, Akademiska Hus will naturally be affected. This change gives Akademiska Hus greater opportunity to reinforce even further its profile as the foremost property company with unique expertise in the education and research sector and its need for specialised premises and highly qualified property operations. The new focus on innovation offices, commercialisation and the potential for a centre of learning to become involved in residential property means that strategic campus planning is gaining in importance. Even this could benefit Akademiska Hus, which has experience of working together with a centre of learning to plan which bodies could conceivably be invited to rent on a campus and how a campus could be linked to municipal urban planning.



← The number of applications and admissions to higher education programmes affects the demand for premises for higher education and research. After the slight fall in demand in recent years, the number of admissions has once again increased. Over 87,000 admissions, the highest number to date, was recorded for the autumn term 2008.

→ With the increase in the number of students, Akademiska Hus will probably be facing an increase in demand for adaptation of premises and new lettings. The increase in research grants announced in 2008 could also have an effect on demand.



A competitive situation

Akademiska Hus is facing a lot of competition despite its relatively high market share.

Brand name

Having a strong brand name as a landlord is a definite advantage in an increasingly competitive market. On the main market, premises for higher education and research, Akademiska Hus is very well-known and has a strong brand name. Some of the Company's customers, however, are to be found in other customer groups where the brand name is less well established.

The campus concept

Akademiska Hus's unique position as a landlord is primarily on campuses. The campuses and their unified properties, with buildings for education, research, libraries and restaurants

gathered in one place, interact and create unique conditions. This is where Akademiska Hus can develop the level of service required to promote the customer's operations optimally.

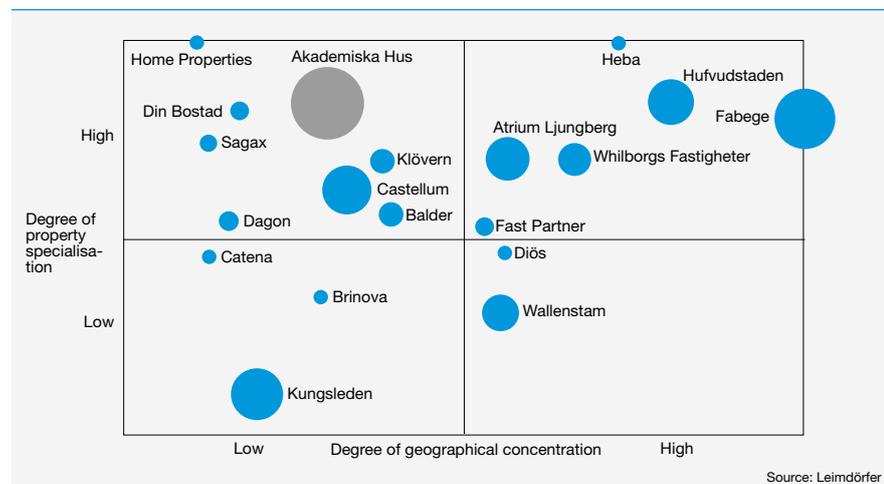
Other competitive factors

The brand name is also based on creating and maintaining good, long-term relationships with customers. Customer requirements change and nowadays demand for modern, efficient, well-located premises is on the increase. Akademiska Hus has remained focused on satisfying these changing needs and at the moment around 40 new construction, extension and redevelopment projects are in progress in order to offer the best and most cost-effective solutions in the provision of premises.

Market position

Akademiska Hus property holdings involve a very high degree of specialisation in a specific type of property – premises for higher education and research. Universities and colleges account for 87 per cent of the rental value. Among other Swedish property companies only Home Properties (hotels) and Heba (residential property) are more focused on a specific type of property. The degree of geographical concentration, however, is lower as Akademiska Hus has operations at 32 locations. On the other hand, 82 per cent of the rental value is concentrated on the six largest towns and cities. Stockholm accounts for 34 per cent of the rental value. Other large cities in terms of proportion of rental value are Uppsala 15 per cent, Lund 11 per cent, Gothenburg 10 per cent, Linköping 6 per cent and Umeå 6 per cent.

Concentration and specialisation



Competitors

In recent years different property owners have shown a growing interest in premises for universities and colleges. These operators are showing an interest in properties that have secure, long-term cash flows. The competitors are to be found among commercial property companies, property companies owned by municipal authorities and county councils as well as other government property companies. With the Physics Building in Stockholm, PPP (public-private partnership) companies have emerged as a new phenomenon in Sweden. The largest commercial property companies in Sweden are Vasakronan, Fabege, Diligentia and Castellum. They all focus on offices in a small number of city regions. At certain locations, however, they are less of a competitive force.

Market shares per region and competitors

Regions	South	West	East	Uppsala	Stockholm	North
Centre of learning (market share, Akademiska Hus)	Lund Univ. (69)	Gothenburg Univ. (51)	Linköping Univ. (69)	Uppsala Univ. (66)	Stockholm Univ. (78)	Umeå Univ. (79)
	Malmö Univ. (15)	Karlstad Univ. (90)	Örebro Univ. (95)	Uituna-SLU (90)	Karolinska inst. (92)	Luleå Univ. Tech. (82)
	Alnarps-SLU (90)	Borås Univ. (79)		Gävle Univ. (86)	Royal Inst. Tech. (94)	Mid Sweden Univ. (34)
	Kalmar Univ. (40)	Skövde Univ. (57)				
Floor space, m²	504,720	493,540	330,073	549,605	935,777	408,082
Competitors ¹⁾	Alecta	Chalmersfastigheter	Klövern	SFV	Fysikhuset i Sthlm	Balticgruppen
	Regionfast. Skåne	Wallenstam	Sankt Kors Fasti. AB	Vasakronan	Stiftelsen Clara	Norrporten
	Ideon	Vasakronan	Fast. AB Corallen	Klövern	SISAB	Umeå Företagscentra
	SFV	Eklandia	Henry Ståhl Fastigheter	Aspholmen	SFV	Kungsleden
	Malmö kommun	HIGAB/KIGAB		Uppsala Akademiförvalt. Vasakronan		Diös Fastigheter
	Skanstornet	LFF i GBG		Norrporten	Landic Property	Norrvidden
	DIL Nordic Malmö Högsk.					IKANO Fastigheter AB

¹⁾ Competitors by region with rented space in excess of 8,000 square metres, reported on a falling scale.

Outlook – negative economic climate and an uncertain finance market

Despite the uncertain outlook the Group's future cash flow is considered to be stable. A low level of vacant space and long leases with stable customers will be key factors for the future.

Economic climate and interest rates

The upturn in the economy that has taken place over a number of years came to a halt in 2008. Financial concern, particularly on the US sub-prime market, contributed to a significant fall in confidence in the financial system with increased risk premiums and a tightening of credit as a result. This led to banks going into receivership and governments being forced to put together stimulation packages and take interventional action. The economic crisis is considered to be the worst since the property crash at the beginning of the 1990s. Interest rates, both internationally and in Sweden, have once again begun to fall although there are fears that long-term interest rates will not fall at the same rate. The trends for growth and the economy in general are not encouraging. The automotive industry, which is very important to Sweden, is experiencing major problems and is affecting Western Sweden in particular. In 2009, unemployment is expected to increase to around 9 per cent. The weak development of the real economy means that inflation (CPI) for 2009 is expected to be less than 2 per cent.

The rent trend for 2009 is difficult to assess. The fixed interest period Akademiska Hus had at the turn of the year has had an impact on the interest cost with a certain lag in interest rate changes.

Market for property and non-residential premises

Since the end of 2008 the Swedish property market has come to a virtual standstill. Very few transactions are taking place due to the finance crisis. In addition, there is uncertainty regarding the value of properties, which has meant that lenders are demanding a lower loan-to-value ratio. Akademiska Hus's assessment is that the transaction market will gather momentum again in 2009. There are already interested purchasers but even more sellers. The signs are that 2009 will be marked by downward pressure on prices.

The rental market has for a long time had stable rent levels with relatively high levels of vacant space on certain sub-markets. The recession will have a negative impact on demand. Renegotiations in 2009 could mean reduced or at best retained rent levels. Different properties will be affected in different ways. Older properties in B and C locations that

require modernisation will experience a substantial reduction in rent levels whilst newer, modern properties can withstand the pressure.

Leases and vacant space

In 2009, rental income will increase slightly. This can be attributed mainly to the full-year effects of buildings commissioned during 2008 and upward indexing (CPI). Approximately 70 per cent of leases are linked to the CPI.

On December 31, 2008 Akademiska Hus bought back the Växthus 2 (Pedagogen) property in Mölndal. The transfer agreement signed with JM AB in 2006 was subject to a change in the local plan. Due to the prevailing market situation the transaction has now been reversed. Växthus 2 has total floor space of 35,000 square metres and is currently unlet. In all probability the property must have another use in the future. No other major vacancies are expected to arise in 2009. Current Akademiska Hus vacant space is mainly in Gothenburg, Kista, Ultuna and Lund. In Gothenburg, apart from Pedagogen, it is the Mathematics Centre adjacent to the Chalmers campus and comprising 10,200 square metres, that is vacant. A sale is planned for 2009 once a change in the local plan to residential zoning has been completed. In Kista, there is a total of 7,500 square metres of vacant space. In the Ultuna area in Uppsala, which largely has the Swedish University of Agricultural Sciences as a customer, the vacant space is mainly in the form of small buildings requiring modernisation and which in most cases cannot be leased to another customer without substantial redevelopment. In Lund, there is vacant space amounting to 8,400 square metres in the Lund University of Technology area.

Energy costs

Akademiska Hus is continuing its work on counteracting the negative price trend. In the light of the price trend that is expected in the future this is a top priority. Akademiska Hus is seeking to invest in new energy solutions in all parts of its holdings where such investments are profitable. Work on energy savings has to date produced very good effects.

Focus on core operations

During 2008 Akademiska Hus focused on its core operations. This meant that a number of properties were sold. The property holdings in Härnösand, which carried large volumes of vacant space for several years, were sold. The Northern Region will now instead focus its operations on Umeå, Luleå and Sundsvall. In Stockholm, part of the Tre Vapen 2 property was sold in 2008.

Several challenges

The volume of non-residential floor space is expected to grow more moderately over the next few years. Vacant space will probably increase, which could create pressure, driving rents for non-residential premises downwards. It is important to develop management operations and reduce management costs with the aim of retaining and reinforcing profitability and competitiveness.

Another important area is the planned investment in construction. In 2009, this is expected to amount to SEK 2.1 billion. There will be considerable demands made on the procurement process. The cooling down of the strongly overheated construction market has put Akademiska Hus in a good position with regard to future contract procurement.

As always, it is important to safeguard customer relationships and be attentive to demands and changes. Akademiska Hus is working on special activity plans to gradually reinforce customer relationships and ensure even more satisfied customers. An important part of this work is to co-operate with customers and municipal representatives to plan campuses in such a way that long-term development potential is highlighted. It is important to seize every opportunity to increase the range of services for those working on the campuses through collaboration with different parties, such as restaurants, cafes, local stores, bookshops, healthcare providers and sports facilities.

Profit trend

With effect from the 2007 Annual Report, Akademiska Hus does not include profit forecasts due to the fact that the annual report is included in the bond prospectuses covered by new EU rules. If an issuer chooses to include a profit forecast, the prospectus must include an account of the most important assumptions that form the basis for the forecast and the prospectus must include a statement from the auditors. This has not been obtained for the profit forecasts prepared in 2008.

The Group's expected future cash flow is considered to be stable. A low level of vacant space and long leases with stable customers are success factors for the future. Akademiska Hus is also active in the higher education and research segment, which has become more and more attractive and which is not affected directly by the economic climate. Past experience shows that recessions often generate government training initiatives which have led to a higher demand for education premises.

Five-year summary 2004–2008

Graph/Comments	2008	2007	2006	2005	2004	
Income statement, SEK m						
Management income	4,846	4,693	4,596	4,533	4,530	
Operating costs	-864	-786	-803	-762	-783	
Maintenance costs	-585	-658	-624	-717	-806	
Property administration	-258	-239	-253	-254	-245	
Net operating profit	3,055	2,918	2,843	2,727	2,625	
Change in value, investment properties	-2,192	-617	1,874	7,214	-478	
Central administration costs	-40	-30	-38	-35	-35	
Operating profit	1	822	2,283	9,917	2,119	
Net financial income		-589	-610	-647	-794	
Profit before tax	1	232	1,673	4,229	1,324	
Profit for the year		749	1,253	3,038	950	
Balance sheet, SEK m						
Assessed fair value, properties	2	46,351	48,389	48,454	45,616 ¹⁾	38,230
New construction in progress		1,173	1,316	894	1,121	806
Other assets		5,139	2,449	3,147	3,414	1,385
Equity		24,462	24,700	24,801	22,455	16,618
Interest-bearing liabilities		19,414	18,009	18,270	19,140	17,454
Other liabilities and provisions		8,787	9,445	9,424	8,556	6,349
Cash flow, SEK m						
Cash flow from current operations		1,980	1,814	1,777	1,675	1,200
Cash flow from investments	3	291	-684	-1,000	-328	-1,502
Cash flow before financing		2,272	1,129	777	1,347	-302
Cash flow from financing		-2,100	-1,664	-624	-450	164
Cash flow for the year	3	171	-535	153	897	-139
Property-related key figures						
Total yield, properties, %		1.9	4.6	9.8	24.7	5.9
of which direct yield, %		6.4	6.0	6.0	6.5	7.1
of which change in value, %		-4.5	-1.4	3.8	18.2	-1.2
Rental revenue, SEK per m ²		1,500	1,439	1,399	1,372	1,365
Operating costs, SEK per m ²		270	244	247	233	238
Maintenance costs, SEK per m ² (including tenant adaptations)		183	204	192	219	245
Net operating profit in relation to administration income, %		63	62	62	60	58
Net operating profit, SEK/m ²		956	906	875	835	799
Level of vacant space, area, %		3.7	3.1	3.5	3.2	2.8
Level of vacant space, rent, %		1.5	2.1	2.6	2.1	1.8
Fair value, properties, SEK per m ² ²⁾	2	14,207	14,713	14,695	13,610	11,269
Financial key figures						
Return on equity after standard tax, % ³⁾	4	0.7	4.9	12.9	34.2	5.8
Return on total assets, % ⁴⁾	4	2.1	4.8	10.0	22.6	5.4
Interest-bearing net loan liability, SEK m		15,090	16,411	16,250	16,336	-
Equity ratio, %	5	46.5	47.8	47.2	44.8	41.1
Interest coverage ratio, %	6	369	399	434	435	327
Interest cost in relation to average capital in interest-bearing liability, %		3.5	3.6	2.5	3.8	4.5
Loan-to-value ratio, %	6	32.6	33.9	33.5	35.8	-
Dividend, SEK m		978 ⁵⁾	967	1,400	660	394
Customers and personnel						
Satisfied Customer Index (NKI)		70	69	69	67	67
Average number of employees		399	397	398 ⁶⁾	446	442
Satisfied Employee Index (NMI)		70	69	66	66	66

¹⁾ Transition to a new valuation model.

²⁾ Excluding the value of expansion reserves.

³⁾ The owner's yield requirement is that the return on average equity should be equivalent to the five-year government bond interest rate plus 4.0 percentage points viewed over a business cycle. In 2008, the average five-year government bond interest rate was 3.8 per cent.

⁴⁾ According to IFRS 2008, 2007, 2006 and 2005.

⁵⁾ According to a proposal by the Board at the Annual General Meeting to be held on April 29, 2009.

⁶⁾ With effect from 2006 a different calculation method was used.

Comments

1. Profit

The Group's operating profit was SEK 822 million (2,283). The unrealised change in value of the property holdings for the year amounted to SEK -2,192 million (-671). The fall in profit can be attributed to the negative change in value, which can in turn be attributed largely to an increased direct yield requirement and increased cost of capital in the property valuations. The net operating profit increased in the previous year by 4.7 per cent and amounted to SEK 3,055 million (2,918). The profit before tax was SEK 232 million (1,673). Net interest income/expense fell during the year to SEK - 589 million compared to SEK -610 million the previous year. The profit after tax amounted to SEK 749 million (1,253). In 2008, tax income was reported due to a change in the rate of corporation tax and the fact that the decrease in the Group's property values has resulted in lower deferred tax.

2. Fair value, investment properties

The assessed fair value amounted to SEK 46,351 million (48,389). The change in value was SEK -2,192 million (-617). The recession and financial unrest has led to a marked increase in the cost of private equity and at the same time the banks have imposed much stricter demands with regard to financing of property transactions. There has been a distinct lack of transactions on the property

market due to the fact that purchasers and sellers are too far from each other in their expectations, which has resulted in greater uncertainty in the property valuations. Both the direct yield requirements and the cost of capital were adjusted upwards during 2008, leading to a fall in property values. For Akademiska Hus, however, property operations continued to be strong and steady. Apart from financial parameters, the value of a property is affected by the letting level/level of vacant space, rent level, net operating profit, lease term, property category and type of customer and none of these factors have deteriorated during 2008.

3. Investments and cash flow

Net investments for 2008 totalled SEK 953 million (1,682). Two large sales were completed during the year – part of the Tre Vapen 2 property in Stockholm and the entire holdings in Härnösand. Sales totalled SEK 1,383 million.

The profit before tax was SEK 232 million and adjustments for items not included in the cash flow, mainly unrealised values, properties, totalled SEK 2,219 million. Following a decrease in both current receivables and non-interest-bearing liabilities, cash flow from current operations was SEK 1,980 million. Net investments had a positive impact on cash flow to the amount of SEK 290 million. The dividend for 2008 was SEK 967 million

and reduced the cash flow from financing operations. Cash flow for the year amounted to SEK 171 million.

4. Return

The return was 0.7 per cent on equity and 2.1 per cent on total assets. The target set by the owner of a return on equity of the average five-year government bond interest rate plus 4.0 percentage points amounted to 7.8 per cent and was not achieved for the year. However, the target must be viewed over a business cycle.

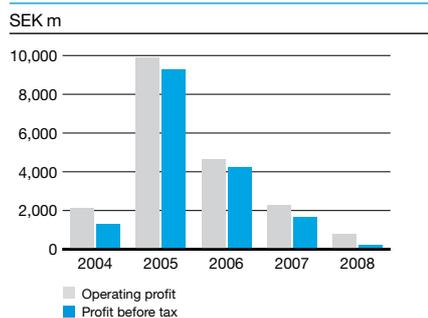
5. Equity ratio

The equity ratio was 46.5 per cent (47.8). The good equity ratio is particularly reassuring in these times of extreme uncertainty and financial concern. This means that the large project portfolio can to a large extent be financed through the company's own balance sheet.

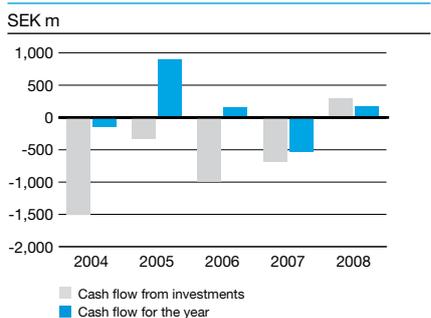
6. Interest coverage ratio and loan-to-value ratio

The loan-to-value ratio was 32.6 per cent for the year. The interest coverage ratio was 369 per cent.

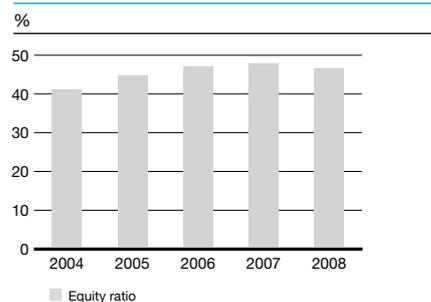
1. Profit



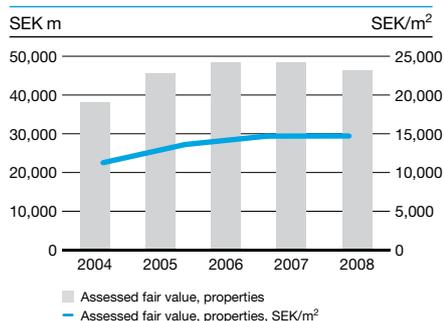
3. Investments and cash flow



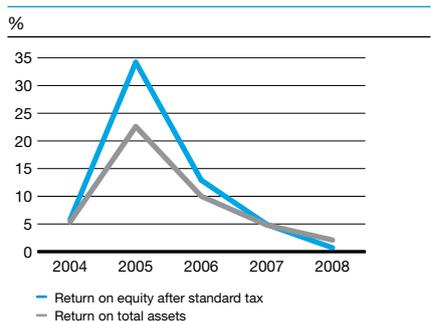
5. Equity ratio



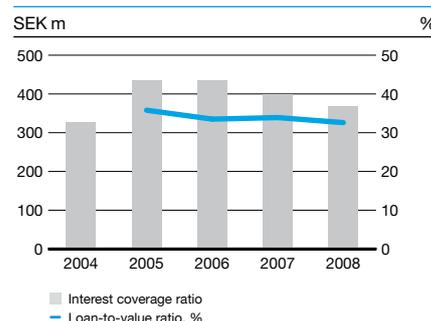
2. Fair value, investment properties



4. Return



6. Interest coverage ratio



Regional overview

The Akademiska Hus market comprises the 25 university and college towns and cities throughout the country and their 39 centres of learning. Akademiska Hus is by far the largest property owner specialising in this sector and has a market share of 64 per cent of the total floor space.

Akademiska Hus's market presence is stronger in the ten university centres in which it operates with the exception of Växjö. Akademiska Hus operates in seven of the 15 college centres.

Akademiska Hus operations are divided into six regions to provide optimal service to

customers. An overview of the key figures for the different regions and for Akademiska Hus as a whole can be seen in the tables below.

Income statement, SEK m

	South	West	East	Uppsala	Stockholm	North	Other operations ²⁾	2008	2007	Change
Income	693	716	501	763	1,662	512		4,846	4,635	211
Costs ¹⁾	-309	-258	-162	-310	-536	-205	-12	-1,791	-1,717	-74
Net operating profit	384	458	339	453	1,126	306	-12	3,055	2,918	137
Change in value	-234	-739	-438	231	-784	-229		-2,192	-616	-1,576
Operating profit	145	-285	-102	678	327	73	-14	822	2,283	-1,461
Profit for the year	42	-261	-138	457	180	42	426	749	1,253	-504
Direct yield, %	6.1	6.4	7.4	6.9	6.0	7.6		6.4	6.0	0.4
Net operating profit ratio, %	55	64	68	59	68	60		63	62	1

Balance sheet, SEK m

Assets (Total assets)	6,239	7,381	4,591	7,440	19,022	3,936	4,053	52,663	52,153	510
Liabilities	3,704	4,515	2,931	4,289	11,014	2,170	-422	28,201	27,455	-746

Key facts

Satisfied Customer Index (NKI)	66	67	79	69	68	76		70	69	1
Assessed fair value, SEK m	6,129	7,041	4,539	6,720	18,077	3,846		46,351	48,389	-2,038
Assessed fair value, SEK/m ²	12,196	12,830	12,699	11,702	19,996	10,165		14,207	14,713	-506
Rentable floor space, m ²	498,346	543,375	347,446	548,259	889,867	372,422		3,199,715	3,221,797	-22,082
of which teaching premises, %	51	68	40	29	40	58		47	45	2
of which laboratory premises, %	34	23	40	47	33	29		34	34	0
Vacant space, area, %	3.7	8.7	3.0	3.3	2.7	0.2		3.7	3.1	-0.6
Cost, energy, fuel and water, SEK m	88	80	59	116	184	53		580	530	-50
Gross investment, SEK m	75	601	371	603	373	283	19	2,325	2,183	142
¹⁾ Of which Operation - energy, fuel and water	88	80	59	116	184	53		580	530	-50
Operation - miscellaneous	47	43	21	51	94	28		284	256	-28
Maintenance	127	94	55	95	125	88		585	658	73
Property administration	41	39	24	40	73	31	9	258	239	-19

²⁾ The large items under Other operations are essentially attributable to the allocation of Group financing.

10 largest customers, December 31, 2008

	Total rented floor space, m ²	Proportion, %
Lund University	335,787	11
Stockholm University	269,150	9
Uppsala University	249,893	8
Swedish University of Agricultural Sciences	222,853	7
Gothenburg University	212,465	7
Royal Institute of Technology	203,201	6
Linköping University	190,584	6
Umeå University	186,469	6
Karolinska Institute	163,693	5
Chalmersfastigheter AB	124,764	4
Total	2,158,859	68

Customer categories, December 31, 2008

	Total rented floor space, m ²	Proportion, %
Universities and colleges	2,562,314	80
Chalmers	124,764	4
Other government authorities	109,894	3
Institutes and foundations	39,511	1
Municipal authorities	17,824	1
Others	226,611	7
Vacant space	118,797	4
Total	3,199,715	100



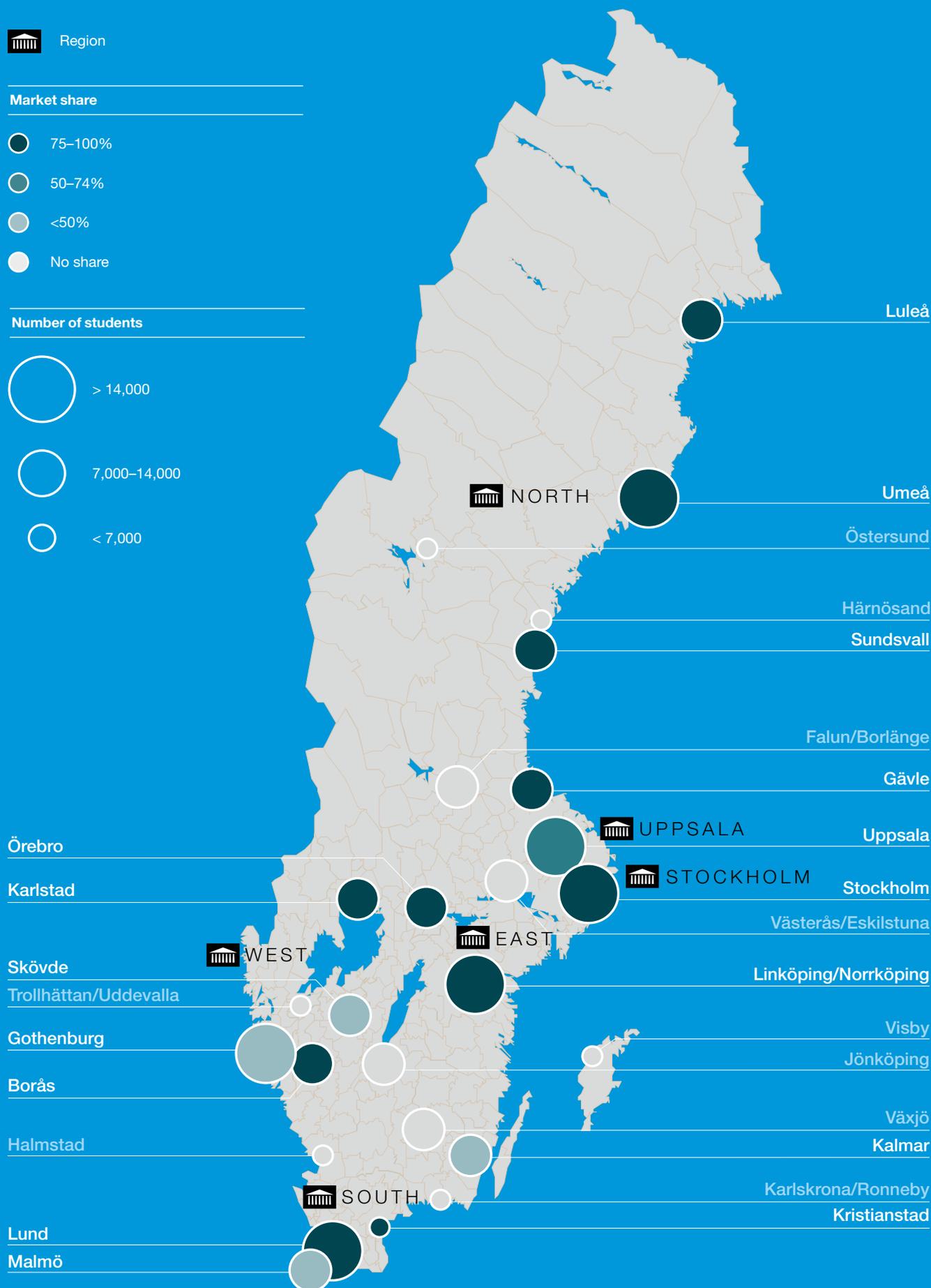
Region

Market share

- 75–100%
- 50–74%
- <50%
- No share

Number of students

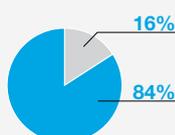
- > 14,000
- 7,000–14,000
- < 7,000



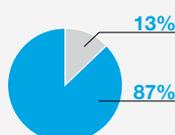
The Öresund Region is one of the most dynamic border regions in Europe and also one of the foremost university regions. One quarter of the total GNP of Sweden and Denmark is generated here by 3.6 million people.



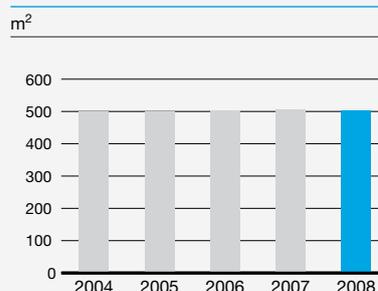
Rental income,
Group proportion



Net operating profit,
Group proportion



Floor space



Market

The majority of the Akademiska Hus Southern Region properties are to be found in Lund. Lund University co-operates with a large number of successful research and education companies and consequently Lund has positioned itself as an leading international centre for innovative research and industry. The Faculty of Odontology is the only Akademiska Hus property in Malmö, with an excellent location beside the new station for the City Tunnel. Lund and Malmö are continuing to grow and the population in 2008 was 106,000 and 281,000 respectively. Both municipal authorities are optimistic about the future with an increase in population of between 20,000 and 30,000 over the next five years. The number of unemployed has fallen compared with the previous year and at mid-year Lund had an unemployment level in the age range 18–64 years of 2.2 per cent and Malmö 3.4 per cent. The largest industrial sectors in Lund are education and research as well as healthcare, each accounting for 22 per cent. In Malmö the municipal authority and the county council are the largest employers. In the Malmö-Lund region there are approximately 2.2 million square metres of office space.

Growth in trade and industry in the region is good and several company headquarters have been moved there, highlighting the fact that the infrastructure and communications are first rate. Akademiska Hus at present has a level of vacant space in Lund of 3.6 per cent. The majority is in the Chemical Centre area at Lund University of Technology. The Akademiska Hus Southern Region has properties at three other locations: Kristianstad, Kalmar and Alnarp. Kalmar and Kristianstad are two locations with a stable property market. In Kristianstad, the municipal authority has started a project to reinforce retailing in the town centre. A large retailing area has also been opened in Kalmar. Plans to build a new arena will increase the attractiveness of Kalmar.

Results

Rental income for 2008 was SEK 687 million (678) and net operating profit SEK 384 million (373). Only small construction projects were completed during the year. Four small, centrally located properties in Lund were sold. The change in value was SEK -234 million (-203). Operating profit was SEK 145 million (166) and profit after tax was SEK 42 million (0).

Factfile: larger urban centres in the region

	Lund	Alnarp	Kalmar	Kristianstad	Malmö
Population, December 31, 2008	107,321	20,422	61,701	77,911	285,514
Increase in population 2008	2,035	399	168	666	4,713
Number of full-time students 2007	24,879	784	5,823	4,907	10,866
Rent level, A-locations, offices, SEK/m ²	1,500–1,800	850–1,100	900–1,200	1,000–1,205	1,200–1,400 ¹⁾
Rent trend	Stable	Stable	Stable	Stable	Down
Vacant space, %	1–4	0–4	4–10	1–5	6–9
Vacant space trend	Stable	Stable	Stable	Stable	Up

¹⁾ Inner city outside the CBD.

Source: SCB, National Agency for Higher Education and Newsec.

Key figures, Southern Region

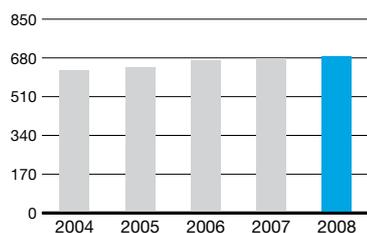
	2008	2007
Rental income, net, SEK m	687	678
Net operating profit, SEK m	384	373
Change in value, properties, SEK m	-234	-203
Operating profit, SEK m	145	166
Profit for the year, SEK m	42	0
Direct yield, %	6.1	5.8
Property facts		
Average rentable floor space, m ²	502,333	504,720
Vacant space, m ²	18,666	22,630
Assessed fair value, properties, SEK m	6,129	6,377

Important events

- Two extensive investment projects are in progress in the region – the redevelopment and extension of the Chemical Centre and the Biology Centre. The cost of these two projects is estimated at SEK 673 million.
- A number of smaller properties in the centre of Lund were sold during the year. The capital gain was SEK 45 million.
- During the year Unni Solbe was appointed as new Regional Director for Akademiska Hus Southern Region. Unni previously worked at HSB Malmö, where she was business area manager.

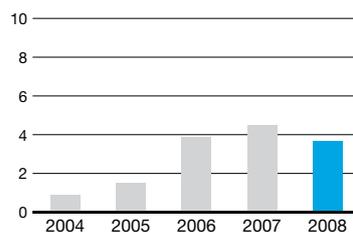
Rental income

SEK m



Vacant space

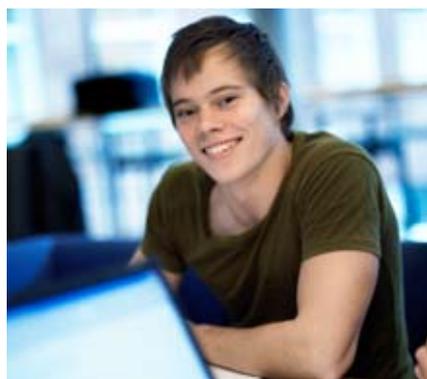
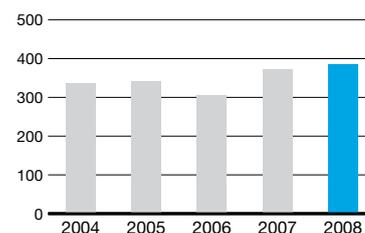
%



Vacant space of approximately 10,000 square metres arose on the Lund University of Technology campus.

Net operating profit

SEK m



← The Öresund Region, with twelve different universities, is one of the foremost university regions in Europe. In the Southern Region, Akademiska Hus has operations in Lund, Alnarp, Kristianstad and Kalmar.

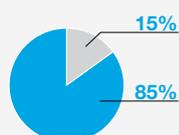
→ Investment projects in the Southern Region are mainly in Lund with redevelopment and extensions to premises for Lund University.



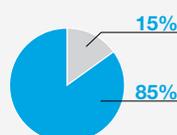
Gothenburg today is a knowledge city. The region has a large number of advanced industrial and service companies, many linked to the automotive sector. During 2008, the economy slowed down considerably due to the region's strong dependence on the vehicle industry.



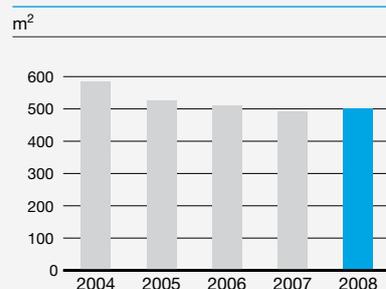
Rental income,
Group proportion



Net operating profit,
Group proportion



Floor space



↑ Akademiska Hus properties in Gothenburg are all centrally located. The Chalmers Campus is the largest campus.

Market

If Gothenburg is to retain its position as a city region, continued growth is required. During 2008, the government decided to invest over SEK 1 billion in Gothenburg in order to address the infrastructure problems. The level of employment increased during the spring

although during autumn 2008 a number of major employers announced redundancies. In all probability, unemployment will rise during 2009. Rents have risen in recent years although they are expected to level out during 2009. The total level of vacant space in the Gothenburg area is eight per cent, a fall of one per cent compared with 2007. The majority of the properties in the Western Region are located in Gothenburg. During 2009, major redevelopment at Medicinareberget will take place. Planning is also in progress for a new building on Medicinareberget for the National Board of Forensic Medicine comprising approximately 1,600 square metres. It is due to be completed in 2011.

Akademiska Hus Western Region has a large volume of vacant space in Mölndal. The property Växthuset 2 (the former Pedagogen) was sold in 2006 to JM AB although the agreement was conditional. Due to the prevailing market situation, the transaction has been reversed and the property is now once again under the ownership of Akademiska Hus. The total floor space is 36,000 square metres. In all probability the property must acquire a new area of use in the future.

Akademiska Hus also has operations in

Borås, Karlstad, Skara and Skövde. In these towns the rental market is stable and there is no vacant space of any significance. In Karlstad the Company has completed construction of the Vänern Building, which is a research and education centre for natural science and engineering with total floor space of 15,000 square metres. The region also has a couple of smaller research stations on the coast. At the Tjärnö Marine Biology Research Laboratory, the University of Gothenburg conducts its marine research. At the Kristineberg Marine Research Stations, the Royal Swedish Academy of Sciences has now discontinued its operations and the station has been handed over to the University of Gothenburg.

Results

Rental income for 2008 was SEK 709 million (669) and net operating profit was SEK 458 million (431). Rental income and net operating profit have increased due to the commissioning during the year of the Vänern Building in Karlstad and the Pharmaceutical Centre in Gothenburg. The change in value was SEK -739 million (-34). Operating profit was SEK -285 million (394) and result after tax was SEK -261 million (183).

Factfile: larger urban centres in the region

	Gothenburg	Borås	Skara	Skövde	Karlstad
Population, December 31, 2008	499,747	101,460	18,523	50,595	84,058
Increase in population 2008	6,245	475	-21	398	417
Number of full-time students 2007	33,006	5,587	300	3,980	7,713
Rent level, A-locations, offices, SEK/m ²	1,400–1,700 ¹⁾	900–1,200	750–900	900–1,200	1,200–1,400
Rent trend	Down	Stable	Stable	Stable	Stable
Vacant space, %	7–10	5–7	1–5	4–6	6–8
Vacant space trend	Up	Stable	Stable	Stable	Stable

¹⁾ Centre, not CBD.

Key figures, Western Region

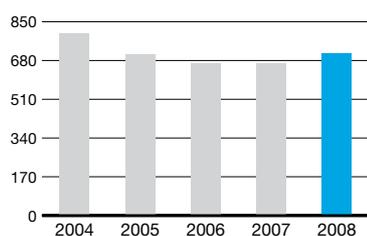
	2008	2007
Rental income, net, SEK m	709	669
Net operating profit, SEK m	458	431
Change in value, properties, SEK m	-739	-34
Operating profit, SEK m	-285	394
Profit for the year, SEK m	-261	183
Direct yield, %	6.4	6.0
Property facts		
Average rentable floor space, m ²	501,364	493,540
Vacant space, m ²	47,109	11,098
Assessed fair value, properties, SEK m	7,041	7,217

Important events

- During the year the Vänern Building in Karlstad was brought into operation. The total investment was SEK 271 million.
- The Pharmaceutical Centre in Gothenburg, an investment of SEK 96 million, was completed during the year on behalf of the University of Gothenburg.
- During 2008 the Växthuset 2 property (Pedagogen) was repurchased from JM AB.
- The Satisfied Employee Index in the region rose by a full six units to 70.

Rental income

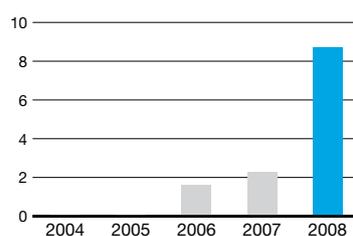
SEK m



In 2006, four large buildings, comprising 63,000 square metres, were sold to Chalmersfastigheter AB for a total of SEK 990 million.

Vacant space

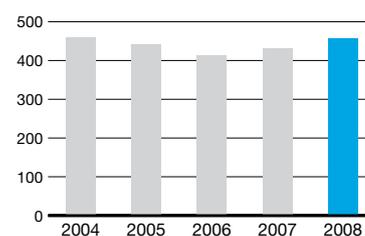
%



The level of vacant space in 2008 can be attributed to the repurchase of the Växthuset 2 property (the former Pedagogen). The property comprises 36,000 square metres and is completely empty.

Net operating profit

SEK m



← With 50,000 students at the University of Gothenburg and 10,000 at Chalmers University of Technology, Gothenburg is one of the hubs in Knowledge Sweden. The western region also includes the universities in Borås, Skövde and Karlstad.

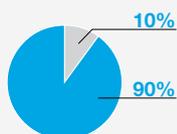
→ In 2008, the Vänern Building in Karlstad was opened, a new profile building for Karlstad University. The building includes educational workshops as well as space for full-scale experiments.



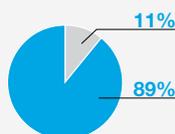
The twin towns of Linköping and Norrköping are developing into the fourth city region, a labour market area with approximately 420,000 inhabitants. The population is continuing to increase. Akademiska Hus Eastern Region has operations in Linköping, Norrköping, Örebro and Grythyttan.



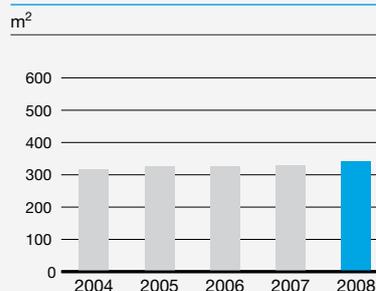
Rental income,
Group proportion



Net operating profit,
Group proportion



Floor space



↑ West of the town centre in Linköping, Akademiska Hus holdings are concentrated on the Valla Campus.



↑ The Örebro Campus is located 2 km from the centre of Örebro.

Market

Linköping University has operations in both Linköping and Norrköping. The university is a strong driving force for growth in both towns and its operating principle is to work in close dialogue with the community and industry. In Linköping, Akademiska Hus holdings are concentrated on the Valla Campus. Competition in Linköping is keen, mainly as a result of the proximity of the Mjärdevi area, which has a large range of properties and a relatively high level of vacant space. In Norrköping, the university is located in the city centre, the seventh-largest in Sweden and housed in old refurbished and adapted buildings in the industrial landscape alongside the Motala River. Competition for tenants is very keen in the inner part of Norrköping. Akademiska Hus is working actively with the municipal authority to develop its properties for the university but also for other interested parties. Örebro, which in terms of size is comparable with Linköping and Norrköping, has a rate of growth that is virtually the same as these two towns. Örebro is part of the Mälardalen labour market region which, in line with improvements in the infrastructure, is becoming

more and more intertwined with the Stockholm-Uppsala region. At Grythyttan, there is Måltidens Hus, which is part of Örebro University and for a number of years it has been included in the Eastern Region property holdings. In the region there are small amounts of vacant space in Linköping whilst floor space in Norrköping, Örebro and Grythyttan is fully let. The rent trend in the Eastern Region in the immediate future is considered to be negative and vacant space is expected to rise.

Results

Rental income for 2008 was SEK 497 million (469) and the net operating profit SEK 339 million (317). Rental income and net operating profit have increased due to projects that have now been commissioned, such as the expansion of Kåkenhus in Norrköping, the new construction of the Bilbergska Building in Örebro and completion of the redeveloped A-building in Linköping. The change in value was SEK -438 million (-274). Operating profit was SEK -102 million (39) and profit after tax was SEK -138 million (56).

Factfile: larger urban centres in the region

	Linköping	Örebro	Norrköping
Population, December 31, 2008	141,793	130,052	127,941
Increase in population 2008	1,426	1,623	1,261
Number of full-time students 2007	12,603	8,484	4,400
Rent level, A-locations, offices, SEK/m ²	1,300–1,500	1,000–1,300	1,100–1,400
Rent trend	Down	Down	Down
Vacant space, %	4–6	5–8	4–8
Vacant space trend	Up	Up	Up

Key figures, Eastern Region

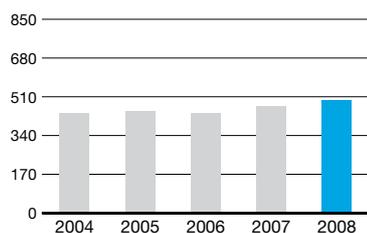
	2008	2007
Rental income, net, SEK m	497	469
Net operating profit, SEK m	339	317
Change in value, properties, SEK m	-438	-274
Operating profit, SEK m	-102	39
Profit for the year, SEK m	-138	-56
Direct yield, %	7.4	6.8
Property facts		
Average rentable floor space, m ²	340,283	330,073
Vacant space, m ²	10,406	6,785
Assessed fair value, properties, SEK m	4,539	4,604

Important events

- At Örebro University the new construction of the Bilbergska Building was completed during the year, an investment totalling SEK 188 million. The Bilbergska Building houses the natural science programmes.
- In Norrköping, the redevelopment and extension of Kåkenhus 6 and 7 was completed in 2008.
- The Satisfied Customer Index for the region reached a record high of 79.

Rental income

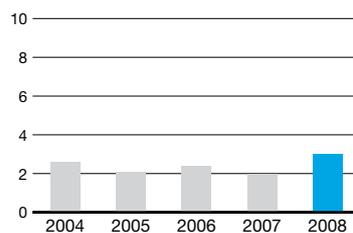
SEK m



Increased rental income in 2008 due to completed projects.

Vacant space

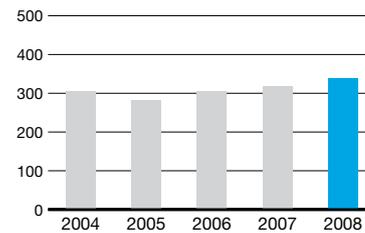
%



The only vacant properties in the region are Terra and Galaxen in Linköping.

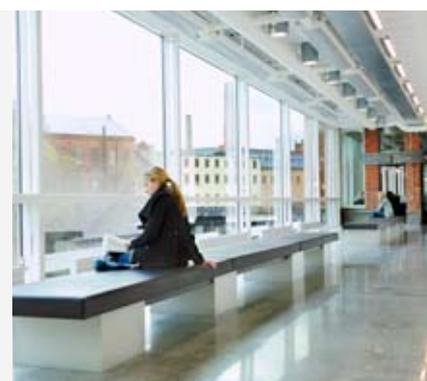
Net operating profit

SEK m



← Linköping University, which has activities in Linköping and Norrköping, has 25,000 students. Örebro University has 13,000 students on a campus located in the town as well as activities at Grythyttan.

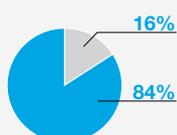
→ In Norrköping, Akademiska Hus cooperates with the municipal authority and the university to develop the unique industrial landscape in the town.



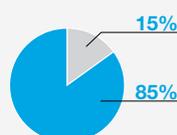
The region is centred on Uppsala but also owns and manages premises in Gävle. Uppsala has a strong rate of growth and a population of 188,300. Trade and industry are dominated by the service sector with a focus on life sciences and IT.



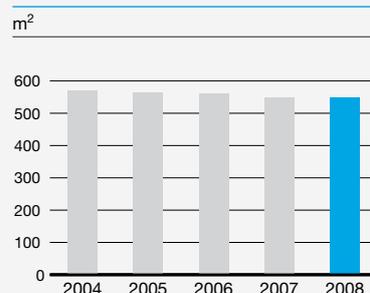
Rental income,
Group proportion



Net operating profit,
Group proportion



Floor space



↑ In Uppsala the properties are located south of the city centre, west of the Fyrisån River and in Ultona Park.

Factfile: larger urban centres in the region

	Uppsala	Gävle
Population, December 31, 2008	190,311	93,432
Increase in population 2008	2,770	751
Number of full-time students 2007	21,215	5,877
Rent level, A-locations, offices, SEK/m ²	1,400–1,600	1,000–1,200
Rent trend	Down	Stable
Vacant space, %	3–8	3–7
Vacant space trend	Up	Stable

Market

Traditional industrial sectors, such as the engineering and pharmaceutical industries, are well represented alongside consulting. The two universities in the municipal area contribute to providing a good supply of qualified labour. The level of employment in the county has continued to rise. The number of people employed in the age range 16–64 years increased by 7,000 or 4.5 per cent. During the first quarter of 2008 the salary total rose by almost 8.6 per cent compared to the year before, which is above the national average of 7.1 for the same period. Unemployment in the same age category was just 1.9 per cent at mid-year. Uppsala has naturally also been affected by the recession and the financial crisis and the number of unemployed will increase. Uppsala and the Northern Region are, however, the regions that are despite everything doing best.

The rental market in Uppsala was stable during 2008 with rent levels of SEK 2,000 per square metre for office premises in A-locations. Availability of modern, efficient premises in the city centre is still low and vacant space is thus also low, approximately 2–4 per cent. The emerging recession will increase the risk of a slight rise in vacant space. In Uppsala there are many construction projects in progress, including a new travel centre and the 'Dragarbrunn vision'. Akademiska Hus is constructing a new education centre on behalf of the University on the Blåsenhus block. A health and fitness facility is also planned in the area. In total, the Blåsenhus block is developing into a central, attractive campus area for Uppsala University.

During 2008, Akademiska Hus completed one sale in the region. The Fjärdingen 34:1 property, commonly known as 'Svettis', was

purchased by Sh bygg for SEK 70 million.

The level of vacant space for the Akademiska Hus Uppsala Region for 2008 was 3.5 per cent, although the financial level of vacant space is considerably lower at 1.5 per cent. The majority of the vacant space is to be found in the Ultuna area. In Ultuna plans are now moving towards the implementation stage for a more cohesive university campus for the Swedish University of Agricultural Sciences. Three new departmental buildings will supplement existing buildings around the lecture theatre/teaching building, creating a considerably more compact campus.

Gävle currently has a population of 93,000 and in the long term new enterprise will increase. At the end of 2008 there were definite signs of a rise in the number of bankruptcies and a fall in the number of newly started companies. Unemployment at the end of last year was 3.7 per cent although after the finance crisis and the emergence of the recession this figure is expected to increase. The salary total rose by six per cent during 2007 compared with the year before, which is below the national average. Gävle University has a very strong level of recruitment of students from the immediate area and will in all probability assume an important role in the region.

Results

Rental income was SEK 759 million (722) and net operating profit was SEK 453 million (364). The improvement can be attributed to reduced maintenance costs. The change in value was SEK 231 million (42). Uppsala is the only region to report a positive change in value. The reason for this is a new, improved lease for the Biomedicine Centre, which will run through to 2021. Operating profit was SEK 678 million (399) and profit after tax was SEK 457 million (196).

Key figures, Uppsala Region

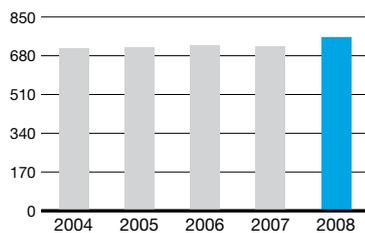
	2008	2007
Rental income, net, SEK m	759	722
Net operating profit, SEK m	453	364
Change in value, properties, SEK m	231	42
Operating profit, SEK m	678	399
Profit for the year, SEK m	457	196
Direct yield, %	6.9	5.8
Property facts		
Average rentable floor space, m ²	549,635	549,605
Vacant space, m ²	18,146	21,002
Assessed fair value, properties, SEK m	6,720	6,334

Important events

- Uppsala is the region with the highest rate of investment, approximately SEK 600 million. Three major redevelopment and new construction projects were completed during 2008: Kunskapsskolan and Kunskapsgymnasiet as well as the Teaching Building in Ultuna.
- An extensive investment project is in progress, the construction of the Pedagogikum building on the Blåsenhus block in Uppsala. A completely new area is emerging. The estimated cost of the investment is SEK 540 million.

Rental income

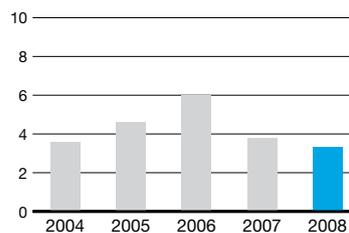
SEK m



The increase in rental income in 2008 is due to indexing changes and commissioning of completed projects.

Vacant space

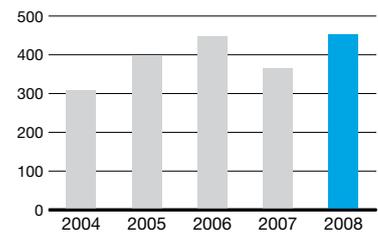
%



The volume of vacant space in the Ultuna area fell in 2007.

Net operating profit

SEK m



Major maintenance work was carried out in 2007, which has had a negative impact on results.



← With its two universities and 40,000 students, Uppsala is one of the large, well-established university towns where Akademiska has focused on establishing a strong presence.

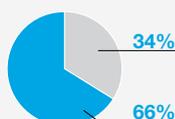
→ In Uppsala extensive transformation is taking place of premises for Uppsala University and the Swedish University of Agricultural Sciences. Uppsala is the region in which Akademiska Hus currently has the majority of its investment.



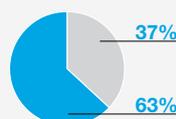
Stockholm University, the Royal Institute of Technology and some other 15 universities, colleges and research institutes are all to be found in a unified area along Vallhallavägen through to Frescati. Just to the west, in Solna, is the Karolinska Institute Campus.



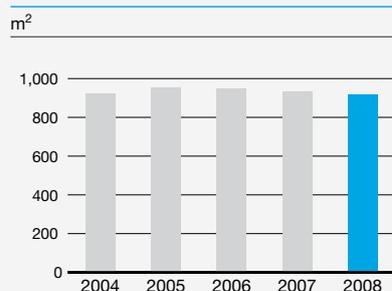
Rental income,
Group proportion



Net operating profit,
Group proportion



Floor space



↑ In Stockholm there are a number of large campuses at Frescati, along Vallhallavägen in Östermalm, at the Karolinska Institute in Solna, at Kungsholmen, in Kista and at Flemingsberg in Huddinge.

Market

Stockholm is continuing to grow. During the first two quarters of 2008 the population of the county rose by over 8,108. This came about as a result of a positive net influx and a record number of births. During the first three quarters of the year the region reported an increase in employment although after that the number of redundancies increased substantially and unemployment rose once again. The salary total increased by 7.6 percentage points compared to 2007 and this indicates that the region has reached a new peak. Akademiska Hus Stockholm is the Group's largest region and following the sale of part of the Tre Vapen 2 property, it has almost one million square metres of floor space on a large number of campuses gathered at Frescati, along Vallhallavägen in Östermalm, at Karolinska in Solna, at Kungsholmen and Flemingsberg and in Kista. The Stockholm rental market has reported a fall in the level of vacant space during the year although during the latter half of the year the market displayed uncertainty and caution, reflecting the reaction in the community to the financial crisis and the impending reces-

sion. The rent levels are still stable although a fall is likely in the older office holdings, particularly in the immediate suburbs. Today there are almost 11.7 million square metres of office space in the region and further floor space will be added to the market through new construction over the next few years. During 2009, approximately 160,000 square metres will be completed and during 2010 a further 150,000 square metres will be ready for occupation. In the sub-market in which Akademiska Hus has the highest level of vacant space, Kista, the level during 2008 fell from 12 to just under 4 per cent. A number of extensive urban development and infrastructure projects are in progress in the region, including the construction of the Norra Länken road, the Citybanan railway line, the covering of the Norra Station area and expansion of the Albano area. Several of these border on Akademiska Hus campuses, thus opening up potential for our strategic property development.

Results

Rental income and net operating profit for 2008 were on a par with 2007 despite the sale of part of the Tre Vapen 2 property. Rental income was SEK 1,635 million (1,611) and net operating profit was SEK 1,126 million (1,117). The change in value was SEK -784 million (-11). Operating profit was SEK 327 million (1,101) and profit after tax was SEK 180 million (495).

Factfile: Stockholm

	Stockholm
Population, December 31, 2008	809,072
Increase in population 2008	13,909,
Number of full-time students 2007	52,453
Rent level, A-locations, offices, SEK/m ²	2,200–2,500 ¹⁾
Rent trend	Down ¹⁾
Vacant space, %	8–10 ¹⁾
Vacant space trend	Up ¹⁾

¹⁾ Centre, not CBD.

Key figures, Stockholm Region

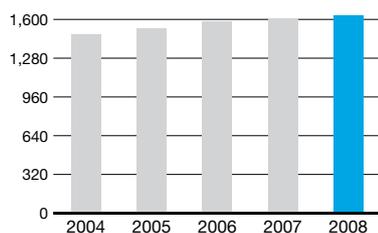
	2008	2007
Rental income, net, SEK m	1,635	1,611
Net operating profit, SEK m	1,126	1,117
Change in value, properties, SEK m	-784	-11
Operating profit, SEK m	327	1 101
Profit for the year, SEK m	180	495
Direct yield, %	6.0	5.7
Property facts		
Average rentable floor space, m ²	917,356	935,777
Vacant space, m ²	23,837	29,468
Assessed fair value, properties, SEK m	18,077	19,571

Important events

- During the year part of the Tre Vapen 2 property was sold to Vasakronan. The property, comprises over 41,000 square metres and was sold to Vasakronan for SEK 1,084 million.
- One of the Group's largest projects, the construction of Karolinska Science Park for Biovitrum, is in progress in Solna. The total investment is estimated at SEK 700 million.
- In 2008, Sten Wetterblad took up the position as new regional director. Sten was previously the property director for the City of Stockholm.

Rental income

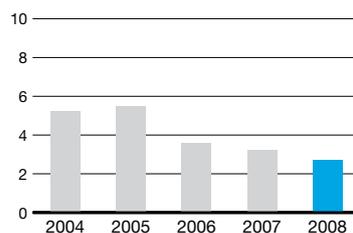
SEK m



Positive rental income trend.

Vacant space

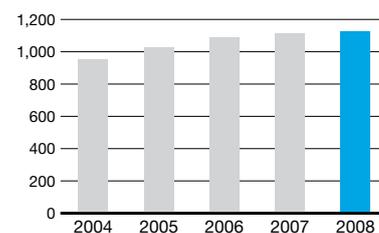
%



In 2005, vacant space in Stockholm included floor space of approximately 32,000 square metres that was unavailable for rent due to redevelopment work for SIDA and the Swedish Environmental Protection Agency.

Net operating profit

SEK m



The net operating profit is developing in line with rental income.



← With over 70,000 students, the campuses around the Royal Institute of Technology, Stockholm University and the Karolinska Institute make up one of the most intense research areas in Europe.

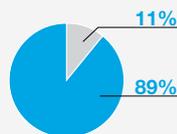
→ The new university area Albano is one of the development projects taking place in the Stockholm Region. Albano will form the hub of an area for higher education and research and is located north of the Royal Institute of Technology and Albanova.



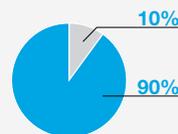
In the Northern region Akademiska Hus has properties in Kiruna, Luleå, Umeå and Sundsvall. Umeå and Luleå have experienced a fall in population and a decrease in the number of students calculated on a full-year basis. The positive trend in Sundsvall is continuing with steady growth.



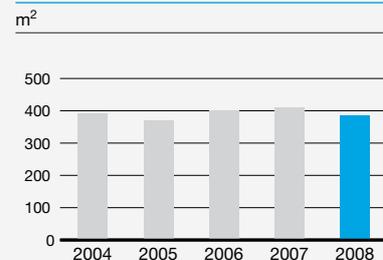
Rental income,
Group proportion



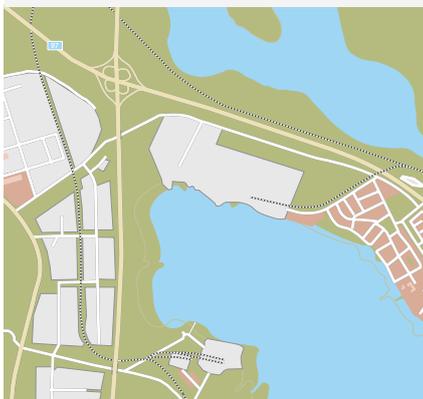
Net operating profit,
Group proportion



Floor space



↑ The Umeå Campus, located just outside the centre of Umeå, has been built according to the American model with all course programmes, with a couple of exceptions, gathered within walking distance of each other.



↑ Luleå University of Technology is the most northerly university of technology in Scandinavia and is located on Porsön, outside Luleå.

Market

Luleå is the most northerly growth region in Sweden with a wide range of business and industry, a prominent university and a large variety of retail and leisure outlets. Growth is founded on active co-operation between industry, the university and the municipal authority. The shortage of housing, however, is a serious problem. Akademiska Hus has what is virtually a 100 per cent market share of the premises leased by Luleå University of Technology. Rent levels have risen slightly in A-locations in Luleå and the lowest level is SEK 1,000/m². The final stage of the re-development and extension of the E-building on the Luleå Campus will commence in 2009.

In Umeå there are two universities and wide range of cultural activities. The labour market is firmly rooted in the public sector and Umeå University. There is a strong rate of growth in the private sector although some redundancies were announced towards the end of the year. Umeå has a good infrastructure although the Botniabanan railway line has been delayed until 2010. The decrease in the influx of students has resulted in a number of construction projects coming to a halt

although a large number of operational adaptations have been carried out.

Kiruna is once again experiencing a fall in population. The Swedish Institute of Space Physics is the dominant Akademiska Hus customer in Kiruna.

Sundsvall has reported steady growth and Mid Sweden University and the Åkroken Campus are important factors in the development of Sundsvall. There are major plans for the next two years for culture, urban settlement and hotels in the town centre. The infrastructure is good.

There is very little vacant space in the Northern Region holdings even if it could possibly increase in time.

Results

Rental income was SEK 507 million (486) and net operating profit was SEK 306 million (308). The change in value was SEK -229 million (-136). Operating profit was SEK 73 million (169) and profit after tax was SEK 42 million (54).

Factfile: larger urban centres in the region

	Umeå	Luleå	Sundsvall	Kiruna
Population, December 31, 2008	112,547	73,405	94,916	23,049
Increase in population 2008	776	259	341	-73
Number of full-time students 2007	16,779	6,713	2,317	0
Rent level, A-locations, offices, SEK/m ²	1,100-1,400	900-1,200	900-1,200	700-1,000
Rent trend	Stable	Stable	Down	Stable
Vacant space, %	1-3	2-5	3-6	7-10
Vacant space trend	Stable	Stable	Up	Stable

Key figures, Northern Region

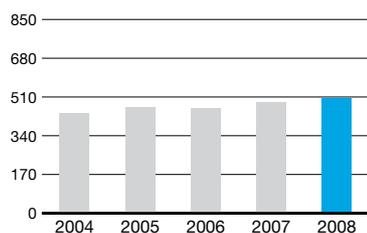
	2008	2007
Rental income, net, SEK m	507	486
Net operating profit, SEK m	306	308
Change in value, properties, SEK m	-229	-136
Operating profit, SEK m	73	169
Profit for the year, SEK m	42	54
Direct yield, %	7.6	7.3
Property facts		
Average rentable floor space, m ²	385,301	408,082
Vacant space, m	633	8,172
Assessed fair value, properties, SEK m	3,846	4,264

Important events

- The whole of the property holdings in Härnösand were disposed of in 2008, when 38,000 square metres were sold for SEK 251 million. The focus will now be on core operations in Umeå, Luleå and Sundsvall.
- A large number of operational adaptations have taken place and customers made substantial rearrangements of their premises during the year.
- The region has very satisfied customers and very satisfied employees. The Satisfied Customer Index (NKI) was 76 and the Satisfied Employee Index (NMI) was 75.

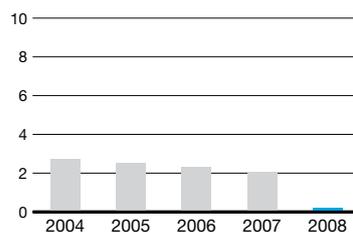
Rental income

SEK m



Vacant space

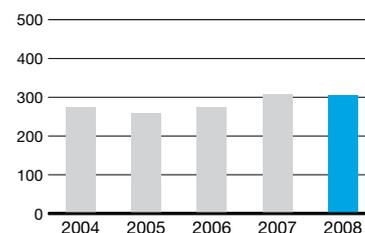
%



The level of vacant space fell in 2008 when the entire holdings in Härnösand were sold, of which 7,500 square metres were vacant.

Net operating profit

SEK m



The net operating profit has shown stable growth over the past five years.



← Akademiska Hus has three large customers in the Northern Region – Umeå University, Luleå University and Mid Sweden University in Sundsvall. Together they have over 56,000 students.

→ Samhällshuset reflects the pace and life of the Umeå campus.



Attractive properties – long, stable leases

Leases

The Akademiska Hus contract portfolio is characterised by long leases, mainly with universities and colleges. The long leases create excellent prerequisites for building up good relationships with customers and where the focus is on efficient management.

At the end of 2008 the average remaining lease term was 5.9 years (6.3). The average term for newly signed leases is ten years. For larger, complex specialist buildings, for laboratories and research operations, a lease is normally required where a large proportion of the investment is repaid within the term of the lease, which is ten years or more. The reason for this is that it is difficult to find alternative uses for the premises without substantial redevelopment.

Akademiska Hus has 1,235 leases (rental objects) with a total rental value (base rent) of SEK 3,551 million (4,312), with a total floor space of 3,199,715 square metres. The average lease is for 2,591 square metres with an annual rent of SEK 2.9 million.

During 2008, 11 per cent of the lease portfolio was renegotiated, equivalent to SEK 450 million in rental value. During 2009, 6 per cent of the leases could be renegotiated.

In conjunction with negotiations the renewal structure is taken into account with the aim of achieving an even spread over time to minimise the time risk. Over the next two years there is a good spread in the lease renewal structure. In 2009–2010 there are no major renegotiations or leases that fall due for renewal.

Rental income

Rental income, including the rent supplement for 2008, was SEK 4,905 million (4,778). Renegotiations during the year at a number of locations have resulted in unchanged or slightly reduced rent levels. The attractiveness of universities and colleges as customers has led to greater competition. Renegotiations during the year have naturally been affected by the downturn in the economy. Levels of vacant space in the property industry have not yet been affected by the current economic climate although it has been noticeable in the negotiations that took place during the year. In the light of the current situation, what are largely unchanged rent levels in conjunction with renegotiations must be considered satisfactory.

Rental income was on average SEK 1,500 per square metre (1,439) and has increased over the past five years as a result of investments in the property holdings. The rent level varies between SEK 1,316 per square

metre in the Northern Region and SEK 1,782 per square metre in the Stockholm Region. The difference can be attributed largely to different market conditions but also to the fact that the mixture of leased premises varies between the regions. The higher proportion of laboratories means a higher rental income. The proportion of laboratories varies between the regions and is between 23 and 47 per cent.

Letting and vacancy levels

The Akademiska Hus specialisation in premises for universities and colleges in combination with the growth that has taken place in the higher education sector over the past 15 years has contributed to a very high letting level.

The growth that has taken place within the higher education sector has also brought with it a substantial need for premises, which has been met through new construction. Often it has been a case of specialist buildings for laboratory and research activities, resulting in long leases of ten years or more. In recent years the need within the higher education sector for more floor space has fallen and many customers are re-examining their requirements.

The total holdings at the end of 2008 amounted to 3,199,715 square metres, of which 3,080,918 square metres, or 96.3 per cent, have been let. Vacant space amounted to 118,797 square metres, equivalent to 3.7 per cent. The loss of rental income resulting from the vacant floor space is valued at SEK 73 million, giving a financial level of vacant space of 1.5 per cent. The difference between the financial level and the floor space-based level of vacant space can be explained by the fact that a large proportion of the vacant space is in simpler premises with a rental value that is lower than average. Of the

vacant space, 18 per cent comprises smaller premises of minor economic value. The rental value for these premises amounts to only six per cent of the total vacant space rental value. This vacant space is not directly available for letting and in several cases investigations are underway regarding demolition or the properties are being used temporarily for other purposes.

Vacant space increased during the year by 19,642 square metres and totalled 118,797 square metres (99,155). The change during 2008 can be attributed mainly to the Western Region and the Northern Region.

In the Northern region the entire holdings in Härnösand were divested during the year. The vacant space in Härnösand in 2007 was 7,491 square metres. In the Western Region the Pedagogen property in Mölndal was repurchased from JM AB in 2008. Pedagogen comprises 35,978 square metres and is completely vacant.

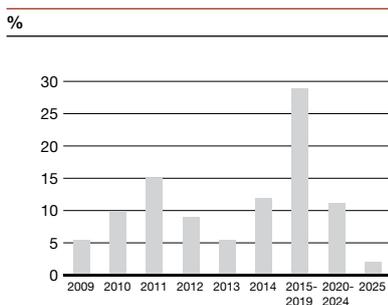
Based on the dialogue which is taking place with the Company's customers and the forecasts made for the letting of vacant premises, the level of vacant space will not change tangibly over the next few years. However, the situation differs between the regional companies and there are variations on local markets.

Vacant space per region

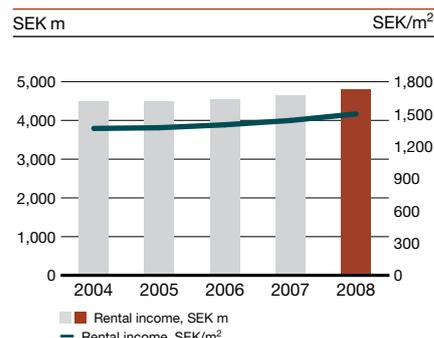
In the Northern Region there is only marginal vacant space.

The Uppsala Region has acquired more vacant floor space in recent years, particularly in Ultuna. The vacant floor space in Ultuna is approximately 9,000 square metres although a large proportion of this has a very low rental value. The Ultuna area is being marketed to companies and planning is taking place for future residential use.

Lease renewal structure, contracted rent, %



Rental income



In the Stockholm region the level of vacant space is 27,778 square metres. Kista is the sub-market where the Company has the highest level of vacant space, 7,524 square metres, equivalent to seven per cent. In terms of standard, Akademiska Hus properties in Kista, Electrum and Forum are holding their own well despite keen local competition.

In the Eastern Region, the level of vacant space years 10,400 square metres and comprises the Terra and Galaxen properties in Linköping. There is no vacant space in Örebro or Norrköping.

In the Western Region, the vacant space is at the Mathematics Centre on the Chalmers University of Technology campus and totals 10,259 square metres. The property will be sold as soon as planning changes have been made to allow residential construction.

In the Western Region the sale of the Växthuset 2 property (Pedagogen) in Mölndal was reversed on December 31, 2008. In 2006, a transfer agreement was signed with JM AB. The agreement was subject to the condition that there would be a change in the plans to permit the construction of dwellings on the property. Växthuset 2 comprises 35,978 square metres and is unlet. The property will probably need a new area of use in the future.

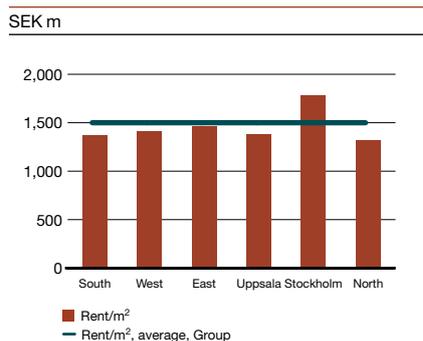
In the Southern Region vacant space amounted to 18,700 square metres and comprises, among other things, the Chemistry Centre and certain premises on the Lund University of Technology campus which require modernisation.

Vacant space 31-12-2008			Proportion.		Proportion.	
	Location	Property	Sq. m.	sq.m.	SEK m	SEK m
Rentable	Mölndal	Pedagogen	35,978		0.0	
	Gothenburg	Mathematics Centre, Chalmers	10,259		14.8	
	Linköping	Terra	6,785		5.4	
	Lund	Centre for Chemistry and Chemical Engineering			1.9	
	Linköping	Galaxen	3,621		2.4	
	Kista	Electrum	2,983		4.5	
	Uppsala	Limnologen	2,478		1.0	
	Stockholm	Wallenberg Laboratory	2,457		1.3	
	Uppsala	Chemistry Centre Building 4	1,839		2.2	
	Stockholm	Mechanical Engineering, Royal Institute of Technology	1,420		1.0	
	Ultuna	EMC	1,403		1.8	
	Uppsala	Biomedical Centre	1,396		1.8	
	Kista	Forum	1,391		3.0	
	Stockholm	Chemistry and Administration, Royal Institute of Technology	1,296		1.2	
	Stockholm	Chemistry Building	1,107		1.6	
	Stockholm	Tre Vapen, University College of Film, Radio, Television and Theatre	1,095		1.4	
	Uppsala	Aula Magistern	1,043		0.1	
	Stockholm	Office and Teaching, Östermalm	1,013		1.1	
	Other		13,238		11.7	
Total rentable vacant space			94,667	2.9%	58.2	1.2%
Non-rentable space	Other		2,683	0.1%	4.8	0.1%
Rentable space of minor economic value	Lund	Mechanical Engineering	2,700		1.1	
	Stockholm	Research Park	2,700		2.2	
	Lund	Vattenhall	1,865		0.7	
	Lund	UB4	1,507		0.2	
	Others					
Total rentable vacant space of minor economic value			21,447	0.7%	10.3	0.2%
TOTAL			118,797	3.7%	73.3	1.5%

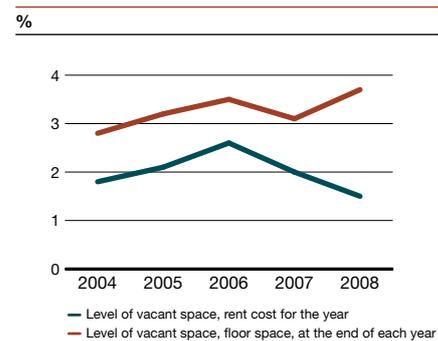
Leases 31-12-2008

Regional company	Average lease term, years	Average remaining lease term, years
South	9.6	5.5
West	12.1	7.5
East	9.9	5.5
Uppsala	9.8	5.4
Stockholm	10.6	6.0
North	8.5	5.7
Total	10.3	5.9

Rent level per region



Level of vacant space, %



Stricter objectives for future energy efficiency

Operating costs

Operating costs are measures taken to maintain the function of a building and are divided into:

- Cost of providing energy and water
- Other operating costs, such as labour costs for operating technicians, building supervisors and ground staff as well as refuse collection and official inspections.

The cost of energy and water for 2008 was SEK 580 million (530) and accounts for 67 per cent of the total operating costs. In total, the operating costs amounted to SEK 864 million (786), which is 48 per cent of the management costs.

Akademiska Hus property holdings largely comprise laboratory premises, which total 1.1 million square metres (34 per cent). The utilisation period is long and is increasing gradually. The high proportion of laboratories is the reason behind Akademiska Hus's relatively high operating costs. The technical complexity of the buildings is of major significance from an operating cost point of view. New and redeveloped premises added in recent years have mainly taken the form of premises with large laboratory areas. Laboratories are more resource-intensive than normal teaching premises, both from an energy point of view as well as maintenance and care. The reason for the negative operating cost trend is mainly increased energy costs, which originate to a large extent in political decisions such as the introduction of trade in emission rights (CO₂ equivalents) as well as increased energy taxes and the introduction

of energy declarations. Despite this, the proportion of rental income that goes to meeting operating costs is relatively stable. Average operating costs for the Group for the year amount to SEK 270/m² (243). Of the operating costs, SEK 181/m² (165) was for energy, fuel and water. The regional breakdown of operating costs is reported in the table below.

Energy management can be improved even further in line with the incentive models that are being introduced to the benefit of both tenants and landlord. The aim is to apportion energy costs between Akademiska Hus and the customers in such a way that it offers an incentive to both parties to make energy savings. Depending on the nature of the energy use and the type of building there are two main paths that can be followed to divide energy costs between the customer and Akademiska Hus.

- Energy costs are debited as a supplement to the rent. In 2008, 53 per cent of all electricity and heating was debited separately. The degree to which the cost of energy, fuel and water is passed on to the tenant varies locally between 27 and 75 per cent and depends, among other things, on the proportion of energy-intensive laboratories and the lease renewal structure. For laboratory-intensive buildings a lease situation is sought where the customer is responsible for the energy cost due to the fact that it is the actual laboratory operations that use most energy and this is something over which the customer has control. Of the operating costs for the year

attributable to energy, fuel and water, totalling SEK 580 million, SEK 308 million was passed on to the customer. The task of adapting the amount passed on to the customer is an integral part of all lease negotiations. As a result of the long average lease period (5.9 years) this change will take time.

- Energy costs are included in the rent. For teaching premises or buildings of a less complex nature, around 75 per cent of the energy cost is for heating and can to a large extent be influenced by the landlord. For these buildings a lease situation is sought where the energy cost is included in the rent as this gives Akademiska Hus the greatest incentive to implement measures aimed at improving energy efficiency.

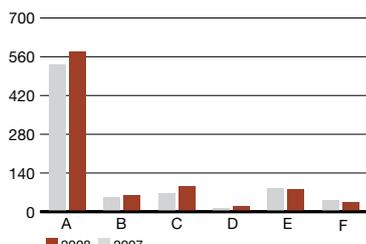
Regional variations in the operating cost structure are caused by:

- Different degrees to which the cost, particularly for energy, is passed on to the tenant, which means a variation in incentives for the tenants to manage their use of energy.
- The age structure of the buildings is of some significance as older buildings are more energy-intensive.
- Towns with technical and medical development and research have as a rule higher energy costs as a result of the higher proportion of laboratories.

Choosing different incentive models is not, however, the primary task when reducing operating costs. The company is working

Operating cost 2007–2008

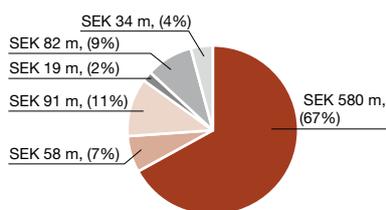
SEK m



- A Energy, fuel and water
- B Land costs, maintenance etc.
- C Building costs
- D Refuse collection
- E Labour cost, operation
- F Other

Operating cost breakdown 2008

Proportion

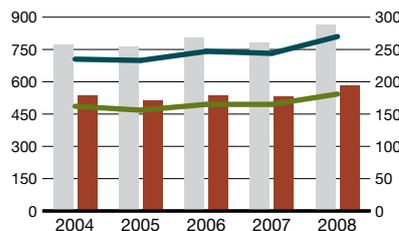


- Energy, fuel and water
- Land costs, maintenance etc.
- Building costs
- Refuse collection
- Labour cost, operation
- Other

Operating costs

SEK m

SEK/m²



- Of which energy, fuel and water
- Operating costs
- Operating costs, SEK/m² floor space
- Of which energy, fuel and water SEK/m² floor space

actively to reduce operating costs mainly through operational optimisation of existing systems and, where it is possible and profitable, through the introduction of new, more energy-efficient technical systems. Knowledge of energy use in buildings is a critical area of expertise in order to be able to implement efficiency-enhancing measures and technical system changeovers. This expertise is available within Akademiska Hus through the Company's management personnel.

Examples of new technical systems are the large ground storage facilities that have been installed in Lund, Örebro, Gothenburg and Karlstad and Kristianstad.

The successful negotiations by Akademiska Hus with energy suppliers have contributed to keeping increases in operating costs, despite everything, on a reasonable level. A further means of reducing operating costs is Group procurement of electricity on the Nordpool electricity exchange, where the outcome for Akademiska Hus has been very good. To deal with possible increases in the price of electricity, 79 per cent of the estimated use for 2009 was hedged as of the turn of the year.

Energy activities

2008 has been characterised by the energy declaration process where the whole of the property portfolio was gone through. Both internal and external personnel worked during

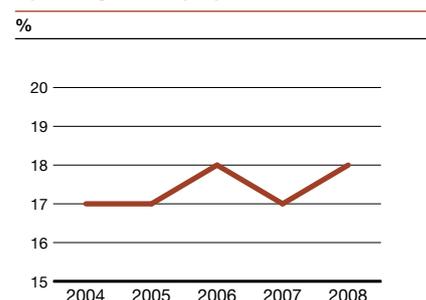
the year on producing documentation, carrying out inspections on site and finally producing suggested measures and conclusions. A large proportion of the holdings at the turn of year 2008/2009 had been declared and reported. Akademiska Hus took yet another step in conjunction with the inspections with the purpose of making a more thorough examination that would lead to further proposals for measures that could be taken. The basic idea behind the declarations is that they should lead to proposed measures that would be profitable although during the course of the work proposals were sought which in the future, or with amended conditions, could become profitable. The result of the declarations is an extensive body of material which will in part form the basis for work in the future on improving energy efficiency.

To deal with the results from the declarations optimally and to create conditions for an effective analysis and follow-up process, a further step has been taken in the system support for improving energy efficiency. With the purpose of facilitating and focusing the work, an 'Energy Portal' was developed during the year and was commissioned at the turn of the year. The Energy Portal gathers both declarations as well as other information and tools concerning energy follow-up. The portal is a framework that will become one of the cornerstones in future

work aimed at dealing with improvements in energy efficiency, where we can capitalise on the full potential of our systems. Previously, the focus of our work was on gathering and aggregating measurements on an hourly basis from buildings to create quality-assured documentation. With the aid of the portal we can facilitate more efficient follow-up of energy and this has already opened up the potential to systematically analyse our buildings.

Work is otherwise focused on producing a collective picture of our buildings and in particular bringing together the measures that are profitable, either now or in the future. This work will be conducted within the Energy and Climate Optimisation process,

Operating costs – proportion of rental income



Operating costs, SEK m	Region						Group Total
	South	West	East	Uppsala	Stockholm	North	
Electricity	53	49	37	73	99	34	416
Heating	24	25	17	38	60	15	226
Water	3	2	2	5	6	3	21
Cooling	4	2	3	0	9	1	19
Energy, other	4	2	0	0	11	0	-102
Total energy, fuel, water	88	80	59	116	185	53	580
Energy, fuel and water, SEK/m ²	176	159	173	211	201	137	181
Land costs, maintenance etc.	10	8	6	9	20	5	58
Building costs	20	12	3	17	29	9	91
Refuse collection	3	3	0	4	5	4	19
Labour cost, operation	14	18	7	18	18	7	82
Other	0	2	5	2	22	2	34
Total, other operating costs	47	43	21	51	94	28	284
Total operating costs	135	123	80	167	278	81	864
Operating costs in SEK/m ²	270	244	235	303	303	211	270
of which energy, fuel and water, SEK/m ²	176	159	173	211	201	137	181
Proportion of energy cost passed on, %	39	40	39	73	65	27	53

which is led by a group of experts, including representatives from the different regions and the Group office. The group functions as a reference group and works both operatively and strategically. During the year a guideline has been produced containing concrete energy objectives that should be used in conjunction with new construction and major redevelopment. The aim is to heighten what is already accepted and encourage reflection when choosing systems. The stricter objectives have been received positively, both internally and externally.

Maintenance costs

Maintenance costs are the measures taken to reinstate worn or damaged parts of a building to their original standard and function.

Since it was founded in 1993 Akademiska Hus has focused on maintenance measures with the aim of improving the standard of the property holdings. Particularly during the

1990s, extensive maintenance was carried out for parts of the property holdings. The standard is now considered to be generally very satisfactory. As a result of the measures taken earlier the maintenance costs, in relative terms, are expected remain on the same level in the future. Variations between individual years can, however, be relatively large as a result of changes in the volume of redevelopment. Maintenance costs for 2008 amounted to SEK 585 million (658). Of the maintenance costs, SEK 272 million (271) refers to emergency and planned maintenance, SEK 187 million (271) refers to maintenance in projects and SEK 126 million (116) refers to customer adaptations. Averaged for the Group, maintenance costs for the year totalled SEK 183/m² (204). Emergency and planned maintenance was SEK 85/m² (84) and maintenance in projects was SEK 58/m² (84). A regional breakdown of the maintenance costs is shown in the table below. The

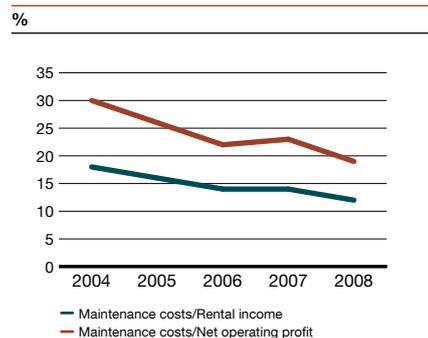
maintenance costs vary between regions, mainly as a result of maintenance in projects in conjunction with redevelopment.

In the Southern Region three major redevelopments took place in Lund during 2008 which involved maintenance measures. These are the renovation of the Centre for Chemistry and Chemical Engineering, which resulted in maintenance at a cost of SEK 22 million, Lund University Technology amounting to SEK 14 million and Södra Skolan, which amounted to SEK 10 million. In Gothenburg the KK2 property was renovated at a cost of SEK 12 million. In Uppsala there was the refurbishment of the Biomedical Centre at a total cost of SEK 25 million. In Stockholm there was a number of minor redevelopment projects, of which the largest was the European Centre for Disease Prevention and Control (ECDC) at a total cost of SEK 13 million as well as Electrum in Kista at a cost of SEK 9 million.

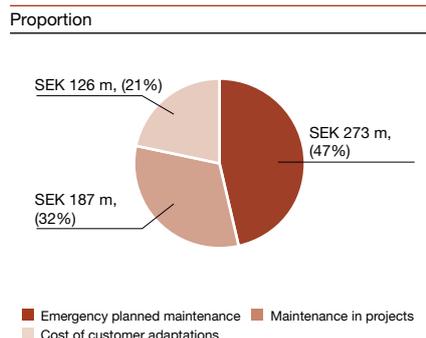
Maintenance costs, SEK m

	Region						Group
	South	West	East	Uppsala	Stockholm	North	Total
Emergency and planned maintenance	42	40	32	45	77	38	273
Maintenance in projects	69	32	2	32	44	8	187
Customer adaptations	17	23	22	18	4	43	126
Total maintenance costs	127	94	55	95	126	88	586
Maintenance costs in SEK/m ²	253	188	162	173	137	229	183
of which emergency and planned maintenance, SEK/m ²	83	80	93	81	84	98	85
of which maintenance in projects, SEK/m ²	137	63	6	59	48	21	58
of which customer adaptations, SEK/m ²	34	45	64	33	5	111	39

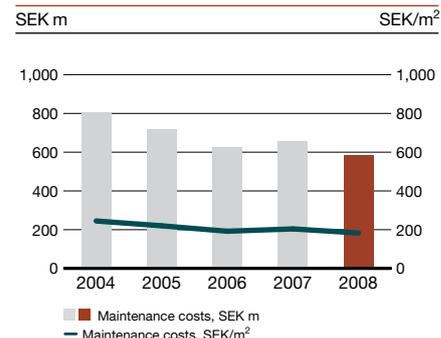
Maintenance costs



Maintenance costs 2008



Maintenance costs



Stable net operating profit and cash flow

Net operating profit

In property management the profit is stable and is increasing compared to 2007. Operating income is increasing more than operating costs. The net operating profit, i.e. rental income with a deduction for management costs, comprising operating and maintenance costs as well as costs for property administration, totalled SEK 3,055 million (2,918). The net operating profit has been positive ever since Akademiska Hus was founded. The net operating profit ratio was 63 per cent (62). The increase in the net operating profit ratio can be attributed to increased rental income and long-term work aimed at improving the efficiency of property management in order to reduce costs.

The net operating profit was SEK 956/m² and varies between SEK 765/m² in the Southern Region and SEK 1,228/m² in the Stockholm Region. The net operating pro-

fit ratio varies between 55 per cent in the Southern Region and 68 per cent in the Eastern Region and Stockholm Region.

Direct yield

Direct yield was 6.4 per cent (6.0) of the assessed fair value. The increased direct yield can be explained by the fact that increasing net operating profit is related to falling property values. With retained property values in 2008, the direct yield would have been 6.3 per cent. The increase in the direct yield during 2008 is an expression of the market's increased demands on property investments and reflects the increase in risk.

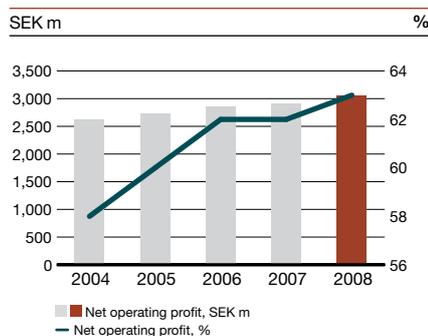
Return on equity and total assets

The return on equity for 2008 was 0.7 per cent (4.9) and the return on total assets was 2.1 per cent (4.8). The negative change can be attributed to the change in value of in-

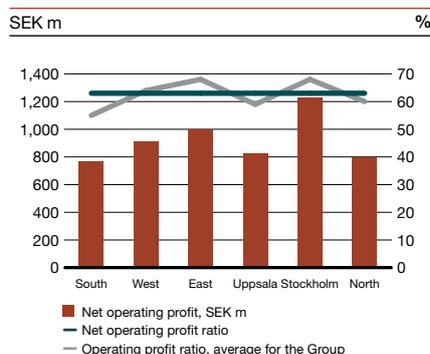
vestment properties of SEK -2,192 million (-617). It is mainly an increase in the direct yield requirement and an increase in cost of capital that have affected the assessed fair value negatively. With retained property values during 2008 the return on equity would have been 7.1 per cent, which reflects the good earning capacity in the net operating profit.

One of the owner's requirements for profitability is that the return on equity should be equivalent to the average five-year government bond interest rate plus four percentage points viewed over a business cycle. The five-year government bond interest rate during 2008 was on average 3.8 per cent. The yield requirement thus amounted to 7.8 per cent and was not achieved.

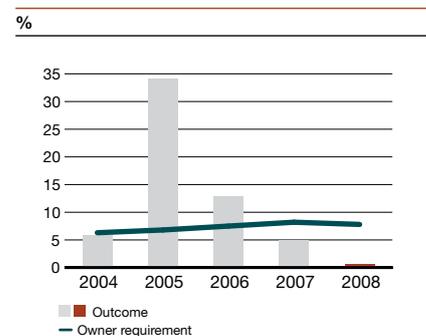
Net operating profit



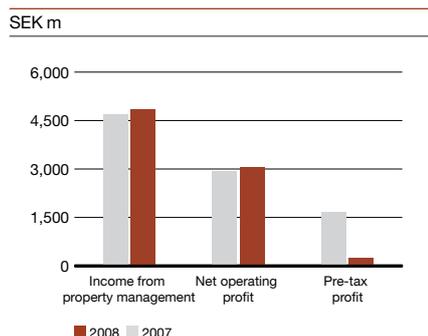
Net operating profit, net operating profit ratio



Return on equity, %



Income and profit



Finance crisis and economic downturn result in lower property values

Market valuation

Akademiska Hus makes an internal property valuation each quarter with the aim of:

- Calculating the assessed fair value, change in value and total yield. According to IAS 40, properties covered by the accounting standards must always be valued at fair value. In conjunction with the calculation of the fair value, impairment needs and reversals of impairments made previously are also examined.
- Assess profitability in investments

The fair value of Akademiska Hus investment properties as of December 31, 2008 was SEK 46,351 million (48,389) and has been calculated by means of an internal property valuation covering all the company's properties. The unrealised change in value for the year is negative and amounted to SEK -2,192 million (-617). The fair value per square metre is SEK 14,207 (14,713).

Valuation 2008

The change in value during the year is negative and totalled SEK 2,245 million, which is equivalent to a fall of 4.5 per cent (-1.4) of the fair value.

The fall in value for Akademiska Hus can be explained by the increased cost of capital and the increased direct yield requirement. The risk premiums in the values have increased and reflect a rise in the direct yield requirement to 7.1 per cent (6.7). The cost of capital in the property valuations was 7.9 per cent (7.3).

The total yield for 2008 was 1.9 per cent (4.6), of which the direct yield was 6.4 per cent (6.0) and the fall in value was -4.5 per cent (-1.4).

Within Akademiska Hus, however, property operations continue to be strong and sound. An adjustment has been made to the financial parameters affecting the property valuation. In addition to financial parameters the property value is affected by factors such as the letting level/level of vacant space, rent levels, net operating profit, lease term, property category and type of customer. Characteristic features for Akademiska Hus are very long leases with stable customers with a good credit rating. A total of 84 per cent of Group income derives from the dominant customer group, universities and colleges, and 87 per cent from tenants who have the Swedish government as principal. There is no credit risk and the average remaining lease term is 5.9 years (6.3).

The direct yield requirement per town and location is shown in the graph on page 36. The direct yield requirement for Akademiska Hus includes the specific residual value risk in the property holdings. Laboratory premises make up 34 per cent of the holdings for which, relatively speaking, there is a higher risk in the rental flow in the long term. This higher risk justifies the, relatively speaking, slightly higher direct yield requirement (for an explanation of the valuation location, see Town and location section).

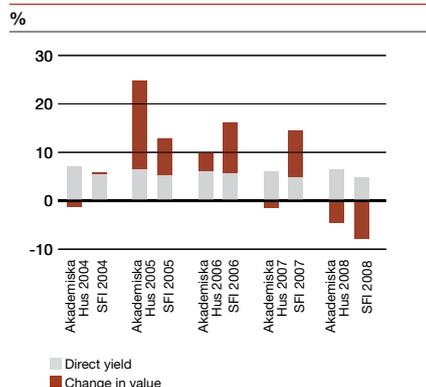
In 2008, property companies generally reported a negative change in value after a year with turnover on the property market falling continuously to a point where during the final quarter it came to a total standstill. The financial unrest has led to a marked increase in risk premiums and borrowing levels have been adjusted downwards considerably as a result of the banks' stricter requirements regarding financing of property transactions.

During the year, several sales processes that had already commenced were discontinued as a result of difficulty financing the purchases but also due to the fact that the sellers were unable to secure the expected prices. The finance crisis that has flared up has triggered strong movements on the market and has also led to widespread doubt. In the prevailing market situation the valuations which are made are marked by greater uncertainty than normal. The accuracy of valuations can never be safer than the underlying market. The valuations are often based on actual transactions on the market and in the absence of such transactions uncertainty increases. This situation is particularly obvious in the valuations as of December 31, 2008. In recent years the difference in the yield requirements between attractive and less attractive objects has increased. Stable, well-located premises with a strong customer base and high letting potential are expected to withstand the fall in value better. In this case, Akademiska Hus is well-equipped to face the future when tenant factors such as the category of tenant, the long-term potential of the tenant and the capacity to pay are very strong.

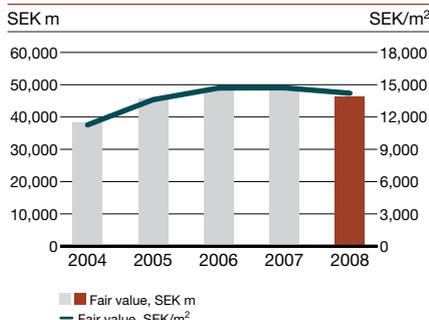
In the light of the market situation, Akademiska Hus has taken the step of allowing the direct yield requirement and cost of capital to be verified by a number of independent valuation institutes, including DTZ, Newsec and Öhrlings PricewaterhouseCoopers.

Apart from unrealised changes in value, investment in new construction and redevelopment took place totalling SEK 1,589 million. Of this figure, SEK 419 million is attributable to the Western Region, SEK 373 million to the Stockholm Region and SEK 372 to the Eastern Region. During the year, Pedagogen in

Total yield



Property value



Change in the value of the property holdings during 2008

SEK m	
Assessed fair value, December 31, 2007	48,389
+ Investments in new construction and redevelopment as well as acquisitions	1,589
- Sales	-1,383
+ Changes in fair value	-2,245
of which decrease in value due to increased cost of capital	(-1,702)
of which decrease in value due to increased direct yield requirement	(-1,098)
of which decrease in value as a result of an increased direct yield requirement (valuation location, average remaining lease term, type of premises)	(-166)
of which other change in value	(+721)
Assessed fair value, December 31, 2008	46,351

Mölnådal was repurchased for SEK 147 million. Sales for the year amounted to SEK 1,383 million, of which the largest are the sale of part of Tre Vapen 2 in Stockholm, totalling SEK 1,084 million, and the sale of all the properties in Härnösand, totalling SEK 251 million.

External valuation

A selection of the properties is valued each year by external valuation companies as a benchmark to quality-assure the internal valuation model. In addition, certain development properties with income and costs which are difficult to estimate are valued externally.

The external valuations in 2008 were made by DTZ, whose valuers are authorised by the Swedish Society of Real Estate Economics.

Of the 100 objects in Akademiska Hus which had been valued the highest, 12 objects were valued externally. In terms of value, the external valuations account for approximately 9 per cent of the total value. The deviation in value for the externally valued objects compared with the internal valuation has a margin of error of +/- 10 per cent. The external valuations carried out confirmed the reliability of the Akademiska Hus internal valuation model.

Valuation method

SEK 44,798 million (97 per cent) of the assessed fair value has been confirmed by

means of an internal cash flow valuation. Expansion reserves, SEK 894 million (2 per cent) were valued using location prices for construction rights with a deduction for development costs. In some cases, where the planning conditions for new construction are unclear, the pure land values were used to set the fair value. SEK 659 million (1 per cent) comprised investment properties with uncertain future cash flows as well as the few residential objects owned by Akademiska Hus. These have been valued individually using the valuation method that was most appropriate.

Apart from investment properties, Akademiska Hus also has new construction progress amounting to SEK 1,173 million (1,316) which have been valued at cost.

The value of an asset is the current value of the future cash flows the asset is expected to generate.

Within Akademiska Hus the property valuation is based on each individual valuation object's expected cash flow during the coming ten years with an estimated residual value for year 11. The valuation objects have been valued individually without taking into account portfolio effects.

The cash flow comprises each valuation object's income and expenses, i.e. the net operating profit. The calculation of the rental payments is based on current agreements. If the rent level at the end of the agreement was

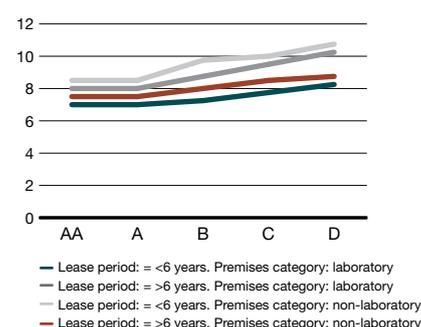
considered to be on market terms it has been assumed that the agreement could have been extended subject to the same terms and conditions. Otherwise the rents have been adjusted to bring them in line with the market.

Cash flow for operating costs is based on budget and forecasts. Property administration costs have been assessed based on the average level of costs within Akademiska Hus and maintenance costs have been assessed based on costs and experience from comparable objects as well as key maintenance figures for the industry. Investments have been assessed based on investment requirements.

To ensure the net operating profit during the calculation period an assessment is also made of inflation and vacant space. For the final year of the calculation period the residual value is calculated, which should be a probable market value at that point in time. The residual value is calculated using the direct yield method. The net operating profit for years 1-10 and the residual value for year 11 are discounted using a cost of capital. The current value of the net operating profit and the residual value have been calculated using the same cost of capital, reduced by three per cent for stamp duty.

Cost of capital

% per town and location



Changes in the fair value of investment properties, regions, SEK m

Region	31-12-2008	31-12-2007	Change	Of which investments/acquisitions	Of which sales/scraping	Of which unrealised change in value
North	6,129	6,377	-246	45	-53	-240
Uppsala	7,041	7,240	-199	566	-24	-741
Stockholm	4,539	4,604	-65	372	-	-437
East	6,720	6,334	386	171	-12	227
West	18,077	19,571	-1,494	373	-1,070	-797
South	3,846	4,264	-416	62	-224	-257
Total	46,351	48,389	-2,033	1,589	-1,383	-2,245

Change in value, regions

Region	Rental income, SEK m	Operating profit, SEK m	Direct yield requirement, valuation, %	Cost of capital, valuation, %	Fair value, SEK m	Direct yield, fair value, %	Change in value, %	Total return, %
North	687	384	7.4	8.0	6,129	6.1	-3.7	2.4
Uppsala	709	458	7.2	7.8	7,041	6.4	-9.5	-3.1
Stockholm	497	339	7.9	8.4	4,539	7.4	-8.8	-1.4
East	759	453	7.6	7.8	6,720	6.9	3.5	10.4
West	1,635	1,126	6.4	7.7	18,077	6.0	-4.0	2.0
South	507	306	8.0	8.3	3,846	7.6	-5.9	1.7
Total	4,793	3,055	7.1	7.9	46,351	6.4	-4.5	1.9

Cost of capital and direct yield requirements

Cost of capital and direct yield requirements in the Akademiska Hus valuation model can be determined partly from transactions on the property market and partly using in-house analyses. Both the demands of the market and in-house analyses have been checked with a number of external valuation companies, including DTZ, Newsec and Öhrlings PricewaterhouseCoopers. The conclusion from the reconciliations is that following the rise in the third quarter of the direct yield requirement and cost of capital by 0.25 percentage points, the direct yield requirement in the fourth quarter needed to be raised by 0.50-0.75 percentage points for properties in small, centrally located towns and the cost of capital needed to be raised by 0.25-1.50 percentage points. This resulted in an average direct yield requirement of 7.1 per cent (6.7). The average cost of capital amounted to 7.9 per cent (7.3).

Cost of capital and direct yield requirements should be justified according to conditions specific to Akademiska Hus as well as practice within the property industry. It is in these yield requirements that the risk in the property holdings is highlighted.

For Akademiska Hus the tenants are a strength factor. Approximately 87 per cent of the tenants have the government as principal and the average remaining term of current leases is 5.9 years. The cash flow during the calculation period, using these conditions, is extremely well assured and there are no major uncertainties during the calculation period. Using these conditions, the risk premium in the cost of capital should be low. The uncertainty largely takes the form of residual value risks and the fact that Akademiska Hus operates in a specific segment of the property market.

The residual value risk means that there is a relatively high risk in the rent flow in the long-term and in particular for buildings outside the city areas with a significant element of specific, operationally adapted premises. Several buildings are not general in the sense that they are not available for new tenants or pur-

poses without substantial redevelopment. The relatively large direct yield requirement spread reflects an assessment of this situation.

The cost of capital for the cash flow varies for different valuation objects in the range 7.0 – 10.75 per cent depending on town, location, lease term and type of premises in the valuation object. The cost of capital varies less than the direct yield requirement, which could be explained by what are on average long and secure flows during the cash flow period.

The long-term direct yield requirement varies between 6.0 per cent and 11.0 per cent depending on the town, location and type of premises. There is a greater spread for the direct yield requirement compared with the cost of capital, the reason being that the direct yield requirement refers to uncertain conditions after year 10. The direct yield requirements and cost of capital per region are presented in the graph below.

Town and location

As part of the internal valuation, town and location have been classified as follows:

- AA Inner city locations in Stockholm and Gothenburg.
- A Malmö, Lund, other parts of Gothenburg, other parts of Stockholm, Solna, Kista and Uppsala
- B Borås, Kalmar, Skövde, Norrköping, Linköping, Huddinge, Sundsvall, Umeå and Luleå
- C Alnarp, Kristianstad, Röbbäcksdalen, Skara, Ultuna, Örebro, Karlstad and Gävle
- D Other locations

The division into different towns and locations reflects the demand on the market and the attractiveness of the properties. AA towns and locations are the most sought after and attractive whilst D locations are in least demand.

The town and location classifications have been determined according to the general division of the property market, where larger and more important towns have from a demographic, employment and economic point of view been assigned a higher degree

of attractiveness, and from the point of view of higher education and research, where AA and A locations are more attractive and are considered to be more stable and secure education and research locations in the long term.

Special adaptation and category of premises

In the valuation, a division has been made into laboratory premises and non-laboratory premises. The proportion of laboratory premises within Akademiska Hus is 34 per cent. For these premises there is a relatively higher risk in the rent flow in the long term as they represent a significant element of specific operationally adapted premises. To counteract this risk, laboratory premises have a generally higher direct yield requirement with regard to the residual value.

Lease term

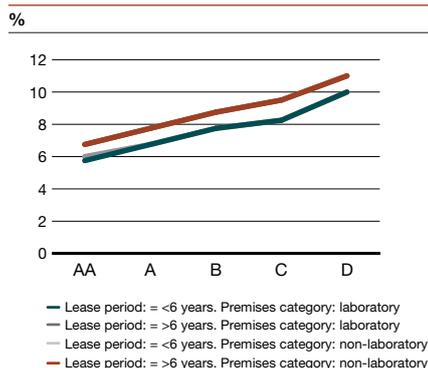
From a valuation point of view a division has been made into an average remaining lease term exceeding ten years, exceeding six years and equal to or less than six years. For valuation objects with an average remaining lease term exceeding six years the relative risk is lower as the cash flow valuation is predominantly based on hedged flows.

Other assumptions

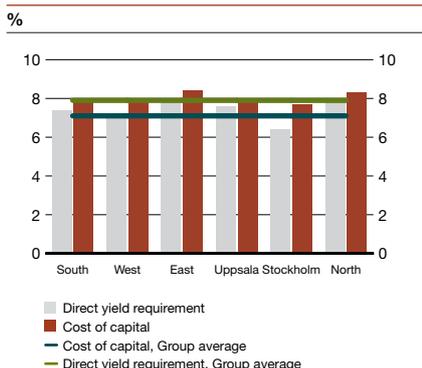
The following assumptions form the basis for the market valuation:

- The calculation period is 10 years.
- Inflation (CPI) is estimated at 2.0 per cent per year throughout the whole of the calculation period and is based on the Swedish Riksbank long-term inflation target of 2.0 per cent.
- The rent trend is estimated at a maximum of inflation (CPI). Consideration has been given to the formulation of the lease agreements, which have an annual rent increase equal to an average of 70 per cent of the CPI. The rent is adapted to the assessed market rent at the end of the lease period.
- For current lease agreements the actual level of vacant space has been used. At the end of the present lease agreement a general level of vacant space of five per cent has been assumed.
- It has been assessed that under normal circumstances operating costs follow inflation (CPI).
- Property administration costs have been set at the standard of SEK 75/m² (75).
- Maintenance costs have been set at a standard of SEK 70/m² (70) for non-laboratory premises and SEK 110/m² (110) for laboratory premises. The standard figures adopted reflect the actual costs.
- Costs have been taken into account for installation-intensive premises and for a small number of other premises with a considerable need for refurbishment of an maintenance nature.

Direct yield requirement per town and location



Direct yield requirement and cost of capital by region, %



Major construction projects for buildings of the future

During 2008, construction operations were mainly in the Stockholm and Uppsala regions.

Construction projects within Akademiska Hus are always conducted with the aim of creating inspirational environments for the customers with the correct level of quality and competitive rents. These aims mean that construction projects focus, among other things, on carefully considered, efficient planning solutions, that operating and maintenance costs are minimised and that a balance is struck with investment cost by always conducting LCC (Life Cycle Cost) assessments.

The construction process within Akademiska Hus

Construction projects within Akademiska Hus normally take place in a phase-scheduled construction process, which is described in the project management tool AkaProject and in the Akademiska Hus Planning Guidelines.

In the early phases, which are the most important in a project, Akademiska Hus offers its customers support in order to find ideas for changes, to make analyses, to identify links, to make cost estimates and to determine floor space requirements, all with the ultimate aim of achieving a good, successful project. This can result in parallel architectural assignments or a competition being run to highlight the positive aspects of the project.

In the subsequent phase, the planning phase, Akademiska Hus focuses, among other things, on formulating a construction programme that meets the needs of the customer and where alternative solutions are reported and highlighted for the customer to ensure the correct decision is made. Only

when all the consequences have been clarified and accepted by the parties involved in the planning process can a decision regarding the construction programme be taken. Another focal area that is important for Akademiska Hus is the creation of buildings with a high degree of flexibility and generality, allowing them to be easily adapted and used for different activities without changes needing to be made and where the solutions are general and repeatable.

Procurement of suppliers at the construction phase always takes place according to Akademiska Hus guidelines and always in competition. Methods for procurement and implementation of projects vary. Projects that are less complex and which have a lower utility installation level can opt for a procurement form that is closer to a turnkey contract whilst procurement in more complex projects takes place with relatively complete project plans. By adopting this approach the Company's long experience can be used to the full.

Akademiska Hus places considerable emphasis on systematic quality and environmental work and assures itself that the supplier is involved in this work by carrying out internal project audits and second-party audits within the framework of the project as a whole.

By drawing up good documentation for contract procurement and by continuously following up and controlling project costs, Akademiska Hus can achieve overall cost efficiency. In particular, unexpected extraordinary costs can be minimised and undesired delays can be dealt with.

New for 2008

During the year Akademiska Hus brought a new project planning tool, AkaProject, into full-scale use and at present over 200

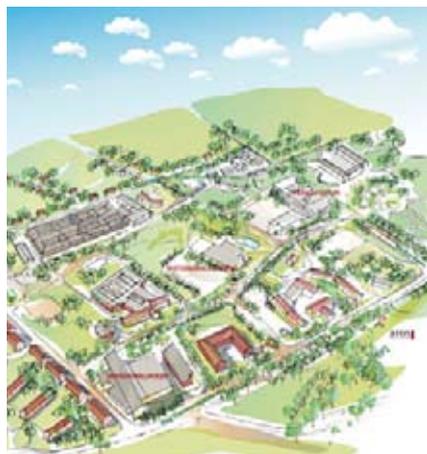
projects are taking place using the tool.

Through the tool and its working methods, construction projects at Akademiska Hus are quality-assured and experience within Akademiska Hus construction operations is gathered as a source of help and can be reused in other construction projects. The tool is web-linked, which means that both internal and external project managers can use the tool. During the autumn, the tool was expanded with the addition of a finance module, allowing projects to be controlled financially and with functions for coding vouchers, preparing budgets, making calculations and creating outcome summaries. At the beginning of 2009, project reports and summaries can be created automatically in Aka Project without any manual work.

Another item of news during the year is that Akademiska Hus has opted for a timber frame as part of a new construction for the Swedish University of Agricultural Sciences in Uppsala. Timber-frame buildings have made a breakthrough in the construction industry in recent years, largely in the construction of dwellings.

Akademiska Hus and the customer have chosen to plan for a timber frame that is as large as possible. The main reason for choosing a timber frame is the benefit from a sustainability point of view, including carbon dioxide-deficient production and carbon dioxide absorbents in the wood. During 2009, the project will report the advantages and disadvantages of timber frames and the experience Akademiska Hus can derive for use in future construction.

During the year Akademiska Hus also produced environmentally related objectives for new construction. The aims are stricter than the building rules of the National Swedish



← The Blåsenhus block in Uppsala is being developed into a central, attractive campus for Uppsala University with among other things departmental buildings and a health and fitness centre. Pedagogikum, a new building for teacher training, will be ready for occupation in 2009.

→ Since it was founded in 1993, Akademiska Hus has built at a total average cost of SEK 2 billion per year. This makes it the largest developer in the country.



Board of Building, Planning and Housing (BBR) and the customary industry standards and involves considerably less use of energy in new construction at Akademiska Hus.

During the year the question of using the BIM (Building Information Model) method in the construction process was highlighted within Akademiska Hus. In simple terms, the BIM method is a method for gathering, interacting and communicating information in a construction project using a three-dimensional model. In doing so, a more efficient construction process is created with fewer errors and information losses.

Akademiska Hus has decided to initiate a number of pilot projects using the BIM method to build up experience of this method.

During 2008, a pilot project commenced in the form of a specific building at Åkroken in Sundsvall, with a focus on the early phases and energy simulations.

During the coming year, 2009, more pilot projects will probably commence and experience will be gathered which can later be used to decide on the position regarding the BIM method at Akademiska Hus.

Projects 2008

At the end of 2008 the Group's project portfolio was SEK 8,744 million (10,506). Apart from investments in properties, the investment portfolio includes project-related maintenance. The different investments are categorised as current, decided/planned and miscellaneous.

- Current projects are projects that have commenced, SEK 4,306 million.
- Decided/planned projects are projects that have been decided or where some form of arrangement or agreement exists between the Company and the customer, SEK 2,387 million.

- Miscellaneous projects are projects currently being examined, SEK 2,052 million. During 2008, investments in properties and new construction in progress amounted to SEK 2,325 million (2,182). The project portfolio for the coming year reveals a distinct emphasis on Uppsala with a number of large new construction projects. The largest project in progress is the new construction of Pedagogikum on the Blåsenhus block in Uppsala. The Blåsenhus block is facing an extensive transformation and a new block is in the process of emerging. During the first stage a centre for teacher training, education and psychology will be constructed as well as a fitness centre and a clinic for advanced cancer care, Skandion-kliniken. A new entrance to the area from Dag Hammarskjölds väg will be completed in autumn 2009 and parking facilities to serve the new activities in the area will be created.

Projects completed in 2008 in excess of SEK 50 million

Project name	Location	New construction/ redevelopment	Total investment, SEK m	Customer	Lease, years	Estimated annual net operating profit, SEK m
Vänern	Karlstad	New construction	271	Karlstad University	20	20
Bilbergsga Building	Örebro	New construction	188	Örebro University	15	14
Pharmaceutical Centre	Göteborg	New construction	96	Gothenburg University	20	7
National Academy of Mime and Acting	Stockholm	Redevelopment	170			
Kåkenhus, Buildings 6 & 7	Norrköping	Redevelopment	163	Linköping University	10	
Kunskapskolan	Uppsala	Redevelopment	68	Kunskapskolan	15	
Kunskapsgymnasiet	Uppsala	Redevelopment	54	Kunskapsgymnasiet	10	
Teaching building, Ultuna	Uppsala	Redevelopment	53	Swedish University of Agricultural Sciences	20	

Projects completed in 2008 in excess of SEK 50 million

Project name	Location	New construction/ redevelopment	Total investment, SEK m	Customer	Lease, years	Estimated annual net operating profit, SEK m
Pedagogikum	Uppsala	New construction	540	Uppsala University	20	39
Karolinska Science Park	Stockholm	New construction	457	Biovitrum	15	31
Karolinska Science Park tenant adaptation, Biovitrum	Stockholm	New construction	246	Biovitrum	15	14
EBC 3	Uppsala	New construction	106	Uppsala University	20	8
Fitness centre, Blåsenhus Block	Uppsala	New construction	67	Uppsala University	20	5
Citylab	Norrköping	New construction/ Redevelopment	115	Linköping University	10	8
Centre for Chemistry and Chemical Engineering	Lund	Redevelopment	357	Lund University	10	
Biology Centre	Lund	Redevelopment	316	Lund University	20	
Geosciences	Stockholm	Redevelopment	106	Stockholm University	10	
BMC, phase 33	Uppsala	Redevelopment	90	Uppsala University	10	
BMC, phase 32	Uppsala	Redevelopment	83	Uppsala University	10	
BMC, phase 31	Uppsala	Redevelopment	74	Uppsala University	10	

Continued good financing conditions despite challenges

The concern that hit the finance markets in 2007 continued and intensified during the past year. The Group's collective financing requirements were largely covered during the first half of the year before problems on the credit market were accentuated during the autumn.

Dramatic development on the finance market during 2008

During the spring the rapid increase in commodity prices led to heightened concern regarding inflation and as a consequence the central banks began tightening up. During the past year the focus switched from inflation risks to concern about growth. The late autumn was marked by a dramatic slow-down in the economy, which contributed to a substantial downward revision of inflation and growth forecasts. The increasing turbulence on the finance market was characterised by risk aversion and during the autumn credit flows were cut off almost completely. At times the interbank market functioned very poorly with low liquidity. Among the end-customers, investors acted more and more cautiously and borrowers experienced problems refinancing loans that fell due. Powerful and co-ordinated government

guarantee programmes were established to safeguard financial stability.

Problems on the credit market led to the Swedish Riksbank and other central banks cutting interest rates significantly and also taking measures to improve liquidity and the way the market functioned. The repo rate was reduced during the final quarter by 2.75 percentage points to 2.00 per cent. A finance policy stimulation package was launched to counteract the fall in global demand.

Liability management during the year

Faced with the risk that increased risk premiums and the ensuing tightening up of credit would persist over a long period, Akademiska Hus decided to take preventive action by covering parts of its future financing requirements. Ahead of an expected recession fixed interest periods were kept relatively short.

The interest-bearing net loan liability fell by approximately SEK 1,300 million during the past year, mainly as a result of property sales totalling SEK 1,400 million. At the end of 2007 an issue took place on the Swiss market totalling SEK 1,100 million. Bond financing and other long-term financing were also prioritised in 2008. During the first half of the year an issue totalling SEK 2,400 million took

place, of which SEK 1,800 million was on the Swiss market and a further SEK 600 million was raised on the Japanese market. At the end of 2008, 63 per cent of the Group's total financing derived from abroad. Maturity increased during the year to 4.2 years (3.6). As a significant proportion of the financing took place at the beginning of the year, a very low average credit spread could be retained in the portfolio. The difference in the risk premium between different borrowers with different credit ratings increased significantly during the autumn. The increase in the credit spreads has contributed to an unrealised increase in value, which has made a positive contribution to net financial income and expense for the year. The Group's strength factors, such as government ownership and tenants with government links was important factors during the year.

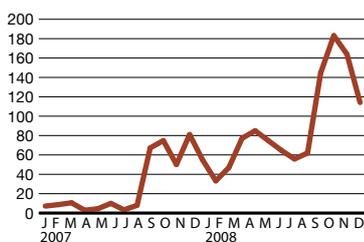
Finance market 2009 – risk of persistent problems

The effects of a tightening up of credit are being seen more and more clearly in the real economy in the form of lower demand and utilisation of resources and thus a higher level of unemployment.

The harsh conditions on the credit markets,

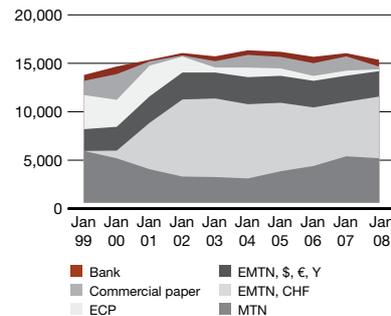
Loan spreads (repo - STIBOR)

Interest points



Financing sources

SEK m



Financing programmes and rating

	Rating Standard & Poor's	Framework	Utilised, nominal
		31-12-2008	31-12-2008
Commercial paper	A1+/K1	SEK 4,000 m	SEK 50 m
ECP (Euro Commercial Papers)	A1+	USD 600 m	-
MTN (Medium Term Note)	AA	SEK 8,000 m	SEK 4,006 m
EMTN (Euro Medium Term Note)	AA/A1+	USD 2,000 m	USD 1,014 m

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

with risk aversion and increasing refinancing problems, will probably persist. The high credit spreads will continue and the government guaranteed issues will be prioritised. The central banks will need to conduct an extremely moderate monetary policy for 2009.

During 2009, financing requirements will largely comprise loans falling due for renewal of SEK 2,300 million, property investments totalling SEK 2,000 million and the dividend. This is expected to be financed to a certain extent by the continued good cash flow from property operations.

Financing operations – strategies and objectives

The Group carries on active liability management where the strategy is to weigh up the financial risks against the desired low financing cost. The Group board has two controlling documents in the form of a

Finance Policy and a Financial Risk Plan. The first document, which is adopted at the statutory meeting following the Annual General Meeting, lays down the long-term strategic orientation, allocation of responsibility, the Group's approach to financial risks and the mandates that must be in place to handle such risks. The second document is adopted in December and includes authorisation and mandates as well as concrete plans for financing. The financing objectives are:

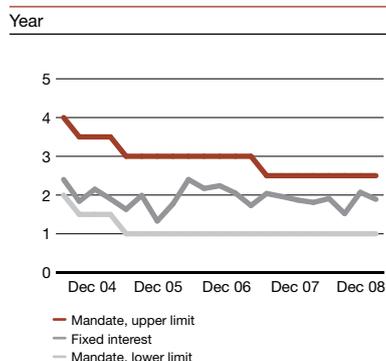
- Using centralised financial management, facilitate the utilisation of economies of scale and the efficient handling of exposure to financial risks within the Group.
- Using the Group's strong financial position and good rating, and remaining within the framework of stated risk mandates, achieve as low a financing cost as possible.

- Via the public financing programmes secure cost-effective financing on the sub-markets that best takes into account the Group's credit rating.

Fixed interest mandate

Handling the Group's fixed interest period is central to financing. The total liability portfolio is divided into four separate portfolios with regard to fixed interest periods in order to refine the part of the liability portfolio that has been assigned a fixed interest mandate. The fixed interest period chosen at each point in time is based on the Group's assessment of the future interest rate trend. Interest derivatives are included in the calculation of the interest risk exposure.

Fixed interest and mandate



Proportion of loans that will fall due within 12 months



Renewal structure for fixed interest and net loan liability maturity as of 31-12-2008

Year	Fixed interest, SEK m	Maturity, SEK m
2009	11,558	2,791
2010	1,500	3,719
2011	–	1,554
2012	725	968
2013 and later	1,781	8,991
Total	15,564	18,023

Risk-calculated portfolio

The risk-calculated portfolio is the main part of the liability portfolio and has been assigned a fixed interest mandate, which is expressed in the form of a spread for the portfolio's average fixed interest period.

The portfolio at year-end was SEK 13,600 million. During 2008 the mandate was 1-2.5 years.

Short-term portfolio

The size of the debt portfolio varies as a result of the incoming rent payments each quarter and an exchange of collateral for derivatives. The short-term portfolio comprises short-term loans raised pending rent payments and collateral provided. The aim is to avoid changes in the risk-calculated portfolio's fixed interest as a result of these variations. The portfolio can therefore

amount to a maximum of the next rent payments to be made, including VAT, SEK 1,500 million, as well as collateral provided.

Dedicated portfolio

The Group has a small number of large leases with interest rate-linked rent in addition to indexing. Adjustment of rent takes place in the light of the government loan rate or subsidy rate, normally every fifth year. The fixed interest for these leases should be covered to a minimum of 50 per cent. At the turn of the year this exposure amounted to SEK 1,905 million.

Real interest portfolio

Real interest exposure represents a diversification in the debt portfolio and helps the Group avoid being exposed exclusively to changes in nominal interest rates. The port-

folio can amount to a maximum of five per cent of the interest-bearing liabilities. At the year-end there was no real interest exposure.

Maturity mandate

The Board also adopts a maturity mandate with the aim of limiting the refinancing risk. Loans that fall due within a 12-month period can amount to a maximum of 40 per cent of the total loan volume. At the end of 2008, the proportion of loans that will fall due within 12 months was only 15 per cent.

Financing forms and rating

The Group has efficient short-term and long-term financing programmes, both domestic and international. The advantage of having several financing programmes has been particularly obvious during 2008. It facilitates an adaptation of financing to demand from

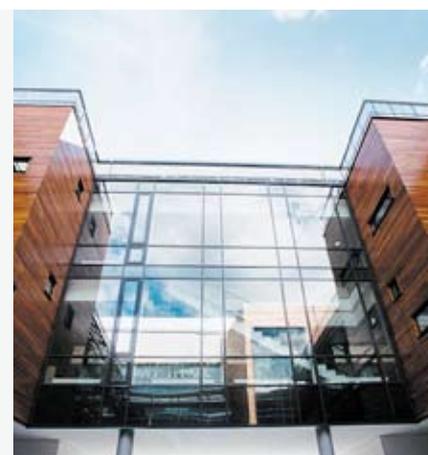
Risks and financial risk management

Financial risk	Definition of risk exposure	Risk limit according to the policy
Interest risk	The risk of affecting the Group's profit as a result of a change in interest rates.	The interest risk should be handled within a fixed interest mandate.
Refinancing risk	The risk that the cost is higher or financing potential is limited when loans are due to be refinanced.	Diversification via different financing forms should be even and well balanced. A maximum of 40 per cent of the total loan volume may fall due for renewal within a 12-month period. Credit assurances should be sufficient.
Credit and counterparty risk	The risk of a loss if a counterparty does not meet its undertakings.	A limit for counterparty risks is based on the rating and the term of the commitment. ISDA agreements are always signed before derivative transactions are carried out. For major commitments, a CSA agreement should be sought.
Currency risk	A risk that exchange rate changes affect the Group's Income Statement and Balance Sheet.	In conjunction with financing in foreign currency, the exchange risk should be eliminated. Limited currency exposure in conjunction with electricity trading is accepted.



← Akademiska Hus has been able to fend off well the dramatic developments on the financial market in 2008. The Group's strength factors, such as government ownership and tenants with government links, came into their own during the year.

→ The Group pursues active asset management, where the strategy is to weigh the financial risks against a desired low financing cost.



lenders and on those markets where the Group's credit rating is the highest. In addition to the programmes, there were bank overdraft facilities of SEK 3,700 million at the year-end, of which SEK 1,700 million was unconfirmed.

Financing cost

The net interest income/expense was SEK -589 million (-610). The interest-bearing net loan debt was on average SEK 17,193 million (16,913).

The higher financing cost of the loans can be explained by rising short-term interest rates during the year as a result of the Swedish Riksbank increasing the repo rate by 0.75 percentage points during the first three quarters. In addition, the increase in difference between the repo rate and the STIBOR market led to an increase in costs. As half of the fixed interest in the liability portfolio is achieved through interest derivatives, the valuation is affected negatively by the considerable fall in interest rates during

the late autumn. At the same time, increased credit spreads contributed to an unrealised positive change in value of SEK 262 million for international bonds. The substantial reduction in interest rates by the Riksbank at the end of the year, in combination with falling long-term interest rates, will have an impact during the coming year.

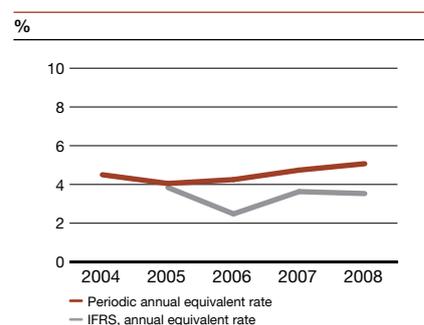
Key figures

	2005	2006	2007	2008
Interest-bearing net loan debt, SEK m	16,336	16,250	16,411	15,090
Interest-bearing liabilities according to IFRS, SEK m	19,140	18,270	18,009	19,414
Interest coverage, %	435	434	399	369
Fixed interest, December, years	2.4	1.9	1.6	1.9
Fixed interest, average for the year, years	1.85	2.1	1.9	1.8
Maturity, December, years	4.0	3.7	3.6	4.2
Maturity, average for the year, years	2.9	3.6	3.6	3.9

Financing cost, composition

	2005	2006	2007	2008
Financing cost loans, %	2.62	2.81	3.80	4.69
Net interest income/expense, interest swaps, %	1.05	0.93	0.45	0.00
Period allocations and charges, %	0.03	0.02	0.01	0.02
Changes in value, financial instruments according to IFRS, %	0.15	-1.28	-0.63	-1.25
Total financing cost, %	3.85	2.48	3.63	3.46

Comparisons, different calculations of the interest cost



Interest-bearing net loan debt as of the year-end and the average rate of interest

	Bonds, fixed interest		Other non-current liabilities, floating interest		Certificates		Total within the balance sheet		Interest swaps, fixed interest		Interest swaps, current		Total	
	SEK m	Interest, %	SEK m	Interest, %	SEK m	Interest, %	SEK m	Interest, %	SEK m	Interest, %	SEK m	Interest, %		
2008-12-31	2,618	3.47	15,304	4.84	50	4.61	17,972	4.61	3,486	4.68	-3,486	-4.88	17,972	4.56
2009-12-31	2,618	3.47	10,638				13,256		2,186	4.50			13,256	
2010-12-31	1,119	3.97	8,689				9,808		2,186	4.50			9,808	
2011-12-31	1,119	3.97	7,302				8,421		2,186	4.50			8,421	
2012-12-31	1,119	3.97	6,502				7,621		1,461	4.37			7,621	
2013-12-31	1,119	3.97	4,693				5,812		200	2.39			5,812	
2014-12-31	1,119	3.97	3,157				4,276		200	2.39			4,276	
2015-12-31	919	3.91	908				1,827		200	2.39			1,827	
2016-12-31	569	3.85	902				1,471		200	2.39			1,471	

Long leases and secure management produce a good return

Uncertainty in the property industry during the year has increased significantly. Higher risk premiums have had a negative impact on property valuations. There is, however, a good long-term demand for Akademiska Hus properties and the Company has long leases with stable customers, resulting in a very secure cash flow.

Strategic risk – owning and managing properties

Akademiska Hus is affected by the government's education policy as well as macroeconomic factors such as inflation, employment and growth in society.

Key risks also take the form of property investments and transactions. Major investments in creative environments for know-how and research have shaped the Akademiska Hus campuses. In this respect the property portfolio is a strategic risk. The campuses have a specific purpose and are not in a broad sense general. Investments in specially adapted premises take place once a long lease that justifies the investment has been signed. Purchases and sales of properties take place to counteract and deal with the strategic risk in the property portfolio.

Operating risks

The strategy of owning and managing properties also entails operating risks, which Akademiska Hus works actively to handle. The term 'operating risk' refers mainly to the risk of financial consequences and consequences related to trust which ensue from shortcomings in internal routines and systems. The handling of operating risks is aimed at identifying, assessing, monitoring and reducing those risks. The risks are assessed and handled based on their expected consequences and the degree of probability that they could occur. Internal directives and guidelines form the basis for risk management within Akademiska Hus. As opposed to market risks, the handling generally is directed more at reducing the risks. Corporate culture is critical in ensuring that internal controls are a normal and necessary operating prerequisite. An important factor in handling the operating risks is a standardised and process-oriented working approach. The essential elements of property management are process-oriented and include control points. Compliance with the established working approach is revised on an ongoing basis as part of the quality assurance process.

The operating risks that need to be handled can be divided into

- Administrative – insufficient or unsuitable routines, lack of controls and reporting, human error, lack of expertise, an unclear allocation of responsibility.
- IT – incorrect data systems, information security, stoppage risks.
- Legal – sub-standard documentation, incorrect agreements.

The Group's assets are insured in line with the assessed insurance requirements.

Risks – property management

Environmental risks

Owning and managing properties is always associated with environmental risks. The Environmental Code contains rules regarding follow-up liability which were introduced in 1999. The Environmental Code places considerable responsibility on the property owner. By, among other things, satisfying the environmental certification requirements according to ISO 14001:2004, Akademiska Hus handles these risks in a structured, co-ordinated way. In conjunction with acquisitions, an investigation is always made into the environmental status of the property.

Based on documented environmental surveys, environmental impact is identified and the environmental programme is planned accordingly. The results of the environmental survey are compiled and evaluated to identify the most significant environmental aspects.

Changes in value

Akademiska Hus reports properties at fair value in the Balance Sheet and changes in value in the Income Statement. Changes in value are affected partly by external factors and partly by specific changes in the properties. External factors are growth in market

rents as well as direct yield requirements and cost of capital requirements. Specific changes in the properties are changes in the level of vacant space, investments made and the cost trend. The market situation during 2008 has meant that the external factors in particular, i.e. direct yield requirements and cost of capital, have increased, resulting in lower property values. Uncertainty in the property industry during the year has increased markedly and Akademiska Hus cannot affect these valuation items, which do not have an impact on cash flow. It is very important to point out, however, that for Akademiska Hus other factors that can be influenced, such as vacant space, investment and management costs, have not deteriorated.

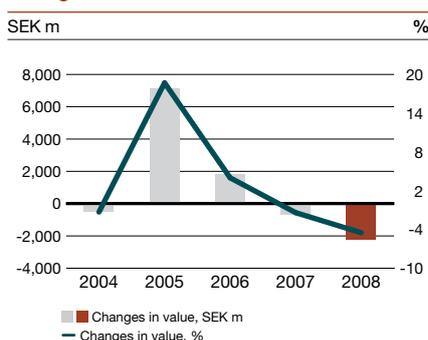
Changes in value are often the single largest item in the Income Statement. It is, however, an unrealised profit and does not affect the cash flow. An unrealised change in value of one per cent affects the profit by SEK 463 million. In conjunction with property valuations, account is normally taken of an uncertainty range of +/- 10 per cent due to the uncertainty in the assumptions and calculations. For further details regarding property valuation, reference can be made to the Property valuation section.

Rental income

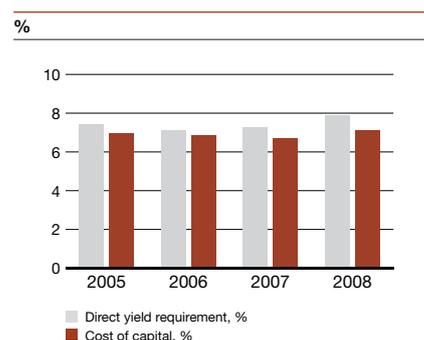
Rental income is assured through, by industry standards, long leases. The average term for a newly signed lease with Akademiska Hus is ten years and at the year-end the average remaining lease term was 5.9 years.

Specialist buildings intended for laboratory and research operations account for 34 per cent of the holdings and leases are normally signed with terms of ten years or more. In recent years, however, the customers' need for premises has fallen and many universities

Changes in value



Valuation variables



and colleges are reviewing their requirements.

Around 70 per cent of the rents are adapted annually to changes in the CPI. A small lease volume is also adapted to changes in interest rates.

In conjunction with rent negotiations there is a continuous follow-up of the lease renewal structure with the aim of securing an even spread of renewal dates. A change in rental income of one per cent affects the Group's pre-tax profit by SEK 48 million. The fair value changes by SEK 374 million if unleased rental income changes by one per cent and by SEK 646 million if the rental income in total changes by one per cent.

Income for Akademiska Hus is very strong. Few property companies can report such a combination of long, secure revenue flows.

Rents from government-controlled customers account for 87 per cent of the rental income and this income does not represent a credit risk.

Vacant space

An increase in vacant space has a direct impact on profit. The follow-up and handling of current and future vacant space is a high priority. Special plans have been drawn up to deal with all vacant space in conjunction with operational follow-up and these are also reported to the board of each regional company.

Vacant space amounted to 118,797 square metres (99,155), which is equivalent to 3.7 per cent (3.1). The economic level of vacant space is lower and is 1.5 per cent (2.1). Vacant space generally has a lower rental value than the property holdings. The economic level of vacant space is equivalent to SEK 73 million (97). A change in the economic level of vacant space of one percentage point is equivalent to a change in pre-tax profit of SEK 44 million. The fair value would be changed by SEK 361 million if the unleased vacant space were to change by one percentage point and by SEK 490 million if the total vacant space were to change by one percentage point.

Vacant space within Akademiska Hus is very low compared with other property companies.

Operating costs

Operating costs are regarded in part as fixed costs as heating is often still necessary even if floor space is vacant. Energy costs make up the majority of the total operating costs and are difficult to influence in the short term regardless of possible vacant space. Energy costs in recent years have increased more rapidly than rents, which has had a negative impact on profit and growth in value. This

has, however, not had a full impact on profit as a result of early procurement and energy-saving measures. A change in operating costs of one per cent affects profit by just under SEK 9 million and the fair value by SEK 101 million.

Approximately 50 per cent of the cost of energy, fuel and water is passed on to the customers as a rent supplement. This means that Akademiska Hus is not fully exposed to price increases. To deal with possible rises in electricity prices, 79 per cent of the estimated consumption in 2009 was hedged as of the year-end. Electricity is purchased directly on the electricity exchange Nordpool on a Group basis.

Maintenance and investments

Maintenance costs are to a large extent floating and can be reduced or postponed to meet a fall in profit or vacant space. A change in maintenance costs of one percentage point would affect profit by SEK 6 million and the fair value by SEK 38 million (change in the standard maintenance cost in the property valuation).

The management organisation is working on a maintenance plan for each individual building. The measures taken over the years have meant that the property holdings are now well maintained.

Investments, i.e. value-enhancing measures, are only made if there is a calculation and a lease with a tenant which together justify the investment on business grounds.

Financial risks

Due to its secure equity ratio, Akademiska Hus has a lower financial risk than the majority of other property companies. The high interest coverage ratio is a measure of the good financial capacity. This opens up the

opportunity for us to invest in buildings on behalf of our customers even in times of financial unrest.

Akademiska Hus carries on financing operations with well-adapted strategies, striking a balance between financial risks and a low financing cost. The finance policy adopted by the Board presents the long-term strategic orientation, the Group's risk approach and how exposure to financial risks should be handled and what mandates there should be to handle these risks. The plan for handling financial risks for the forthcoming year is laid down in December and includes authorisation and the mandates as well as concrete plans for financing operations. Handling of the liability portfolio interest risk takes place within the framework of a separate fixed interest mandate. The average fixed interest period at the year-end was 1.9 years, which is why fluctuations in market interest rates do not have an immediate impact on the liability portfolio. Financing is presented in more detail on pages 39–42.

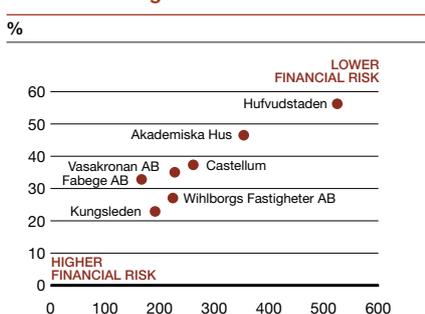
Sensitivity analysis

The table contains a sensitivity analysis which shows how the Group's pre-tax profit, return on equity and assessed fair value would be affected in the event of changes in different variables/factors.

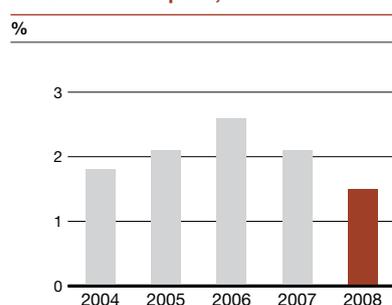
The analysis shows the impact on an annual basis at full effect.

A change in the cost of capital and the direct yield requirement of one percentage point would affect the profit and fair value by SEK 6–7 billion and the return on equity would change by 17–22 percentage points. Changes in the cost of capital or direct yield requirement are factors that affect the fair value most. It is, however, important to bear in mind that the cash flow is not affected by

Interest coverage ratio



Level of vacant space, rent



such a change. Akademiska Hus's influence-able income and cost items which affect profit and valuation are rental income, vacant space, operating costs, maintenance costs, property administration costs and to a certain extent the interest cost. In the sensitivity analysis the current contract portfolio has been taken into account with regard to rental income and vacant space as if the variables were entirely floating. A change in any of these items affects profit and valuation according to the table. The graph shows the historical outcome regarding the factors in the sensitivity analysis. A change in the vacant space situation does not have any tangible effect on profit whilst from a valuation point of view it would have a major effect if the average economic level of vacant space were to increase from, for example, 1.5 per cent to 2.5 per cent and the increase in vacant space reflects an average of the rental value. Such

an increase in vacant space, expressed as the number of square metres, would only mean around 32,000 square metres.

Sensitivity analysis, liability portfolio

The Akademiska Hus interest-bearing liability portfolio is constantly exposed to interest rate changes on the market. As the fixed interest period is diversified and in accordance with the current risk mandate, a minimum of one year on average, the variations in the interest cost will fluctuate to a lesser extent than if the fixed interest period had been very short, e.g. three months. Akademiska Hus has fixed interest periods both within and outside the balance sheet in the form of interest derivatives. The aim of these is to facilitate an extension of the liability portfolio's fixed interest period in addition to what has been achieved in the financing. If the interest rate goes up the existing fixed interest period

would need to be subject to a higher rate of interest and thus increase the value of the interest derivative portfolio. In the following analysis the impact on profit of a rise in the interest rate by one percentage point is presented for all terms. The calculations are based on an unchanged liability amount.

Current investments had a very short fixed interest period, which justifies not taking into account the impact on profit.

The analysis of the liability portfolio interest sensitivity is divided into two parts:

- A change in value of the interest derivative portfolio (current values).
- Cash flow effects over a calendar year for items with a short fixed interest period which are given a new short-term rate of interest for the remainder of the year.

Sensitivity analysis 2008

Change	Impact on pre-tax profit, SEK m	Impact on return on equity, percentage points	Impact on fair value, unleased, SEK m	Impact on fair value, percentage points	Impact on fair value, full recalculation without taking into account the lease situation, SEK m	Impact on fair value, percentage points
Rental income, +/- one per cent	48	0.1	374	0.8	646	1.4
Vacant space, +/- one percentage point	44	0.1	361	0.8	490	1.1
Operating costs, +/- one per cent	9	0.0	101	0.2	101	0.2
of which energy, fuel and water	6	0.0	68	0.1	68	0.1
Maintenance costs, +/- one per cent ¹⁾	6	0.0	38	0.1	38	0.1
Cost of capital, + one percentage point	-2,910	-8.7	-2,910	-6.3	-2,910	-6.3
Cost of capital, - one percentage point	3,188	9.6	3,188	6.9	3,188	6.9
Direct yield requirement, + one percentage point	-2,866	-8.6	-2,866	-6.2	-2,866	-6.2
Direct yield requirement, - one percentage point	3,855	11.6	3,855	8.3	3,855	8.3

¹⁾ A change in the maintenance cost has in the event of an effect on the profit and return on equity been calculated based on actual maintenance costs. The effect on the fair value has been calculated based on a standard maintenance cost in the valuation model.

Sensitivity analysis, liability portfolio

	Nominal amount, SEK m	Maturity, years, average	Fixed interest period, years, average	Interest, %	Interest risk, one interest point, SEK m	Change in value of + 100 interest points, SEK m as of the year-end ¹⁾	Net interest income/expense with +100 interest points, SEK m during the remainder of the calendar year ¹⁾
Fixed interest within the balance sheet	2,620	4.79	4.79	3.47	1.0	-	-
Interest derivatives, fixed interest	3,486	-	2.97	4.68	1.3	133	-
Interest derivatives, variable interest	-3,486	-	0.23	-4.88	-0.1	-	27
Variable interest within the balance sheet	12,944	4.19	0.16	4.84	0.2	-	-109
Total	15,564	4.29	1.55	4.56	2.5	133	-82

¹⁾ Refers to 100 interest points in a parallel displacement of the yield curve.

Energy efficiency for reduced climate impact

With effect from 2008, Akademiska Hus will present a Sustainability Report in which sustainability is presented from the point of view of financial liability, environmental liability and social liability, which ensues from the definition of sustainability. The Sustainability Report will be available at www.akademiska-hus.se. The Annual Report only contains an extract from the Sustainability Report.

The Akademiska Hus environmental programme focuses on four important areas: energy management, material management, phasing out of hazardous substances and a good indoor environment. The issue that has been assigned the highest priority is reducing energy use by 30 per cent, thus reducing Akademiska Hus's impact on the climate.

The most significant issue for the property industry and the greatest challenge for Akademiska Hus is to reduce energy use. Electricity, heating and water make up a large proportion of the floating costs and energy use is thus, apart from being an important environmental issue, also a major cost that can be influenced. The aim is to find the best energy solution for each individual property. Akademiska Hus has the long-term aim for current energy use of reducing the volume of purchased energy (kWh/m²) by 30 per cent through to 2025 compared with the figure in 2000.

Reduced energy use 2008

The result for energy use for the year shows that Akademiska Hus is well on the way. During the year, the proportion of purchased energy fell by 1.5 per cent, which means that since 2000 Akademiska Hus has succeeded in reducing the Group's purchased energy requirements by over 20 per cent. During 2008, Akademiska Hus set stricter energy-related

objectives for the Company with regard to new construction and redevelopment. The new objectives exceed the stipulations laid down by the National Swedish Board of Building, Planning and Housing.

During 2008, Akademiska Hus worked on energy declarations for its property holdings in line with the requirements laid down in the new Energy Declaration of Buildings Act (SFS 2006:985). In accordance with the Act, Akademiska Hus engaged the services during the year of an independent expert with specialist knowledge of energy use and indoor environment in order to prepare energy declarations for the 700 or so buildings involved (equivalent to around 3 million square metres).

At the turn of the year, around 600 of these had undergone an energy declaration inspection and now have a sign verifying that the building has been declared. The remaining buildings will be energy-declared at the beginning of 2009. A preliminary calculation shows that the work done to date will contribute to an annual savings potential of between 10 and 20 per cent. Calculated at the current energy price, this is equivalent to an annual cost reduction of approximately SEK 70–150 million.

Material management

A target for Akademiska Hus is to work actively to improve efficiency in the way the industry handles and manages material. During the year, Akademiska Hus was involved in a steering committee for the Ecocycle Council working committee for the industry standard "Guidelines for ecocycle-adapted waste management in conjunction with construction and demolition". This involvement has resulted in, among other things, group

environmental stipulations for procurement assignments governing the handling of waste and materials for disposal as well as the purchase of goods and services. The aim is to reduce the volume of construction waste and improve material management.

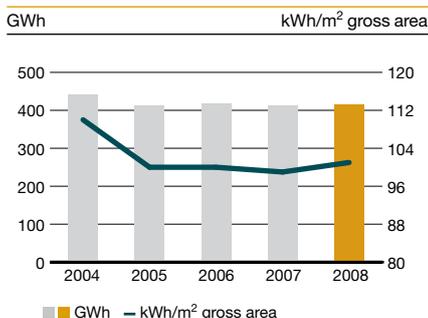
The volume of waste generated within day-to-day operations at Akademiska Hus is small. Waste arises more in conjunction with demolition and redevelopment whilst waste in the form of off-cuts and disposal arise more in conjunction with new construction. In January 2008, Akademiska Hus introduced a web-based tool for reporting and following up waste volumes in conjunction with demolition, new construction and redevelopment with the aim of documenting waste volumes in various projects sent for disposal. The work on introducing the tool will continue during 2009.

Phasing out of hazardous substances

During the year, Akademiska Hus was very much involved in development in the industry with a focus on phasing out hazardous substances. The term 'hazardous substances' refers to substances in chemical products or goods which could have an undesired effect on the environment or human health. This could take the form of inbuilt substances in construction goods and in chemical products used in running the properties. Among other things, Akademiska Hus, together with the largest property owners and developers in Sweden, has produced a standard for the environmental assessment of construction materials: Byggarbedömningen (Construction Material Assessment).

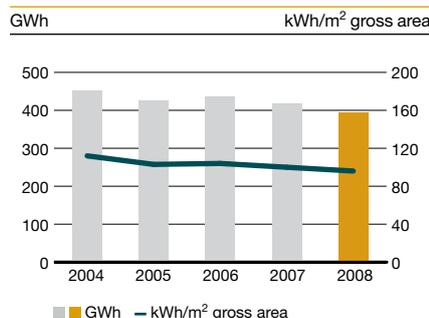
In February 2008, Akademiska Hus, in co-operation with 20 or so of Sweden's largest property owners, introduced a joint system

Electricity use



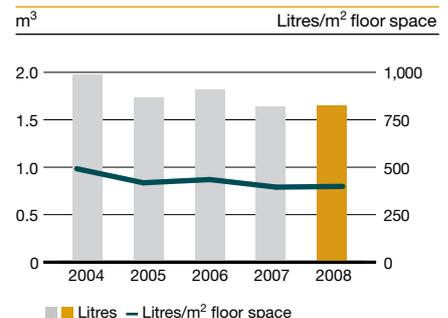
Electricity is supplied to Akademiska Hus through the National Grid. The proportion of carbon dioxide-free-generated electricity (hydro-electric power and nuclear power) is 90 per cent with 10 per cent coming from fossil fuels.

Heating use



The carbon dioxide-free-generated heat (bioenergy and surplus energy) is 80 per cent with 10 per cent coming from fossil fuels.

Water use



Akademiska Hus as a whole uses water from the Swedish municipal system.

for the environmental assessment of construction materials. The aim of the Construction Material Assessment is to ensure that buildings of the future are constructed using only environmentally assessed and environmentally approved products.

During the year, Akademiska Hus commenced work on implementing the Construction Material Assessment as a system and this work will continue during 2009.

Good indoor environment

Akademiska Hus properties and campuses shall satisfy the customers' changing needs over time. Consequently, Akademiska Hus is focusing on creating good indoor environments which are a prerequisite for health and job satisfaction among all users of the premises. The Satisfied Customer Index (NKI) indicates that Akademiska Hus customers regard the premises as being pleasant. The NKI increased from 69 to 70. The NKI survey shows that for the question regarding satisfac-

tion with premises the figure was 71 and for the question about whether the premises are pleasant the score was 75.

During the year Akademiska Hus commenced radon measurements in all buildings that house permanent workplaces. More detailed radon inventories with subsequent detailed measurements in the buildings are carried out in those places where increased levels are indicated and where they could be suspected of being a health problem. The aim is that the radon situation should be examined, rectified as necessary and reported by December 31, 2009 at the latest.

Organisation of the environmental programme

The Akademiska Hus Environmental Network is a group unit for handling environmental issues that are common to Akademiska Hus. Each year the Environmental Network prepares proposals for all environmental objectives based on the four long-term and important environmental aspects at Akademiska Hus – energy management, material management, phasing out of hazardous substances and a good indoor environment. The proposal is subsequently adopted by the Group Board. The regions then break down the overall environmental aims into detailed objectives and activities on the regional level. Within each region there is an environmental co-ordinator who is also part of the Akademiska Hus Environmental Network. The starting point for the environmental programme is a Group action plan, prepared by the Environmental Network. Active environmental work then takes place on the local level where the aims and activities are incorporated in concrete terms into the regions' business plans with a formal examination,

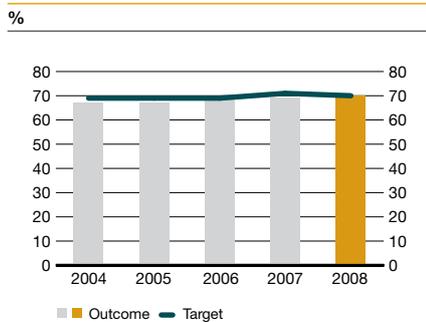
complete with decisions, liability, implementation and follow-up.

The Akademiska Hus Environmental Policy is the most important control document for environmental work. The Environmental Policy was formulated in conjunction with certification according to ISO 14001 in 2004. The Environmental Policy describes the Akademiska Hus strategy and general willingness with regard to the Company's environmental work. The Environmental Policy is communicated internally, both through AkaVision and through the Akademiska Hus intranet AkaCampus. External communication takes place mainly through the Akademiska Hus Sustainability Report and through the Akademiska Hus website.

Climate survey

During 2008, the Akademiska Hus Environmental Network initiated a project to analyse how the scenario of future climate changes would impact on the Company's existing and future property holdings. The project went under the working name 'Climate Impact on Buildings' and the aim was to increase knowledge of which construction materials ought to be used at what design is required for a future climate change. Despite the fact that the project has not yet been completed, the preliminary results show that a climate change would entail greater demands on the maintenance of existing buildings and new buildings and that the lifespan for materials in the climate shell would be reduced. The preliminary results also indicate that certain types of building where the construction is ventilated by external air, e.g. low-headroom, accessible foundations and unheated lofts, will become more risky and therefore ought to be avoided or checked carefully.

Satisfied Customer index



Akademiska Hus environmental policy

- Akademiska Hus shall be environmentally certified and in doing so satisfy applicable laws, ordinances and other requirements.
- Akademiska Hus shall work to ensure compliance with demands regarding the prevention of pollutants that could arise in the course of operations and shall work to ensure that the environmental programme is constantly improved in an environmentally adapted and resource-efficient way.
- Akademiska Hus shall work to ensure that similar environmental care is demonstrated by customers, suppliers and other partners and ensure that it has an impact throughout the whole of the company's operations.

- Akademiska Hus shall make improving energy efficiency and the development of alternative energy production a high priority.
- Akademiska Hus shall endeavour to find the most efficient energy solution for each property to the benefit of both customers and Akademiska Hus.
- Akademiska Hus shall, through its high level of in-house expertise, remain at the forefront in the development and use of modern, efficient technology with a good environmental profile that supports construction and management and ultimately our customers' operations.



A good employer and an attractive workplace

Akademiska Hus aims to be exemplary with regard to matters involving healthy workplaces, equality, diversity and ethics. Akademiska Hus is working continuously on these issues. By being a good employer we can recruit new employees more easily and develop the organisation.

By working with strategic competence development and the provision of managers and supervisors, Akademiska Hus is seeking to create good conditions for professional and personal development. The aim is to be perceived as an attractive, stimulating employer. The property industry currently employs around 100,000 people. Figures from Statistics Sweden and the Property Industry Training Board show that in the next two years alone a further 20,000 people will be required in the industry to cover forthcoming retirements.

It will therefore be increasingly important to mediate Akademiska Hus's positive approach and the potential for individual training and development. The combination of technically interesting management environments, large and advanced construction projects and the customers' advanced operations are strong contributing factors in attracting new employees to Akademiska Hus.

Extensive competence development

The rate of education and development in the Group continues to be high. It is

important that from the outset employees have a good level of education and that during their employment they constantly undergo continuing professional development training in order to keep pace with the customers' renewed requirements and conditions. The average training cost per employee in 2008 was SEK 20,500 (20,000), which covers both external and in-house training.

Appraisal discussions are an important basis for competence development and the aim is that each employee shall have regular appraisal discussions with their supervisor. In 2008, 86 per cent stated that they had had an appraisal discussion with their supervisor during the past year. Based on business plans and individual objectives that emerge from the appraisal discussion, each employee has a personal development plan. This includes the deepening of knowledge within specialist areas and also general training in areas such as customer relations and personal development. Once a year a joint training day is run for all employees in the Group where the emphasis is very much on greater knowledge and understanding of the parts of the Group in which one is not personally active. Customers and other external persons are invited to the training day as speakers.

More satisfied employees

How satisfied employees are with their working situation and Akademiska Hus as

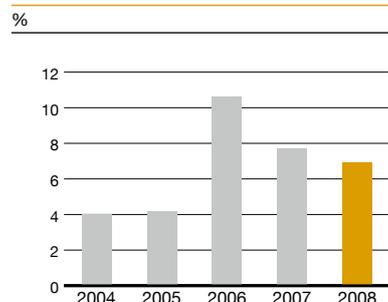
an employer is measured annually through a questionnaire. The 2008 questionnaire showed that Akademiska Hus employees are noticeably more satisfied with their working situation. The Satisfied Employee Index (NMI) was 70, which is an improvement of one point and the highest figure ever measured in the Group. On a 100-point scale, 70–80 is a strong rating and over 80 is excellent.

Working environment

The Group working environment programme has been certified according to AFS 2001:1 'Systematic management of the work environment' since 2007. Certification means, among other things, that Akademiska Hus has undertaken to constantly improve an already good working environment. In the Group, 52 employees are involved in the formal working environment committees that have been set up at the different companies.

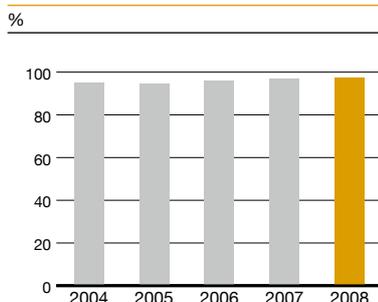
Certification also means that each year Akademiska Hus examines which risks exist in our operations and the risks to which our tenants are exposed and which are of significance to the safety and health of Akademiska Hus employees. Based on the identified risks, the expertise, present working methods and other aids available to the employees are mapped and developed in order to handle these risks safely. Another important part of the certified working environment programme is to inform both the Company's

Staff turnover, Group



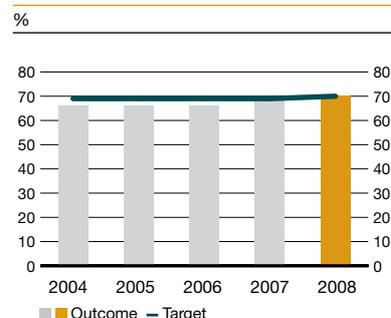
Staff turnover for 2008 amounted to 6.9 per cent (7.7). The number of retirements in the next few years is 10–15, which is equivalent to approximately 3 per cent.

Attendance



Absence due to illness for 2008 was 2.6 per cent (3.3), of which long-term absence was 1.1 (2.1) percentage points. Since 2005, Akademiska Hus has had a health and fitness programme and since 2008 health care insurance for all employees.

NMI (Satisfied Employee Index)



The Satisfied Employee Index (NMI) for 2008 was 70 (69). The NMI target for 2008 was 70 and was thus achieved. The 2008 survey shows an improved result for the majority of the factors. Most (87 per cent) state that they enjoy their work and half of the employees feel that working at Akademiska Hus has improved during the year.

personnel and suppliers and contractors who have been brought in about the risks that a specific task could entail. This type of information often takes the form of local safety regulations, formulated by Akademiska Hus alone or together with the tenant.

One of the most important elements in the certified working environment programme is to follow up and provide feedback on the results to the Company's executive management, who then decide whether the system is working and which measures need to be taken to improve the system.

Healthcare initiative

In 2005, Akademiska Hus started a three-year health development programme aimed at increasing health awareness and reducing poor health among employees. The aim of the programme was to reduce the risk of occupational injury and reduce absence due to illness and staff turnover. The reaction to the programme by the employees has been positive. Since the beginning, approximately 87 per cent of Akademiska Hus staff have taken part in the health development programme in some form. In addition, all employees have been offered an annual health and fitness grant of SEK 3,000.

The considerable reduction in absenteeism due to illness since 2005, 52 per cent, is an indication that the programme has had a tangible effect with healthier employees as

a result. Absenteeism due to illness during the year was 2.6 per cent (3.3), of which long-term absenteeism due to illness, i.e. a continuous period of absence due to illness of at least 60 days, was 1.1 percentage points (2.1).

The health and fitness programme also included training of regional health and fitness motivators, who act as a driving force for the employees and encourage them to continue their health and fitness efforts. To prevent and reduce the cost of absenteeism due to illness, Akademiska Hus has worked with Alecta to formulate a common group routine for sickness and rehabilitation. The routine has been referred to and accepted by all managers who have also received training in this area. The aim is, through uniform handling, which has been clarified for both managers and employees, to create conditions for taking care of people better when they fall ill.

Staff turnover continues to be on a relatively normal level, 6.9 per cent (7.7), with between 10 and 15 retirements each year.

Equality and diversity

At the end of the year, Akademiska Hus had 420 permanent employees, of whom 24 per cent were women. There is a conscious endeavour to achieve a better gender balance, both in positions in the organisation and in management groups and Group networks. In the more operative positions the property

industry is still very much male-dominated, although Akademiska Hus does have eight female property managers and seven female project leaders in what are traditionally male positions.

The Akademiska Hus guidelines include working to achieve greater ethnic diversity, which among other things, means that each time a person is recruited the company should take into account ethnic diversity is a key factor. Around 10 per cent of Akademiska Hus employees, i.e. 44 persons, have a foreign background with at least one parent who was born outside Sweden.

Values

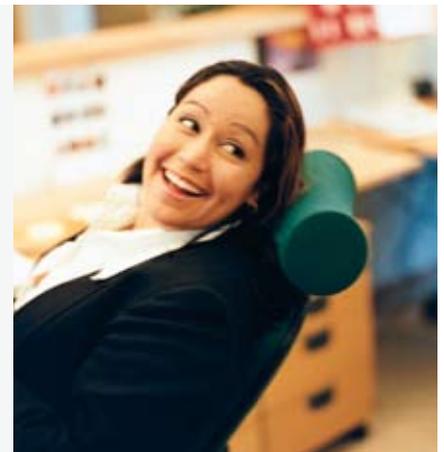
AkaVision is the overall strategy document based on the wish to provide all employees with a common set of values in their daily work and a uniform strategy that harmonises with the Company's business concept. AkaVision describes, among other things, Akademiska Hus's values and the approach that should characterise the employees' relationship with each other and with external parties. Our values are creativity, attractiveness, long-term thinking, profitability and efficiency. These are key words in Akademiska Hus operations.

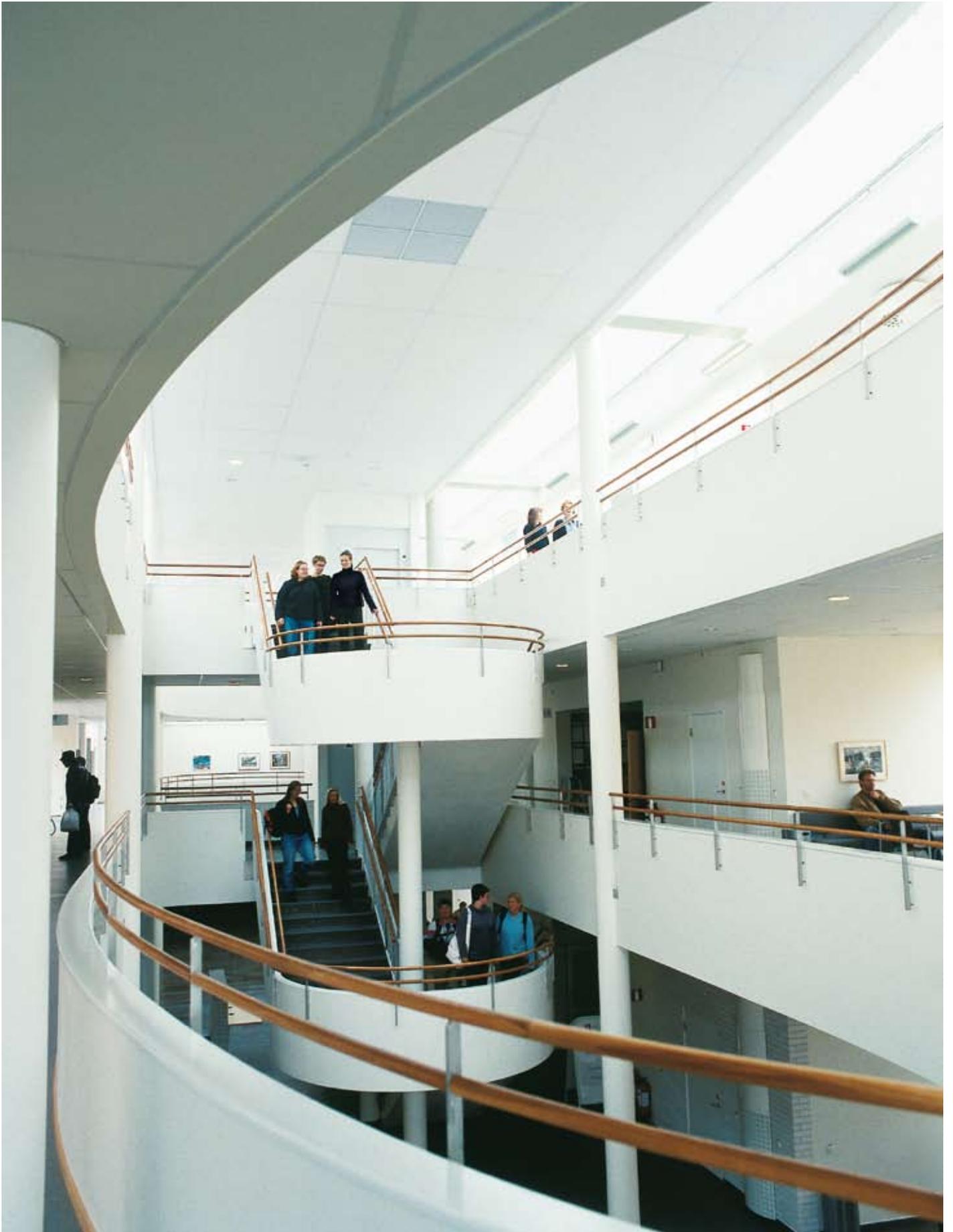


Core values

The creation of AkaVision began in 2004 as part of work that involved all Akademiska Hus employees. Through group work Akademiska Hus identified the orientation and the common values shared by employees.

Using AkaVision as a foundation, a number of directives and guidelines are being drawn up on an ongoing basis for certain strategic areas within Akademiska Hus, such as property valuation, financing, investment, auditing, reporting and environmental work.





BOARD OF DIRECTORS

Eva-Britt Gustafsson

Born 1950. MBA. Chairwoman since 2007. President of Apoteket Omstrukturering AB. Other positions: Member of the boards of JM AB, Svenska Spel AB, Setra-Group AB and Euler Hermes Kreditförsäkring Norden AB.

Charlotte Axelsson

Born 1948. Graduate in social science and administration. Member since 1998. President of HSB Stockholm. Other positions: Deputy Chairwoman of the employers' association Fastigo, Deputy Chairwoman of the National Swedish Property Board. Also board appointments linked to work as president of HSB Stockholm.

Sigbrit Franke

Born 1942. PhD. Member since 2001. Head of government commission to examine new teacher training; Senior Advisor Umeå University; Visiting Professor, Royal Institute of Technology. Chairwoman of the Royal Dramatic Theatre and the Education Science Committee within the Swedish Research Council, board member of Umeå University, Lifco. Fam. Erling-Perssons Foundation, Supreme Education Council, Qatar.

Marianne Förander

Born 1967. MBA. Member since 2003. Deputy Director at the Ministry of Enterprise, Energy and Communications, State Ownership Unit. Other positions: Member of the board of Vasallen AB and Specialfastigheter Sverige AB. Previous positions: First Secretary, Ministry of Finance, Companies and Properties Unit, Auditor, BDO Feinstein Revision AB and Peters och Co Revision AB.

Per Granath

Born 1954. MScEng. Member since 2005. President and CEO of Humana Group AB. Other positions: Chairman of the board of Svefa Holding AB, Chairman of Resurs Bemanning CNC AB. Studies at the School of Business, Economics and Law, Gothenburg University and Stockholm University. Previous positions: President of Intellecta AB. President of KF Fastigheter AB, Vice President of Scandiaconsult AB and vice president of Handelsbanken Securities.

Thomas Jenninger

Born 1956. High school graduate. Employee representative (Ledarna) since 2008. Operating Manager at Akademiska Hus Uppsala AB. Other positions: Chairman of BRF Kungsängen 4 and Samf Väveriet in Uppsala.

Sveinn Jonsson

Born 1942. High School Education. Employee representative (SEKO) since 2001. Operating Engineer at Akademiska Hus Syd AB. No other board appointments.

Maj-Charlotte Wallin

Born 1953. MBA. Member since 2004. President of AFA Försäkring. Other positions: Member of the board of FAO and a member of the Fund Delegation of the Legal, Financial and Administrative Services Agency. Previous positions: Vice President Alecta Pensionsförsäkring, President of Jones Lang LaSalle, President of Nordbanken Fastigheter.

Göran Wendel

Born 1954. High School Economist. Member since 2006. Consultant, Sensa Corporate Advisers. Other positions: Member of the board of the employers' association Fastigo.

Ingemar Ziegler

Born 1947. BA. Member since 2007. President of AB Storstockholms Lokaltrafik. Other positions: Member of the board of AB Transitio, AB SL Finans, Samtrafiken i Sverige AB, Trafik i Mälardalen (TiM), SL Infrateknik AB, Stockholm Terminal AB, deputy board member AB SLL Internfinans. Previous positions: President of Locum AB 1992–2006, President of Diösförvaltning 1989–1992, President of Stockholms Mark- och Lokaliseringsbolag 1988–1989, Finance Secretary, City of Stockholm 1986–1988.

AUDITOR

Peter Gustafsson

Deloitte AB
Born 1956. MBA. Lead auditor at Akademiska Hus since 2003. Authorised Public Accountant. Other assignments: Lead auditor for, among others, Port of Gothenburg, Nexus, Rezidor Hotel Group, SAAB Automobile, SAS, Semcon, Ledstianan and Teleca. Previous assignments: Lead auditor for, among others, Elanders and Guide. Has been in the profession for 29 years, authorised public accountant for 21 years.



Eva-Britt Gustafsson



Charlotte Axelsson



Sigbrit Franke



Marianne Förander



Per Granath



Thomas Jenninger



Sveinn Jonsson



Maj-Charlotte Wallin



Göran Wendel



Ingemar Ziegler

EXECUTIVE MANAGEMENT

Mikael Lundström

Born 1961. MScEng. President and CEO of Akademiska Hus from 2009. Regional Director, South. Employed 2005. Previous experience: Vice President Jones Lang LaSalle AB, Regional Manager Skandia Fastighet and Head of Administration NCC Fastigheter.



Mikael Lundström



Hans Antonsson

Hans Antonsson

Born 1950. MScEng. Regional Director, Akademiska Hus Uppsala. Employed 1996. Previous experience: President Akademiska Hus i Umeå/Luleå, President UMI Fastighetsutveckling, Head of Property Department Umeå Municipal Authority, Assistant Director, Head of Property Supply, Umeå University.

Bengt Erlandsson

Born 1946. Construction engineer. Regional Director, East. Employed 1993. Studies at Linköping University. Previous experience: Property Manager, National Swedish Board of Public Building, Area Manager AB Stångåstaden, Head of Human Resources, Tekniska Verken i Linköping AB.



Bengt Erlandsson



Birgitta Hohlfält

Birgitta Hohlfält

Born 1958. BA Soc. Admin. Regional Director, West. Employed 2005. Previous experience: Planning adviser, Akademiska Hus Group Office. Head of property supply and operating manager Karlstad University, Planning Manager, Property Department, Karlstad Municipal Authority. Board appointments: Member of the board of the Building Management Issues Foundation.



Matias Lindberg



Anders Rubensson

Matias Lindberg

Born 1965. BBA. Regional Director, North. Employed 2006. Previous experience: President AB Telgebostäder, Vallonbygden AB and Århus AB.

Anders Rubensson

Born 1951. BA Soc. Admin. Planning Director, Akademiska Hus. Employed 1993. Previous experience: Head of Department, Regional Administration Manager and other positions at the National Board of Public Building. Board appointments: member of ALMEGA Fastighetsarbetsgivarna.



Unni Solbe



Sten Wetterblad

Unni Solbe

Born 1965. MBA. Regional Director, South. Employed 2009. Previous experience: Head of Business Area HSB Malmö, Property Manager and Senior Controller MKB Fastighets AB, Controller ABB Switchgear AB.

Sten Wetterblad

Born 1957. MScEng. Regional Director, Stockholm. Employed 2008. Regional Director, Stockholm Employed 2008. Previous experience: Property Director, City of Stockholm; Property and Market Hall Director, City of Stockholm, Vice President Stockholm Parkering, Property Manager Kullenberg, Site Manager/Project Manager Platzer.

GROUP MANAGEMENT

Per Brantsing-Karlsson

Born 1964. MBA. IT Manager, Akademiska Hus. Employed 2003. Previous experience: Operational Consultant Preera AB and Ekan AB, Economist specialising in IT, Förorterernas Bostads AB and Bostads AB Poseidon.



Per Brantsing Karlsson



Tomas Hallén

Tomas Hallén

Born 1951. MScEng. Technical Director, Akademiska Hus. Employed 1998. Previous experience: Own consulting firm Energiprojekt AB. Board appointments: Member of Chalmers EnergiCentrum CEC, member of Projekt EnergiSystem PES, member of the Energy Development Board, EUN for overall control of the energy authority STEM. Member of the National Board of Housing, Building and Planning Energy Council. Member of the IVA Academy.



Gunnar Oders



Agneta Rodosi

Gunnar Oders

Born 1956. MBA. Director of Accounting and Finance, Akademiska Hus. Employed 2001. Previous experience: Head of Accounting and Finance, Higab and Bostads AB Poseidon.

Agneta Rodosi

Born 1957. MBA. Treasurer, Akademiska Hus. Employed 1994. Previous experience: Responsible for the money and capital markets at Första Sparbanken and den Norske Creditbank, Sweden. Board appointments: Member of the board of the Swedish Ships' Mortgage Bank.



Carolin Åberg Sjöqvist



Martina Wahlström

Carolin Åberg Sjöqvist

Born 1968. LL.M. General Counsel, Akademiska Hus. Employed 2004. Previous experience: Lawyer Advokatfirman Glimstedt, Associate Judge of Appeal, Court of Appeal for Western Sweden.

Martina Wahlström

Born 1966. Public Relations Officer. Director of Corporate Communications, Akademiska Hus from July 2008. Temporary replacement for Katarina Hägg (parental leave). Previous experience: Head of Corporate Communications, PR and Community Contacts within SVT, 1998-2008, most recently as Head of Corporate Communications for SVT Väst.

Mikael Lundström

See Executive Management

Anders Rubensson

See Executive Management.

Swedish government as owner demands added value

An ongoing process is taking place to develop the rules and routines which ensure transparency, a clear allocation of responsibility between different corporate bodies and the efficient functioning of the Board of Directors.

This report, which was adopted by the Board on March 5, 2009, describes the structure and processes for Group management and control. The Company complies with the Swedish Corporate Governance Code (the Code) as well as statements from the Swedish Corporate Governance Board and also applies the guidelines laid down by the government in its ownership policy www.regeringen.se. In addition, Akademiska Hus follows the rules laid down in the Code governing the provision of information, in corporate governance issues for example, on the Company's website as well as the time and venue of the Annual General Meeting.

The Company's articles of association also state that the Company's operations shall be to own and manage real estate and carry on building activities and building administration and operations compatible therewith, as well as own and manage moveable property.

Deviations from the Code

The Code has been prepared for companies with a broad ownership base. The election committee is in the first instance a body for shareholders to prepare decisions regarding appointments. For companies wholly owned by the government the rules laid down in the Code regarding an election committee are replaced by principles regarding a structured nomination process, which are to be found in the government ownership policy (see below).

Code rule 2.1-2.3 appointment of a Board of Directors and auditors

Akademiska Hus does not apply the rules in the Code regarding the appointment of a Board of Directors and auditors.

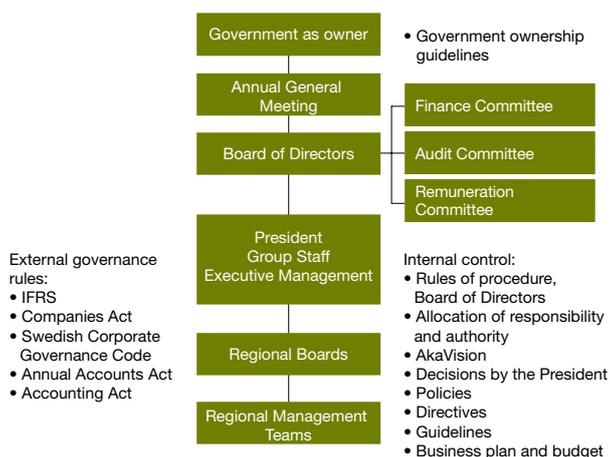
Code rule 3.2.5 Reporting of the independence of Board members

Akademiska Hus does not apply the rules in the code regarding the reporting of the independence of Board members.

Owner control

The primary task is to offer the country's universities and colleges, suitable buildings for education and research. The Company shall

Governance structure Akademiska Hus



also have the responsibility as manager of capitalising on the significant economic and cultural values that exist in the properties.

Akademiska Hus is wholly owned by the Swedish government through the Ministry of Enterprise, Energy and Communications. It is the owner's policy that ownership of Akademiska Hus should be long term. The government and the Ministry of Enterprise, Energy and Communications decide on government ownership policy and guidelines for government-owned companies. According to the guidelines, government-owned companies should be as transparent as listed private companies. They should act as a role model with regard to sustainability and healthy workplaces as well as equality and diversity at the workplace. Akademiska Hus is working continuously in all the aforementioned areas and has control documents that describe how the work on ethics, sustainability, equality and diversity takes place.

Nomination of board members and auditors

It is the Government's objective that boards should have a high level of expertise that is well adapted to each company's operations, situation and future challenges. Each nomination of a board member should be based on the need for expertise within the board of the company in question. The composition of the board should be such that the board always has knowledge of the industry or other know-how which is relevant to the company. The composition should also be such that a balance is achieved in terms of background, age and gender. The owner applies a structured nomination process in conjunction with the appointment of Board members and auditors. The nomination process is conducted and co-ordinated by the unit for state ownership at the Ministry of Enterprise, Energy and Communications. Members are selected from a broad recruitment base.

Annual General Meeting

The Annual General Meeting must be held within six months of the end of the financial year but should take place before April 30 each year. At the Annual General Meeting the shareholder elects, among others, the Board of Directors and auditors and also decides on discharge from liability for the Board of Directors and the President. The Board decides on guidelines for remuneration to persons in leading positions and, where applicable, amendments to the articles of association.

The Board of Directors

The Board of Directors is responsible for the overall management of the Company's business according to the Companies Act as well as decisions of major strategic and financial significance. The Board also decides on major investments and divestments as well as adoption of the budget and annual accounts. The work of the Board is governed by the rules of procedure adopted each year by the Board. The rules of procedure lay down the Board's working methods, instructions for the President and instructions for the Board's committees.

During 2008, the Board comprised eight members elected at the Annual General Meeting as well as two members to represent the employees in the Company. One of the two members who represent the employees was re-elected. Parzin Seradji retired from the Board and Thomas Jennlinger was elected whilst the other members were re-elected. Of the eight members elected at the Annual General Meeting, one member is an employee at the Swedish Government Offices.

The Chairman of the Board leads the work of the Board and represents the Board and the Company in dealings with the owner. The Chairman is also responsible for making an evaluation of the work of the Board.

The Board meets at least five times a year, of which one meeting should be devoted to matters of a long-term, strategic nature. If necessary, extraordinary meetings are held for specific matters. The Group's auditors take part in at least one Board meeting during the year and on one occasion the Board meets the Company's auditor without the President or other person from the Executive Management being present.

In 2008, the Board met as follows:

January	Year-end Report
March	Annual Report and investments
April (Two meetings)	Interim report, investments, rules of procedure for the Board, allocation of responsibility and authorisation, election of members of the Finance Committee, Remuneration Committee and Audit Committee.
May	EMTN prospectus, investments
June	Investments, strategic issues
August	Interim report
October	Investment
November	Interim report, Public Procurement Act
December	Business plan and budget for 2009, including overall working environment and environmental objectives, risk plan and equality and diversity plan, investments, evaluation of the Board.

The Board held ten meetings during the year at which minutes were taken. The Board members receive written documentation regarding the agenda well in advance of each Board meeting.

Attendance by the members of the Board can be seen in the table below.

Attendance by the members of the Group Board

Number of meetings during 2008: 10

Board members	Number of meetings attended	Number of meetings which the member did not attend
Eva-Britt Gustafsson	10	
Charlotte Axelsson	10	
Sigbrit Franke	7	3
Marianne Förander	10	
Maj-Charlotte Wallin	10	
Per Granath	10	
Thomas Jennlinger	7 (Elected to the Board as an employee representative at the Annual General Meeting on April 29)	3
Parzin Seradji	3 (Retired from the Board at the Annual General Meeting on April 29.)	7
Sveinn Jonsson	10	
Göran Wendel	7	3
Ingemar Ziegler	7	3

Board committees

Finance Committee

Members	Duties	Number of meetings during 2008
Eva-Britt Gustafsson Göran Wendel Per Granath	The task of the Committee is to prepare and monitor financing issues and provide assistance to the Board in the handling of these issues.	8

Audit Committee

Members	Duties	Number of meetings during 2008
Eva-Britt Gustafsson Maj-Charlotte Wallin Ingemar Ziegler Marianne Förander	The task of the Committee is to assist the Board in matters related to financial risk, reporting and control, property valuation, application of accounting principles and external audits and to assist the owner in the election of auditors.	5

Remuneration committee

Members	Duties	Number of meetings during 2008
Eva-Britt Gustafsson Sigbrit Franke Per Granath Charlotte Axelsson	The task of the Committee is to prepare decisions regarding salary and terms and conditions of employment for the President, the Executive Management and staffs.	2 recorded
Sigbrit Franke	Member of the Committee up until March 1, 2008	
Per Granath	Member of the Committee from March 1, 2008	

The meetings can also be attended by the Head of Accounting and Finance, the Treasurer, the Planning Director and the President for the purposes of presentation. All members attended the meetings during the year. Feedback on the work of the committees is presented to the Board. An examination is made at each Board meeting of the minutes from each of the committees.

Company management and the President

AkaVision is the overall control instrument for the Group. The vision is put into practice each year in an overall business plan.

Corporate governance proceeds from the Group Management and Executive Management. The Group Management comprises the CEO, Planning Director, Treasurer, Head of Accounting and Finance, IT Manager, Director of Corporate Communications, Technical Director and General Counsel. The Executive Management comprises the CEO, Planning Director and the six heads of the regional companies.

The President, who is also the CEO, leads operations within the frameworks decided by the Board. The heads of the regional companies and the members of the Executive Management report to the CEO.

The Group Management supports the President in leading operations, primarily running and developing the control process, the management system and the support processes as well as preparing matters for the Group Board. The Group Management is the process owner for the support processes except for Construction projects.

The Executive Management supports the President in leading operations, primarily running and developing the Group's main process. It is also the task of the Executive Management to act as adviser to the CEO on business and strategy issues related to operations. The Executive Management is the process owner for the main process and the support process Construction projects.

The Parent Company units are responsible for financial reporting for the Group, financing, human resources, IT, law, corporate communications and other matters of a Group nature. Certain Group areas, such as environment and energy, are dealt with through a network of persons from different parts of the Group.

Remuneration and other terms and conditions of employment for persons in executive positions are payable in accordance with the government 'Guidelines for terms and conditions of employment for holders of executive positions'.

The regions

The President of the Parent Company is the chairman of all the boards of the regional companies. During the first four months of the year the regional company boards had representatives in the form of external persons with local knowledge of industry and higher education as well as employee representatives. With effect from May 2008 the regional company boards were represented by employees. At all the Board meetings it is the president of the regional company who presents the matters to be dealt with.

Investment matters are initiated and prepared by the company management for examination by the board of the regional company. In the case of major investments the matter is decided by the Group Board after being confirmed by the board of the regional company.

The regional companies have their own company management, allowing efficient control of the company.

Auditors

At the 2008 Annual General Meeting it was decided to elect Deloitte AB, with Peter Gustafsson as the lead auditor, as the auditor for the period up to the end of the 2010 Annual General Meeting. The auditor appointed by the National Audit Office is Anita Nilsson, who after the Annual General Meeting on April 29, 2008 was relieved of her appointment. The fee payable to the auditors during the year shall be as invoiced.

REPORT ON INTERNAL CONTROL BY THE BOARD

General

This report has been prepared in accordance with Sections 3.7.2 and 3.7.3 of the Code and is thus limited to internal control regarding financial reporting. The report is not part of the formal annual report and has not been examined by the Company's auditors.

Internal control regarding financial reporting at Akademiska Hus is an ongoing process that involves the Board, Executive Management and personnel and is formulated in such a way that it provides reasonable assurance that the Company's objectives are achieved and leads to reliable financial reporting.

The presentation of Akademiska Hus internal control regarding financial reporting is divided into Control environment, Risk assessment, Control activities, Information and communication and Follow-up. This is the same division as used in COSO, the internationally most established framework for describing a company's internal control.

Control environment

The basis for internal control comprises the control environment with the organisation, decision procedures and responsibility as stated in control documents such as policies, guidelines and manuals.

The general document AkaVision describes the way Akademiska Hus works, deals with customers, handles assets and addresses the future. AkaVision contains the business concept, objectives and strategies and a description of the way the Company acts in different contexts. With AkaVision as a basis a number of directives and guidelines were drawn up for certain strategic areas within Akademiska Hus, such as property valuation, financing, investment, accounting and reporting. The Akademiska Hus liability and authorisation procedures include decision levels regarding different limits on investment amounts.

The Board has overall responsibility for financial reporting and is responsible under the Companies Act and the Swedish Code of Corporate Governance for internal control. The Audit Committee exercises control of the Board. The allocation of duties between the Board and the President is governed in the rules of procedure, which are decided each year.

Risk assessment

In the risk assessment for Akademiska Hus items in the financial statements and processes for financial reporting are identified where the risk of material error is greatest, i.e. where the values in the transactions are high or that the process is extremely complex and with a need for strong internal control. Identified risk areas are:

- Property valuation risks. In the property valuation process it is important that trends on the property market are monitored and Akademiska Hus checks with external valuers. The valuation parameters used are checked with the Audit Committee and the Board.
- Akademiska Hus has wide-reaching operations involving large, complex projects. To minimise the risks, project reviews are conducted regionally and centrally alongside a decided allocation of responsibility between the regional and central level and on both the company level and the board level.
- The Akademiska Hus back-office and accounting function, which is organisationally separate from the finance unit, examines and controls outcomes and reports from the finance unit and checks compliance with the mandates granted in the finance policy in respect of counterparty, market, liquidity and currency risks. The basis for the examination comprises, among other things, reports from the finance system.

Control activities

Using standardised reporting routines, the joint Group finance handbook and the adopted rules of procedure, errors and deviations should be prevented, discovered and corrected. For key processes, both risks and controls are documented in the process descriptions that have been produced. Within each IT system there are a number of inbuilt controls.

General risks exist to some extent in all items in the reports. The matrix on the next page shows the more specific risks and associated control structures which are linked to material income statement and balance sheet items in Akademiska Hus operations. Risk management in respect of these items has been assigned maximum priority. In the income statement these items are rental income, operating costs, changes in value and financial items. In the balance sheet the key items are investment properties and interest-bearing liabilities.

Information and communication

External financial information is published in direct association with the Board meeting in question. In the case of interim reports this takes place on the website and in the case of the Annual Report a printed publication is also produced. Apart from the Board meetings, other information channels include committees appointed by the Board, meetings of the Executive Management and the regional management teams as well as other information meetings.

The intranet contains:

- Directives and guidelines for areas such as property valuation and financing.
- Responsibility and authorisation procedures.
- Attestation instructions.
- Organisation of the accounting functions.
- Reporting and accounting instructions.
- Time schedules for reporting and the audit.

Financial reporting takes place through a common group reporting system with a common group reporting package used by all units. All reporting units use the same accounting plan/code plan and the same accounting system.

Within the Group employees meet regularly within the established processes at network meetings in order to develop a common group view on different issues. Systems and routines are in place to provide the Board and the Executive Management with reports in relation to established objectives.

Follow-up

Ongoing follow-up takes place to ensure that internal control is appropriate and effective based on established policies, directives and guidelines. Shortcomings in the system must be reported to an immediate superior.

At each Board meeting the Board receives financial information and an analysis as well as a report from the most recent meetings of the different committees. The financial statements are followed up quarterly and with a year-end report.

The Audit Committee follows up audit matters and more extensive matters of principle with regard to financial reporting, including property valuation.

The Group Management handles result follow-up through a reporting system, which includes a budget, past results, key figures, deviations, textual comments etc.

The Akademiska Hus Group has a common finance and human resource unit. This unit, which has mainly transaction-intensive duties, assures a control function in relation to regional core operations as it is organisationally separate.

In addition to internal controls, recommendations by the auditors are taken into account. These recommendations are followed up and action is taken.

The follow-up of processes and quality is an internal process at Akademiska Hus.

Income statement

Item	Risks	Control structure – directives etc.	Control structure – process support	Control structure – system support
Rental income	<ul style="list-style-type: none"> • Renewal structure • All rental income is not debited • Correct rental income is not debited 		<ul style="list-style-type: none"> • Process descriptions of the leasing process • Process description of the sales ledger/debiting of rent 	<ul style="list-style-type: none"> • System controls in the rent system
Operating costs		<ul style="list-style-type: none"> • Guideline for electricity trading 	<ul style="list-style-type: none"> • Process description, electricity trading • Organisationally separate back-office function 	<ul style="list-style-type: none"> • Energy follow-up system
Changes in value, investment properties	<ul style="list-style-type: none"> • Incorrectly calculated fair values 	<ul style="list-style-type: none"> • Directive for property valuation 	<ul style="list-style-type: none"> • Valuation manual and process description produced. Delimitation between what is an asset and what is to be expensed 	<ul style="list-style-type: none"> • Reconciliation of the fixed assets register • Standardised system support
Net financial items	<ul style="list-style-type: none"> - Interest risk - Refinancing risk - Credit and counterparty risk - Currency risk 	<ul style="list-style-type: none"> • Finance policy • Financing directive • Guideline for the back-office function • Plan for handling financial risks 	<ul style="list-style-type: none"> • Process description, financing • Organisationally separate back-office function 	<ul style="list-style-type: none"> • Reconciliation in the finance system

Balance Sheet

Item	Risks	Control structure – directives etc.	Control structure – process support	Control structure – system support
Investment properties	<ul style="list-style-type: none"> • Assurance that all investment properties are reported • Assurance of correct valuation 	<ul style="list-style-type: none"> • Property valuation directive 	<ul style="list-style-type: none"> • Valuation manual and process description produced. Delimitation between what is an asset and what is to be expensed 	<ul style="list-style-type: none"> • Reconciliation of the fixed assets register • Standardised system support
Interest-bearing liabilities	<ul style="list-style-type: none"> • Interest risk • Refinancing risk • Credit and counterparty risk • Currency risk 	<ul style="list-style-type: none"> • Financing directive • Guideline for the back-office function 	<ul style="list-style-type: none"> • Process description, financing • Organisationally separate back-office function 	<ul style="list-style-type: none"> • Reconciliation in the finance system

Financial result summary

Group

Income

The Group's turnover for 2008 was SEK 4,957 million (4,786). Of this, rental income accounted for SEK 4,793 million (4,635). The level of income increased slightly as a result of indexing and redevelopment and new construction. Renegotiations during the year at a number of locations have led to unchanged or slightly reduced rent levels.

Profit

The net operating profit was SEK 3,055 million (2,918). The net operating profit ratio improved to 63 per cent (62). The cash flow in property operations is very stable.

Operating profit before net interest income and expense totalled SEK 822 million (2,283). The significant change in profit can be attributed to an unrealised change in value of investment properties amounting to SEK -2,192 million (-617). The fall in value during 2008 is due primarily to increased direct yield requirements and an increased cost of capital as a result of the current financial concern, which has resulted in an increase in risk premiums in the valuations.

Net interest income and expense amounted to SEK -589 million (-610). The year was marked by increased market interest rates. Pre-tax profit was SEK 232 million (1,673).

Property values

The Group makes use of an internal valuation model, which forms the basis for setting the fair value. This value at the year-end was SEK 46,351 million (48,389).

Investments

Net investments in properties and new construction in progress in 2008 amounted to SEK 953 million (1,682). A number of major projects were completed in 2008. Of the redevelopment and extension projects, the National Academy of Mime and Acting was the biggest. The building was sold later in the year. Of other completed redevelopment and extension projects, Kåkenhus 6 & 7 in Norrköping and Kunskaps-skolan in Uppsala were the largest. Three major new construction projects completed: the Vänern Building for Karlstad University, the Bilbergska Building for Örebro University and the Pharmaceutical Centre for Gothenburg University.

Sales

During the year part of the Tre Vapen 2 property in Stockholm, amounting to just over 41,000 square metres, was sold to Vasakronan for SEK 1,184 million. The entire property holdings in Härnösand, totalling 38,000 square metres, were sold for SEK 251 million. There were also minor sales in Lund, Gothenburg and Uppsala. The sales resulted in a positive contribution to profit of SEK 53 million.

Cash flow

The Group's cash flow from current operations totalled SEK 2,119 million (1,778). Investments totalled SEK 291 million (-684), which generated cash flow after investments of SEK 2,272 million (1,129). Cash flow from financing totalled SEK -2,100 million (-1,664). Cash flow for the year amounted to SEK 171 million (-535).

Environmental impact

Environmental impact caused by buildings and their operation is extremely moderate within Akademiska Hus. The greatest source of environmental impact, albeit indirect, is operation of buildings and customers' operations. Energy use is reported separately in the Corporate Social Responsibility Report. There is a small number of facilities within the Group which require a permit or which need to be reported to a supervisory authority. These facilities have been reported and applications for permits (as required) have been submitted to the supervisory authorities concerned and have been granted. The facilities in question are:

Two boilers for combustion technology research, two boilers for heating and electricity production, heat pump facilities for extracting heat from bedrock, seawater and ground heating/cooling, extraction of groundwater for cooling purposes, sewage facilities and ground storage for heating and cooling.

The Group's dependence on facilities requiring permits and those carrying reporting obligations is of minor importance.

Parent Company

Income and profit

The Parent Company's income for 2008 was SEK 119 million (129). Of this amount, income from regional companies totalled SEK 118 million (127). The operating profit was SEK -12 million (16). Net interest income and expense was SEK 1,186 million (2,204), including dividends from regional companies totalling SEK 650 million (1,760). The profit before appropriations and tax was SEK 1,174 million (2,220).

Investment in machinery and equipment totalled SEK 1 million (1). Equity amounted to SEK 6,359 million (6,382).

Proposed allocation of unappropriated earnings

According to the owner's financial objectives for Akademiska Hus, the dividend shall be 50 per cent of the profit after financial income and expense, excluding unrealised changes in value, with a deduction for possible tax. When deciding a dividend, consideration should be given to the Group's capital structure and capital requirements. The other financial targets are that the equity ratio should be at least 35 per cent and that the return on equity should be equivalent to the five-year government bond interest rate plus four percentage points, which for 2008 means 7.8 per cent. During 2008, the equity ratio was 46.5 per cent for the Group and 24.1 per cent for the Parent Company. After the proposed dividend the equity ratio would be 44.6 per cent for the Group and 20.4 per cent for the Parent Company. The owner's equity ratio target will be achieved even after the proposed dividend.

Available for allocation at the Annual General Meeting:

Profit brought forward	SEK 1,086,781,378
Profit for the year	SEK 1,002,365,562
Total	SEK 2,089,146,940

The Board and the President propose that the profit be allocated in such a way that SEK 978,000,000 is paid to the shareholder and that SEK 1,111,146,940 is carried forward. For details of the financial results and the financial position in general, reference can be made to the following financial statements.

Income Statements

Amounts in SEK 1,000	Note	GROUP (IFRS)		PARENT COMPANY (ANNUAL ACCOUNTS ACT)	
		2008	2007	2008	2007
Income from property management	5				
Rental income	7	4,793,337	4,635,052	-	-
Other property management income	8	52,935	57,873	-	-
Total property management income		4,846,272	4,692,925	-	-
Property management expenses					
Operating costs	10	-863,402	-786,024	-	-
Maintenance costs		-585,570	-658,104	-	-
Property administration	10, 19	-257,665	-239,068	-91,550	-84,349
Other property management expenses	9	-84,742	-91,669	-	-
Total property management expenses	6	-1,791,379	-1,774,865	-91,550	-84,349
Net operating profit/loss		3,054,893	2,918,060	-91,550	-84,349
Changes in property values, positive		1,116,130	1,224,100	-	-
Changes in property values, negative		-3,308,041	-1,840,955	-	-
Total changes in property values	5, 20	-2,191,911	-616,855	-	-
Central administration costs	6	-40,338	-29,845	-39,133	-28,185
Other operating income	5, 11	111,035	93,258	119,132	129,122
Other operating expenses	6, 12	-112,057	-81,510	-5	-6
Total, other operating items		-1,022	11,748	119,127	129,116
Profit/loss before financial items	5, 13, 14, 33	821,622	2,283,108	-11,556	16,582
Financial income		264,662	203,348	2,026,558	3,005,683
Financial expense		-854,120	-813,425	-840,677	-801,863
Total, financial items	15, 32, 33	-589,458	-610,077	1,185,881	2,203,820
Profit after financial items		232,164	1,673,031	1,174,325	2,220,402
Appropriations	16	-	-	-36,030	-49,424
Profit before tax		232,164	1,673,031	1,138,295	2,170,978
Taxes	17	516,532	-419,799	-135,930	-117,361
NET PROFIT FOR THE YEAR	18	748,696	1,253,232	1,002,365	2,053,617
Of which attributable to the shareholder in the Parent Company		748,696	1,253,232		

Balance Sheets

Amounts in SEK 1,000	Note	GROUP (IFRS)		PARENT COMPANY (ANNUAL ACCOUNTS ACT)	
		31-12-2008	31-12-2007	31-12-2008	31-12-2007
ASSETS					
Fixed assets					
Tangible assets					
Investment properties	20	46,350,816	48,389,118	-	-
Construction in progress, investment properties	21	1,172,539	1,315,859	-	-
Equipment and fittings	22	20,036	19,246	2,572	3,891
Total tangible assets		47,543,391	49,724,223	2,572	3,891
Financial assets					
Shares in Group companies	23	-	-	1,564,200	1,564,200
Other investments held as fixed assets	29	50	50	-	-
Derivatives	24, 29	2,564,552	404,954	2,564,552	404,954
Other non-current receivables	25, 29	389,033	503,561	15	-
Total financial assets		2,953,635	908,565	4,128,767	1,969,154
Total fixed assets		50,497,026	50,632,788	4,131,339	1,973,045
Current assets					
Current receivables					
Rental income and accounts receivable	26	150,650	253,926	305	-
Receivables from Group companies		-	-	20,582,913	21,763,385
Current tax liability		69,818	82,561	-	-
Other receivables	27	192,789	70,191	24,051	5,215
Prepaid expenses and accrued income	28	162,872	131,158	41,586	34,418
Derivatives	24	574,375	139,401	574,375	139,401
Total current assets	29	1,150,504	677,237	21,223,230	21,942,419
Liquid funds					
Current investments		755,000	797,601	755,000	797,601
Cash and bank balances		260,152	46,232	258,184	45,779
Total liquid funds	30	1,015,152	843,833	1,013,184	843,380
Total current assets		2,165,656	1,521,070	22,236,414	22,785,799
TOTAL ASSETS	5	52,662,682	52,153,858	26,367,753	24,758,844

Balance Sheets

Amounts in SEK 1,000	Note	GROUP (IFRS)		PARENT COMPANY (ANNUAL ACCOUNTS ACT)	
		31-12-2008	31-12-2007	31-12-2008	31-12-2007
EQUITY AND LIABILITIES					
Equity					
<i>Equity attributable to the Parent Company's shareholder:</i>				<i>Restricted equity</i>	
Share capital		2,135,000	2,135,000	2,135,000	2,135,000
Other contributed equity/Share premium reserve		2,134,950	2,134,950	-	-
Statutory reserve		-	-	2,134,950	2,134,950
				<i>Non-restricted equity</i>	
Hedge reserve	31	-10,947	47,099	-	-
Fair value reserve	31	-	-	-10,947	47,099
Profit brought forward, including profit for the year		20,203,442	20,382,668	-	-
Profit brought forward (in the Parent Company)		-	-	1,097,728	11,111
Profit for the year (in the Parent Company)		-	-	1,002,365	2,053,617
Total equity		24,462,445	24,699,717	6,359,096	6,381,777
Untaxed reserves	16	-	-	358,001	321,971
Liabilities					
Non-current liabilities					
Loans	32	15,164,100	12,113,499	14,997,628	11,939,902
Derivatives	24	299,341	774,930	299,341	774,930
Deferred tax	17	6,571,234	7,407,450	62,777	21,198
Other liabilities	34	7,097	6,942	850	696
Pension provisions and similar obligations	33	238,568	220,430	79,316	75,961
Total non-current liabilities		22,280,340	20,523,251	15,439,912	12,812,687
Current liabilities					
Accounts payable		288,590	330,307	28,796	21,742
Liabilities to Group companies		-	-	4,257	14,632
Income tax liabilities		-	-	30,188	20,662
Other liabilities	34	876,208	130,814	729,879	36,909
Accrued expenses and prepaid income	35	1,698,910	1,587,538	368,558	273,260
Loans	32	2,807,711	4,800,770	2,800,588	4,793,743
Derivatives	24	248,478	81,461	248,478	81,461
Total current liabilities		5,919,897	6,930,890	4,210,744	5,242,409
Total liabilities	5, 36	28,200,237	27,454,141	19,650,656	18,055,096
TOTAL EQUITY AND LIABILITIES		52,662,682	52,153,858	26,367,753	24,758,844
MEMORANDUM ITEMS					
Pledged assets	39	157,326	259,535	157,326	259,535
Contingent liabilities	40	2,507	2,301	134,009	120,387

Changes in equity

Attributable to the Parent Company's shareholder

Amounts in SEK 1,000	Note	Share capital	Other contributed capital	Hedge reserve	Profit brought forward	Total equity
GROUP						
Opening balance as of January 1, 2007		2,135,000	2,134,950	1,842	20,529,436	24,801,228
Profit from cash flow hedging	31	-	-	60,189	-	60,189
Tax attributable to items reported directly against equity	31	-	-	-17,598	-	-17,598
<i>Income and expenses for the period reported directly against equity, excluding transactions with the Company's owner</i>		-	-	42,592	-	42,592
Cash flow hedging	31					
Dissolved against profit and loss		-	-	2,666	-	2,666
Profit for the year		-	-	-	1,253,232	1,253,232
<i>Total income and expenses for the period, excluding transactions with the Company's owner</i>		-	-	45,257	1,253,232	1,298,489
Dividend		-	-	-	-1,400,000	-1,400,000
Closing balance as of December 31, 2007		2,135,000	2,134,950	47,099	20,382,668	24,699,717
Result from cash flow hedging	31	-	-	-111,551	-	-111,551
Tax attributable to items reported directly against equity	31	-	-	22,222	-	22,222
<i>Income and expenses for the period reported directly against equity, excluding transactions with the Company's owner</i>		-	-	-89,329	-	-89,329
Cash flow hedging	31					
Dissolved against profit and loss		-	-	31,283	-	31,283
Effect of change of tax rate					39,078	39,078
Profit for the year		-	-	-	748,696	748,696
<i>Total income and expenses for the period, excluding transactions with the Company's owner</i>		-	-	-58,046	787,774	729,728
Dividend		-	-	-	-967,000	-967,000
Closing balance as of December 31, 2008		2,135,000	2,134,950	-10,947	20,203,442	24,462,445

Other contributed capital comprises a share premium reserve of KSEK 2,134,950 (applies to both the opening and closing balance in conjunction with all the above reporting periods).

Changes in equity

Amounts in SEK 1,000	Note	Restricted equity		Non-restricted equity		Total equity
		Share capital	Statutory reserve	Fair value reserve	Profit brought forward	
PARENT COMPANY						
Opening balance as of January 1, 2007		2,135,000	2,134,950	1,842	1,411,111	5,682,903
Profit from cash flow hedging	31	-	-	60,189	-	60,189
Tax attributable to items reported directly against equity	31	-	-	-17,598	-	-17,598
<i>Income and expenses for the period reported directly against equity, excluding transactions with the Company's owner</i>		-	-	42,592	-	42,592
Cash flow hedging	31					
Dissolved against profit and loss		-	-	2,666	-	2,666
Profit for the year		-	-	-	2,053,617	2,053,617
<i>Total income and expenses for the period, excluding transactions with the Company's owner</i>		-	-	45,257	2,053,617	2,098,874
Dividend		-	-	-	-1,400,000	-1,400,000
Closing balance as of December 31, 2007		2,135,000	2,134,950	47,099	2,064,728	6,381,776
Profit from cash flow hedging	31	-	-	-111,551	-	-111,551
Tax attributable to items reported directly against equity	31	-	-	22,222	-	22,222
<i>Income and expenses for the period reported directly against equity, excluding transactions with the Company's owner</i>		-	-	-89,329	-	-89,329
Cash flow hedging	31					
Dissolved against profit and loss		-	-	31,283	-	31,283
Profit for the year		-	-	-	1,002,365	1,002,365
<i>Total income and expenses for the period, excluding transactions with the Company's owner</i>		-	-	-58,046	1,002,365	944,319
Dividend		-	-	-	-967,000	-967,000
Closing balance as of December 31, 2008		2,135,000	2,134,950	-10,947	2,100,093	6,359,096

Share capital is divided into 2,135,000 shares at a nominal value of SEK 1,000 with one (1) vote per share (applies to both the opening and closing number of shares in conjunction with all the above reporting periods).

Cash Flow Statements

Amounts in SEK 1,000	Note	GROUP (IFRS)		PARENT COMPANY (ANNUAL ACCOUNTS ACT)	
		2008	2007	2008	2007
Current operations					
Profit after financial income and expense	41	232,164	1,673,031	1,174,325	2,220,402
Adjustment for items not included in the cash flow	42	2,130,792	508,969	-82,835	-124,875
Tax paid		-244,410	-404,776	-62,601	-53,231
Cash flow from current operations before changes in working capital		2,118,546	1,777,224	1,028,889	2,042,296
Cash flow from changes in working capital					
Increase (-)/decrease (+) in current receivables		-40,892	318,451	1,154,163	-1,041,891
Increase (+)/decrease (-) in current liabilities		-97,364	-281,883	91,598	41,650
Cash flow from current operations		1,980,290	1,813,792	2,274,650	1,042,055
Investments					
	43				
Investment in shares in Group companies		-614,345	-489,479	-	-
Sale of investment properties		1,426,282	528,020	-	-
Investment in new construction in progress		-538,041	-809,348	-	-
Investment in other fixed assets		-10,320	-4,896	-751	-1,327
Sale of other fixed assets		732	198	91	17
Increase (-)/decrease (+) in non-current receivables		27,912	91,029	-86,632	81,148
Cash flow from investments		291,220	-684,476	-87,292	79,838
Financing					
Raising of interest-bearing loans, excluding refinancing		-	-	-	-
Amortisation of interest-bearing loans		-1,133,191	-264,296	-1,050,554	-257,270
Dividend paid		-967,000	-1,400,000	-967,000	-1,400,000
Cash flow from financing		-2,100,191	-1,664,296	-2,017,554	-1,657,270
Cash flow for the year		171,319	-534,980	169,804	-535,377
Opening liquid funds		843,833	1,378,813	843,380	1,378,757
Closing liquid funds	30	1,015,152	843,833	1,013,184	843,380

Notes

1 General information

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

The Company is the parent company in the Akademiska Hus Group, the principal task of which is to own and manage university and college properties. The Company's core operations and its regional companies are presented in earlier sections.

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

2 Adoption of the Annual Report

The Annual Report and consolidated accounts were adopted by the Board and approved for publication on March 5, 2009. The Income Statement and Balance Sheet for the Parent Company and the Group will be the subject of adoption at the Annual General Meeting on April 29, 2009.

3 General accounting principles

The consolidated accounts have been prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS) as well as interpretations by the International Financial Reporting Interpretations Committee (IFRIC) as of December 31, 2008. The Group also applies Swedish Financial Reporting Board recommendation RFR 1.1, Supplementary Rules for Consolidated Financial Statements, which specifies the supplements to the IFRS information required pursuant to the rules in the Annual Accounts Act.

In the Annual Report, items have been valued at cost except with regard to revaluation of investment properties, financial assets that can be sold and financial assets and liabilities (including derivatives) valued at fair value through profit and loss. The following is a description of the more material accounting principles that have been applied.

New and amended IFRS standards and interpretations 2008

The following amended standards and new interpretations came into effect in 2008:

Standard/interpretation

Amendments to IAS 39 Financial Instruments and IFRS 7 Financial Instruments: – Disclosures (Reclassification of financial assets)

IFRIC 11 IFRS 2 Group and Treasury Share Transactions, including intragroup transactions

IFRIC 12 Service Concession Arrangements *

IFRIC 14 IAS 19 – The Limit on the Defined Benefit Asset, Minimum Funding Requirements and their Interaction

* Not yet approved for application in the EU.

The above new and amended standards and interpretations have not had any effect on the Group's financial statements.

New and amended standards that have not yet come into effect

The International Accounting Standards Board (IASB) has issued the following new and amended standards which, at the time of publication of this Annual Report, had not yet come into effect:

Standard	To be applied for the financial year commencing:
IFRS 8 Operating segments	January 1, 2009 or later
Improvements to IFRSs 2008 *	January 1, 2009 or later
Amendment to IFRS 2 Share-based Payment	January 1, 2009 or later
Amendment to IAS1 Presentation of Financial Statements	January 1, 2009 or later
Amendment to IAS 23 Borrowing Costs	January 1, 2009 or later
Amendment to IAS 32 Financial Instruments: Presentation *	January 1, 2009 or later
IFRS 1 First-time adoption of IFRS *	January 1, 2009 or later
Amendment to IFRS 3 Business Combinations *	July 1, 2009 or later
Amendment to IAS 27 Consolidated and Separate Financial Statements *	July 1, 2009 or later
Amendment to IAS 39 Financial Instruments: Recognition and Measurement *	July 1, 2009 or later

The IASB's International Financial Reporting Interpretations Committee (IFRIC) has issued the following new interpretations, which have not yet come into effect.

Interpretation	To be applied for the financial year commencing:
IFRIC 13 Customer Loyalty Programmes	July 1, 2008 or later
IFRIC 16 Hedges of Investment in a Foreign Operation *	October 1, 2008 or later
IFRIC 15 Agreement for Construction of Real Estate *	January 1, 2009 or later
IFRIC 17 Distributions of Non-cash Assets to Owners*	July 1, 2009 for later

* Not yet approved for application in the EU.

The change in IAS 1 will mean an amended arrangement of the consolidated financial statements.

IFRS 8 Operating Segments replaces IAS 14 Segment Reporting. IFRS 8 means that the Group will provide financial and descriptive information about its segments based on the internal information which the CEO uses to follow up operating segments.

The amendment to IAS 40 (Improvements to IFRSs 2008) will mean that investment properties under construction will be reported at fair value (assessed market value) in the Group.

The executive management is currently investigating how the new and amended standards and interpretations will affect the Group's financial reports during the period they are applied for the first time.

Consolidated accounts

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

The Group's year-end accounts have been prepared according to the acquisition method, which means that the Parent Company's carrying value for shares in regional companies is eliminated against equity, including the capital part of untaxed reserves in the regional companies.

Goodwill is reported in the Balance Sheet as an intangible asset at the acquisition value with a deduction for accumulated impairments. Goodwill comprises the amount by which the acquisition value exceeds the fair value of the Group's share of the acquired identifiable net assets of the regional company at the time

Note 3 cont'd

of acquisition. Any profit or loss on disposal of the unit includes the remaining reported value of the goodwill related to the divested operations.

Goodwill has been assessed to have an indeterminate useful life. Goodwill is allocated to the smallest possible cash-generating unit and the reported value is examined at least once a year for possible impairment requirements. Examination of impairment requirements takes place more often if there are indications that a fall in value has taken place during the year.

If an acquisition means that the fair value of acquired assets, liabilities and contingent liabilities exceeds the acquisition value, the surplus is reported immediately in the Income Statement. In the event an acquisition takes place of a group of assets or net assets which do not comprise a business, the costs in the Group are instead divided up into individually identifiable assets and liabilities in the Group based on their relative fair values at the time of acquisition.

If necessary, the regional companies' accounts are adjusted to ensure they follow the same principles that are applied by other Group companies. All transactions between Group companies and intra-Group transactions are eliminated when the consolidated accounts are drawn up. Unrealised losses are also eliminated if the transaction does not constitute evidence that an impairment requirement is needed.

Segment reporting

The Group is organised and controlled based on a geographical division into markets/administration areas which are used as a primary segment. The geographical areas (segments) are exposed to similar risks and opportunities which differ compared with other geographical areas (segments). Geographical areas concur with each regional company. At present there is only one secondary segment, property management, and consequently no further division is possible.

Income reporting

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

Interest income is reported as income divided across the term on application of the annualised percentage interest rate method.

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

Other operating income and operating expense

Other operating income and operating expense comprise income and costs which are attributable to normal operations but which derive from secondary activities or which cannot in an obvious way be placed under any of the other items in the Income Statement.

Remuneration to employees

The Group has both defined contribution and defined benefit pension schemes. A defined benefit pension scheme is a pension scheme that guarantees an amount the employee receives as a pension benefit on retirement, normally based on a number of different factors such as salary and period of service. A defined contribution pension scheme is a pension scheme where the Group, after having paid its pension premium to a separate legal entity, has discharged its undertaking to the employee.

Defined contribution pension schemes are reported as a cost during the period to which the premiums paid can be allocated.

Pension expenses for defined benefit schemes are calculated with the aid of the Projected Unit Credit Method in such a way that it divides the costs over the employee's professional life. The calculation is made annually by independent actuaries. These undertakings, i.e. the liability which is reported, is valued at the current value of the expected future payment where the calculated future salary increases are taken into account, using a discount interest rate which is equivalent to the interest rate on first-class company bonds or government bonds issued in the same currency as the pension will be paid with a remaining term that is comparable with the current undertakings. Accumulated actuarial gains and losses, outside the 'corridor', are reported in the Income Statement as income or as a cost, divided over the employees' average remaining calculated period of employment through to retirement. The corridor comprises the higher of 10 per cent of the current value of the defined benefit pension commitments and 10 per cent of the value of the management assets. Costs related to service during earlier periods are reported directly in the Income Statement unless the changes in the pension scheme are subject to the employees remaining in service during a stated period. In such a case the cost regarding the period of employment is separated from earlier periods linearly over the earning period.

Tax

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

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

Deferred tax is reported in accordance with the balance sheet method. According to this method, deferred tax liabilities are reported in the Balance Sheet for all taxable temporary differences between the carrying and taxable values of assets and liabilities. Deferred tax liabilities are reported in the Balance Sheet with regard to deficit deductions and all deductible temporary differences to the extent it is likely that the amounts can be set off against future taxable surpluses. The reported value of the untaxed reserves is examined at each year-end and reduced to the extent it is no longer probable that a sufficient taxable surplus will be available for utilisation.

Deferred tax is computed using the tax rates that are expected to apply for the period in which the asset is recovered or the liability settled.

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

Translation of items in foreign currency

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

Intangible assets

The Group's intangible assets mainly comprise expenses for IT projects brought forward.

Costs for the development and/or maintenance of IT projects are expensed when they arise except in those cases where the expenses are estimated to bring probable financial advantages to the Group during a period of more than one year and that these exceed the development costs and can be checked. In these cases the charge is reported as an intangible asset. Charges mainly include consulting costs, time worked internally and licence costs. Capitalised expenses for IT projects are depreciated over the expected useful life, which is a maximum of five years.

Investment properties

Investment properties, i.e. properties that are held for the purpose of generating rental income or gains from an increase in value are valued continuously at the fair value (assessed market value). The fair value is based on the assessed market value at the year-end, which means the value at which the property could be transferred between knowledgeable parties who are independent of each other and who have an interest in the transaction being implemented. Changes in fair value are reported in the Income Statement with the effects of changes in value of the properties.

The term investment properties includes buildings and land, land improvements and buildings and land equipment.

Property sales and property purchases are reported in conjunction with the risks and benefits linked to title transferring to the purchaser or seller, which normally takes place on the completion date, as long as this does not conflict with the terms and conditions in the contract of sale.

A profit or loss that arises on the sale or disposal of investment properties comprises the difference between the sales price and the most recent valuation (reported value based on the most recent revaluation at fair value). The result in conjunction with sale or disposal is reported in the Income Statement with an effect on the changes in the value of properties.

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

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

Fair value, investment properties

When valuing the investment properties at fair value (assessed market value) an internal valuation model is used which is quality-assured through the checking of the conditions with external property valuers and through externally performed valuations. The valuation is based on each property's expected cash flow over the coming ten years and an estimated residual value for year eleven. The yield requirement has been differentiated for different types of objects and the rental period as well as the town and location assessment. The rental income which is included in the valuation has been assessed on market terms and in the model normalised operating costs have been used. Maintenance costs have been calculated on a standardised basis according to the use of the property.

Note 3 cont'd

New construction in progress

New construction in progress in investment properties is reported at the cost incurred until the new investment has been completed, when it is reclassified as an investment property. At the time of reclassification the difference between the reported value and the fair value is reported in the Income Statement with the effect of the change in value of the properties.

Equipment, fixtures and fittings

Equipment and fittings mainly comprise IT equipment and office equipment. This is reported at the acquisition value reduced by depreciation according to plan and possible impairment.

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

Depreciation according to plan normally takes place using the following percentages of the acquisition value:

Computer equipment	33%
Equipment, fixtures and fittings	20%

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

The profit or loss which arises on scrapping or disposal of equipment and installations is reported as Other operating income or Other operating expense.

Impairment

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

When calculating the useful value, future cash flows are discounted at a rate of interest before tax that it is envisaged will take into account the market's assessment of risk-free interest and risk linked to the specific asset. For an asset which does not, independent of other assets, generate any cash flow the recoverable value of the cash-generating unit to which the asset belongs is calculated.

Reversal of previous impairments takes place when the recoverable value for a previously impaired property exceeds the carrying value and the need for impairment which was previously made is no longer considered necessary and is reported in the Income Statement. An examination of past impairments takes place on an individual basis.

Financial instruments

The general principles for the valuation of financial instruments is that financial assets and all derivatives should be valued at fair value whilst financial liabilities are valued at the accrued acquisition value.

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 valued at fair value through profit and loss. Reporting subsequently takes place depending on how they are classified as stated below.

A financial asset or financial liability is recorded in the Balance Sheet when the Company becomes a party to the contractual terms and conditions of the instrument or when applicable according to regular way purchase principles. The receivables are recorded in the Balance Sheet when an invoice has been sent.

A liability can be recorded when the counter-party has performed and there is a contractual obligation to pay even if an invoice has not yet been received. Accounts payable are recorded when an invoice has been received.

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

The Group categorises its financial instruments as:

– Assets which are valued at fair value through profit and loss

Assets under this category are reported initially at the acquisition value, i.e. fair value at the time of acquisition, and are subsequently valued continuously at fair value. The change in value is reported continuously in the Income Statement. All Akademiska Hus investment assets and outstanding derivatives (with a positive fair value) come under this category.

– Loan receivables and other receivables

Assets under this category are non-derivative financial assets with established or establishable payment flows which are not listed on an active market. These assets are reported and valued on a continuous basis at the accrued acquisition value. Akademiska Hus's accounts receivable are also classified under this category and are reported and valued continuously at the acquisition value. At each period-end an impairment examination is made of this asset. Non-current security holdings fall under this category and are valued at the acquisition value unless an impairment requirement has been identified

– Liabilities which are valued at fair value through profit and loss

These liabilities are reported initially at the acquisition value and thereafter on an ongoing basis at fair value. The change in value is reported on a continuous basis through profit or loss. Akademiska Hus's outstanding derivatives with a negative fair value fall into this category.

– Other financial liabilities

Liabilities in this category are reported and valued at the accrued acquisition value according to the annualised percentage interest rate method. Direct costs when loans are raised are included in the acquisition value. All loan financing is included in this category. Akademiska Hus's accounts payable and other liabilities are also classified under this category but are reported at the acquisition value.

Set-off of financial assets and liabilities

Financial assets and liabilities are set off and reported at a net amount in the Balance Sheet when there is a legal right to set off and when there is an intention to settle the items at a net amount or at the same time realise the asset and settle the liability.

Calculation of fair value, financial instruments

When establishing the fair value of current investments, derivatives and loan liabilities the official market listing at the period-end is used and calculation takes place according to generally accepted methods. In those cases where such listings are lacking, a valuation is made through discounting of future cash flows at the listed market interest rate for each term. Translation into Swedish kronor is made at the listed rate at the period-end. Calculated and estimated fair values are indicative and will not necessarily be realised.

Nominal value, reduced by possible estimated credits, for accounts receivable and accounts payable are assumed to be equivalent to their fair value.

Rental receivables and accounts receivable and other receivables

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

Liquid funds

Liquid funds comprise cash and bank balances and current investments with a term shorter than three months. These assets are regarded as being saleable immediately with a negligible risk of changes in value, which means that the reported value (acquisition value plus accrued coupon) is equivalent to the fair value.

Current investments

Current investments with a period in excess of three months comprise interest-bearing securities and are reported and valued at fair value. Changes in value (unrealised profits and losses) are reported on a continuous basis through net interest income and expense.

In the Cash Flow Statement current investments with a term in excess of three months are not classified as liquid funds.

Loan financing

All loan financing is reported initially at fair value, net after transaction costs. Borrowing is subsequently reported at the accrued acquisition value and any difference between the amount received and the repayment amount is reported in net interest income and expense divided over the loan period with the application of the annualised percentage interest rate method.

Borrowing which constitutes a hedged item in conjunction with fair value hedging is reported and valued after the acquisition point on an ongoing basis at fair value. Changes in value are reported in net interest income and expense.

Loan financing in foreign currency is translated and the effects are reported through profit or loss.

Accrued coupon interest is allocated to a specific period and expensed over the term.

Loan costs, interest costs and transaction costs are reported as a cost during the period they arise regardless of when the funds borrowed have been used.

The financing cost for the Group's current new construction is charged entirely to each year's net interest income and expense.

Accounts payable and other liabilities

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

Financial derivatives

Derivatives are held primarily with the aim of securing long-term, cost-effective loan financing and to handle the Group's financial risk exposure by hedging existing interest and currency exposure against fluctuations in interest levels and exchange rates.

All derivatives are valued at fair value and changes in value are reported on an ongoing basis against the financial result with the exception of the outstanding derivatives, which comprise hedging instruments. In a hedging circumstance where the underlying balance sheet item is business-related the changes in value of the derivative are reported against operating income. Changes in value attributable to the derivatives, which comprise hedging instruments in a cash flow hedge, are charged against equity and reported against financial or operating profit at the time the underlying exposures affect the result.

Interest derivatives (interest future contracts, interest swap agreements, FRA contracts and interest options) are held mainly to secure the desired fixed interest

Note 3 cont'd

period in existing loan financing. Interest derivatives are valued on an ongoing basis at fair value and the effects attributable to the changes in value are reported against net interest income and expense in conjunction with hedging of fair value and against equity in conjunction with cash flow hedging. The net of the accrued income interest and expense is allocated to specific periods and expensed over the term of the derivative.

In conjunction with financing in a foreign currency all future payment flows are hedged so that no currency risk remains. Currency hedging takes place with the aid of a currency derivative (currency future contract and currency swap agreement or combined with an interest swap agreement). Currency derivatives are recalculated at the period-end exchange rate and when hedge reporting is applied the effects of the currency recalculation of the derivative naturally meet the effects of the currency recalculation of the loans in the financial result.

Independent derivatives, i.e. derivatives that are not included in any hedging relationship, are valued at fair value and the change in value is recorded directly against the financial result.

With the aim of evening out price variations on the electricity market and in doing so achieve an even trend for the Group's electricity costs, future electricity consumption is hedged with the aid of electricity derivatives. Electricity derivatives are valued continuously at fair value and when hedge reporting according to the cash flow method is applied, the changes in value are reported directly against equity. The effects of price hedging, the difference between the electricity derivative's assured price and the average spot price during the term of the derivative, are set off against profit and are transferred on maturity from equity and reported as an operating cost. Consequently, the result of the derivative together with the Group's physical electricity purchases constitute the actual electricity cost.

In principle, all currency risks attributable to outstanding electricity derivatives are currency hedged with the aid of exchange rate futures. Currency derivatives are valued on an ongoing basis at fair value and when hedge accounting according to the cash flow method is applied the changes in value are reported directly against equity. The effects are expensed on settlement, i.e. the effects are transferred from equity and reported as an operating cost.

Hedge accounting

Akademiska Hus's hedge accounting takes place through a division into two different methods of hedging depending on the aim of the hedging: 'Fair value hedging' and 'Cash flow hedging'.

In conjunction with fair value hedging both the hedged item/exposure and the hedging instrument are valued at fair value. The changes in value are reported continuously through profit and loss.

In conjunction with cash flow hedging the hedging instrument is valued at the fair value at the same time that the hedged item in conjunction with borrowing is valued according to the current valuation method (categorisation). A change in value attributable to a derivative which qualifies for hedge accounting, according to the demands for cash flow hedging, are reported on an ongoing basis against equity until the underlying transaction/exposure affects the Income Statement.

One of the criteria for hedge accounting to be applied is that the hedging relationship is expected to be effective both at the time of entering into the relationship as well as during the hedging period. The ineffective part of the hedging, i.e. the difference between the changes in value in the exposure (interest, electricity price or exchange rate risk) which are hedged in the underlying transaction/flow and the change in value in the hedging instrument's (derivative's) equivalent risk is expensed.

When a hedging measure is entered into, the relationship between the hedging instrument and the hedged item as well as the aim of the hedging measure, together with the method for calculating the effectiveness, are documented.

Appropriations

Appropriations are reported in the Balance Sheet when the Company has a formal or informal undertaking as a result of an event that has occurred and where it is probable that an outflow of resources is required to settle the undertaking and a reliable estimate of the amount can be made.

Parent Company, accounting principles.

The Parent Company has prepared its annual accounts according to the Annual Accounts Act and the Swedish Accounting Standards Board recommendation RFR 2:1 Reporting for Legal Entities and applicable statements from the Emerging Issues Task Force. RFR 2:1 means that in the annual accounts for the legal entity the Parent Company shall apply all EU-approved IFRS and statements as far as this is possible within the framework of the Annual Accounts Act and the Safeguarding of Pension Commitments Act with consideration given to the link between accounting and taxation. The recommendation states which exceptions and addenda are to be made to IFRS. The differences between the Group's and the Parent Company's accounting principles are stated below.

Investment properties

Investment properties are reported in a legal entity at the acquisition value with a deduction for accumulated depreciation, impairments and reversed impairments. The depreciation period is based on each investment property's useful life.

Payments to employees

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

Deferred tax

The amounts which are allocated to untaxed reserves comprise taxable temporary differences. As a result of the link between accounting and taxation the deferred tax liability, which is attributable to the untaxed reserves, is not reported separately in a legal entity. These are both reported at the gross amount in the Balance Sheet. The appropriations are reported at the gross amount in the Income Statement.

4 Estimates and assessments

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

5 Segment reporting

The geographical segment presentation has been prepared according to the same accounting principles applied to the Group as a whole. Net sales per segment are based on the tenant's geographical location whilst assets and liabilities are based on the tenant's physical location.

Income, including Other operating income	2008	2007
South	713,261	701,703
West	757,559	714,786
East	503,274	473,668
Uppsala	769,983	736,958
Stockholm	1,692,000	1,658,563
North	519,917	500,323
Other operations	119,713	119,468
Elimination of intra-Group income	-118,400	-119,286
Total income	4,957,307	4,786,183

Apart from the sales between the Parent Company and the Group's geographical segments, no significant sales between the segments have occurred.

Profit before net interest income and expense, excluding central overheads	2008	2007
South	150,754	171,600
West	-278,851	399,718
East	-97,951	42,937
Uppsala	684,345	405,870
Stockholm	337,302	1,111,306
North	77,202	173,382
Other operations	25,481	44,462
Elimination of intra-Group items	-36,322	-36,322
Profit before net interest income and expense, excluding central overheads	861,960	2,312,953

Note 5 cont'd

Reconciliation of the Income Statement	2008	2007
Profit before net interest income and expense, excluding central overheads	861,960	2,312,953
Central overheads	-40,338	-29,845
Result from net interest income and expense	-589,458	-610,077
Tax	516,532	-419,799
Profit for the year according to the Income Statement	748,696	1,253,232
Depreciation and impairments in property management	2008	2007
South	-918	-777
West	-759	-861
East	-288	-306
Uppsala	-1,039	-1,642
Stockholm	-3,440	-3,454
North	-385	-482
Other operations	-1,974	-3,109
Total depreciation and impairments in property management	-8,803	-10,631
Changes in value, investment properties	2008	2007
South	-233,682	-203,319
West	-739,253	-34,021
East	-437,612	-274,113
Uppsala	231,376	41,619
Stockholm	-783,576	-11,414
North	-229,164	-135,607
Total changes in value, investment properties	-2,191,911	-616,855
Assets (Balance Sheet total)	31-12-2008	31-12-2007
South	6,238,972	6,549,805
West	7,381,175	7,821,471
East	4,591,018	4,792,644
Uppsala	7,439,904	6,651,089
Stockholm	19,022,083	20,570,101
North	3,936,361	4,391,437
Other operations	26,327,073	24,729,226
Elimination of intra-Group transactions	-22,273,904	-23,351,915
Total assets	52,662,682	52,153,858
Liabilities (Balance Sheet total)	31-12-2008	31-12-2007
South	3,703,789	4,028,000
West	4,514,948	4,593,118
East	2,931,491	2,947,524
Uppsala	4,289,229	3,942,781
Stockholm	11,013,650	12,457,586
North	2,170,207	2,578,218
Other operations	19,581,266	18,036,986
Elimination of intra-Group transactions	-20,004,343	-21,130,072
Total liabilities	28,200,237	27,454,141

Note 5 cont'd

Investments	2008	2007
South	45,721	108,670
West	285,585	252,566
East	221,462	218,801
Uppsala	498,478	283,882
Stockholm	368,570	548,601
North	35,439	136,922
Other operations	751	1,327
Total investments	1,456,006	1,550,769

'Investments' refers to gross investments in intangible assets, investment properties, new construction in progress and equipment, fixtures and fittings. 'Other operations' refers to the Parent Company Akademiska Hus AB and Akademiska Hus Utveckling och Support AB.

6 Categorised operating costs

	Group (IFRS)		Parent Company (Annual Accounts Act)	
	2008	2007	2008	2007
<i>Functions reported in the Consolidated Income Statement/ Income Statement</i>				
Property management	-1,791,379	-1,774,865	-91,550	-84,349
Central administration costs	-40,338	-29,845	-39,133	-28,185
Other operating costs	-112,057	-81,510	-5	-6
Total operating costs according to function	-1,943,774	-1,886,220	-130,688	-112,540
<i>Categorised function costs</i>				
Energy, fuel and water	-617,927	-562,388	-	-
Property administration	-74,917	-72,246	-57,807	-52,105
Maintenance costs, material and services purchased	-635,423	-699,680	-	-
Site leasehold charges	-57,005	-57,019	-	-
Property tax	-2,011	-2,118	-	-
Personnel costs	-290,614	-260,169	-59,756	-43,809
Depreciation	-8,803	-10,631	-1,974	-3,109
Other costs	-257,074	-221,969	-11,151	-13,517
Total categorised operating costs	-1,943,774	-1,886,220	-130,688	-112,540

7 Lease contracts

All the investment properties are leased under operational lease agreements and generate rental income. The rental income during the period amounted to KSEK 4,793,337 (4,635,052) and the direct costs for property management amounted to 1,791,379 (1,774,865).

Terms, lease contracts as of 31-12-2008

Due date	Number of contracts	Contracted annual rent	Proportion, %
Non-residential premises			
2009	174	237,891	5
2010	271	457,591	11
2011	218	646,432	15
2012	171	500,156	12
2013	75	304,841	7
2014	73	443,044	18
2015 and later	191	1,756,297	32
Miscellaneous	170	14,382	0
Total	1,343	4,360,634	100

Contracted annual income as of 31-12-2008 and according to the size of the contract

Contracted rental income per contract, KSEK	Number of contracts	Contracted annual rent	Proportion, %
Non-residential premises			
>110 000	1	112,745	3
30 000–70 000	19	771,652	18
10 000–30 000	115	1,820,717	42
7 500–10 000	41	356,269	8
5 000–7 500	73	449,415	10
2 500–5 000	116	437,017	10
<2 500	808	398,437	9
Miscellaneous	170	14,382	0
Total	1,343	4,360,634	100

8 Other management income

	Group (IFRS)		Parent Company (Annual Accounts Act)	
	2008	2007	2008	2007
Parking income	41,910	43,422	-	-
Miscellaneous	11,025	14,451	-	-
Total	52,935	57,873	-	-

9 Other management expenses

	Group (IFRS)		Parent Company (Annual Accounts Act)	
	2008	2007	2008	2007
Site leasehold charges, property tax and other risk costs	-79,107	-83,019	-	-
Miscellaneous	-5,635	-8,650	-	-
Total	-84,742	-91,669	-	-

10 Depreciation in property management

	Group (IFRS)		Parent Company (Annual Accounts Act)	
	2008	2007	2008	2007
Equipment, fixtures and fittings	-8,803	-10,631	-1,974	-3,109
Total	-8,803	-10,631	-1,974	-3,109

In the Group, KSEK 5,956 (6,870) has been reported as property administration and KSEK 2,847 (3,761) has been reported as an operating cost. In the Parent Company KSEK 1,974 (3,109) has been reported as property administration.

11 Other operating income

	Group (IFRS)		Parent Company (Annual Accounts Act)	
	2008	2007	2008	2007
Profit on the sale of other fixed assets	128	69	-	-
Income from external management assignments and similar assignments	64,025	55,947	-	-
Income from services performed for tenants	37,066	30,078	-	-
Invoicing to regional companies	-	-	117,820	127,815
Miscellaneous	9,816	7,164	1,312	1,307
Total	111,035	93,258	119,132	129,122

12 Other operating expenses

	Group (IFRS)		Parent Company (Annual Accounts Act)	
	2008	2007	2008	2007
Loss on sale and disposal of other fixed assets	-122	-7	-5	-6
Costs, external management assignments and similar assignments	-54,068	-46,897	-	-
Costs, services performed for tenants	-35,623	-28,442	-	-
Miscellaneous	-22,244	-6,164	-	-
Total	-112,057	-81,510	-5	-6

13 Employees and personnel costs

The average number of employees was as follows:

	2008	2007
Parent company		
Gothenburg	53	51
Regional companies		
South	60	62
West	61	60
East	30	28
Uppsala	73	75
Stockholm	89	87
North	33	34
Akademiska Hus Utveckling och Support AB	-	-
Group total	399	397

The proportion of women (based on the average number of employees) in the Parent Company is 58 per cent (54) and in the Group 23 per cent (22).

Gender division Board, Group Management and other persons in leading positions

The Board comprises 10 members (10), of whom 5 (5) are women, i.e. 50 per cent (50).

Management within the Group takes place through two groups, Group staffs (President, Planning Director, General Counsel and Unit Managers at the Group office) and the Executive Management (President, Planning Director and Regional Company Directors). As of January 1, 2009, the Group Management comprised 5 men (5) and 3 woman (3), i.e. 63 per cent men (63) and 37 per cent women (37). The Executive Management comprised 7 men (7) and 1 woman (1), i.e. 88 per cent men (88) and 12 per cent women (12). Other people in executive positions within the Group consist of 28 men (25) and 8 women (9), i.e. 78 per cent men (74) and 22 per cent women (26).

Salaries, other remuneration and social security costs

	2008			2007		
	Parent Company	Regional companies	Group	Parent Company	Regional companies	Group
Salaries and remuneration						
Board members, President	2,969	6,831	9,800	2,615	6,943	9,558
Other employees	27,465	137,653	165,118	21,771	131,171	152,942
Total	30,434	144,484	174,918	24,386	138,114	162,500
Social security costs						
Board members, President	3,535	4,766	8,301	1,734	4,707	6,441
(of which pension costs)	(2,783)	(3,185)	(5,968)	(1,062)	(3,084)	(4,146)
Other employees	21,029	72,546	93,575	13,205	62,895	76,100
(of which pension costs)	(14,900)	(41,172)	(56,072)	(8,798)	(33,336)	(42,134)
Total	24,564	77,312	101,876	14,939	67,602	82,541
(of which pension costs)	(17,683)	(44,357)	(62,040)	(9,860)	(36,420)	(46,280)

The Group's outstanding pension obligations to the Presidents and the Regional Directors total KSEK 1,686 (1,378). The corresponding amount in the Parent Company is KSEK 1,593 (1,304).

Note 13 cont'd

Payments to the Board

		Board fee	Remuneration Committee	Finance Committee	Audit Committee
Chairman of the Board	Eva-Britt Gustafsson	179	12	23	18
Member	Charlotte Axelsson	88	12	-	-
Member	Sigbrit Franke	88	12	-	-
Member	Marianne Förander	88	-	-	18
Member	Per Granath	88	-	23	-
Member	Maj-Charlotte Wallin	88	-	-	18
Member	Göran Wendel	88	-	23	-
Member	Ingemar Ziegler	88	-	-	18
Employee representative	Sveinn Jonsson	-	-	-	-
Employee representative	Thomas Jennlinger	-	-	-	-
Total		795	36	69	72

Payments to the Executive Management

		Basic salary	Pension cost
CEO/President	Thomas Norell	2,087	2,063
Regional Director, South	Mikael Lundström	1,199	331
Regional Director, West	Birgitta Hohlfält	954	378
Regional Director, East	Bengt Erlandsson	881	294
Regional Director, Uppsala	Hans Antonsson	1,026	348
Regional Director, Stockholm	Sten Wetterblad ¹⁾	460	151
Regional Director, Stockholm	Erik Westin ²⁾	404	195
Regional Director, Stockholm	Lennart Karlsson ²⁾	485	93
Regional Director, North	Matias Lindberg	949	247
CIO, Akademiska Hus AB	Per Brantsing Karlsson	718	169
Technical Director, Akademiska Hus AB	Tomas Hallén	933	395
Corporate Communications Director, Akademiska Hus AB	Martina Wahlström ⁴⁾	337	7
Corporate Communications Director, Akademiska Hus AB	Marina Andersson ³⁾	327	17
CFO, Akademiska Hus AB	Gunnar Oders	768	240
Treasurer, Akademiska Hus AB	Agneta Rodosi	1,157	272
Planning Director, Akademiska Hus AB	Anders Rubensson	1,156	588
Total		13,841	5,788

¹⁾ Sten Wetterblad took over as Regional Director on September 1, 2008 ²⁾ Regional Director during part of 2008. ³⁾ On parental leave during part of 2008. ⁴⁾ Corporate Communications Director during part of 2008.

Principles governing remuneration to the Board and Executive Management

The members of the Board received a fee as decided at the Annual General Meeting. Board members who are employed in the Akademiska Hus Group do not receive any fee for this work.

Payment for committee work was set at the 2008 Annual General Meeting.

Payment to the CEO and other senior executives comprises a basic salary and a pension. The pension cost refers to the cost that has had an impact on the profit for the year. All payments are excluding social insurance charges and employer's contribution. Payment to the CEO is decided by the Board following a recommendation by the Remuneration Committee. Payments to other senior executives have been decided by the President of the Parent Company following consultation with the Remuneration Committee. Payment comprises a basic salary and a charge-defined pension.

Pensions

Akademiska Hus has taken out an individual occupational pension solution for the CEO, Thomas Norell. The agreed retirement age is 64 years.

For the new CEO, Mikael Lundström, Akademiska Hus has taken out an individual occupational pension solution where the agreed retirement age is 62 years.

For other persons in leading positions the pension is equivalent to the ITP alternative or individual occupational pension solution with 65 years as the retirement age.

Severance pay

An agreement has been reached with the CEO, Thomas Norell, on a mutual period of notice of six months. For the period from the retirement date up to the age of 65 (11 months) Akademiska Hus has pledged a pension level equivalent to 50 per cent of the salary received by the CEO in December 2008.

An agreement has been reached with the new CEO, Mikael Lundström, regarding a mutual period of notice of six months. In the event of notice being given by the company, a lump-sum payment can be paid in the form of a salary for up to a maximum of 24 months (including the period of notice).

Other persons in leading positions within the Group have an agreed period of notice of between 6 and 12 months. In the event of notice being given by the Company, a lump-sum payment can be paid in the form of a salary for 6 to 24 months (including the period of notice).

Absenteeism due to illness, Group and Parent Company

	Group		Parent Company	
	2008	2007	2008	2007
Total absenteeism due to illness, %	2.6	3.3	3.4	4.2
Long-term absenteeism due to illness, % of total absenteeism due to illness	41.1	62.1	60.6	61.2
Absenteeism due to illness, men, %	2.3	2.6	1.1	1.2
Absenteeism due to illness, women, %	3.6	5.7	5.0	6.7
Absenteeism due to illness, employees under 30 years, %	4.8	2.8	3.0	3.6
Absenteeism due to illness, employees 30-49 years, %	2.3	2.7	4.4	5.2
Absenteeism due to illness, employees 50 years and older, %	2.7	4.1	1.9	2.6

The total absenteeism due to illness is stated as a percentage of the employees' total ordinary working time. Long-term absenteeism refers to absenteeism over a continuous period of 60 days or more.

14 Fees and expenses paid to auditors

	Parent Company	Regional companies	Group
2008			
<i>Deloitte AB</i>			
Audit assignments	331	810	1,141
Other assignments	616	669	1,285
<i>National Audit Office</i>			
Audit assignments	237	-	237
Total	1,184	1,479	2,663
2007			
<i>Deloitte AB</i>			
Audit assignments	1,268	810	2,078
Other assignments	793	558	1,351
<i>National Audit Office</i>			
Audit assignments	349	-	349
Total	2,410	1,368	3,778

The term Audit assignment refers to the examination of the Annual Report and the accounting records as well as the administration by the Board and the President, other duties that are incumbent on the Company's auditor to perform (e.g. examination of a prospectus for an EMTN programme) as well as advice or other assistance as a result of observations made in conjunction with such an examination or the performance of other such duties. Everything else is classified as Other assignments.

15 Result from financial income and expense

	Group (IFRS)		Parent Company (Annual Accounts Act)	
	2008	2007	2008	2007
<i>Result from shares in Group companies</i>				
Dividend ¹⁾	-	-	650,000	1,760,000
Total	-	-	650,000	1,760,000
<i>Result from other securities and receivables recorded as fixed assets</i>				
Interest income, miscellaneous ¹⁾	13,541	2,838	13,541	2,838
Changes in value, independent derivatives	154,602	76,030	154,602	76,030
Total	168,143	78,868	168,143	78,868
<i>Other interest income and similar profit/loss items</i>				
Interest income, Group companies ¹⁾	-	-	1,118,932	1,046,111
Interest income, miscellaneous ¹⁾	24,214	21,521	17,178	17,745
Changes in value, independent derivatives	72,305	102,959	72,305	102,959
Total	96,519	124,480	1,208,415	1,166,815
Result, financial income	264,662	203,348	2,026,558	3,005,683

	Group (IFRS)		Parent Company (Annual Accounts Act)	
	2008	2007	2008	2007
<i>Other interest expense and similar profit/loss items</i>				
Interest expense, miscellaneous ¹⁾	-853,337	-750,885	-839,894	-739,323
Changes in value, independent derivatives	-272,572	-68,266	-272,572	-68,266
Changes in value, fair value hedging	271,789	5,726	271,789	5,726
Result, financial expense	-854,120	-813,425	-840,677	-801,863
Result, net financial income and expense	-589,458	-610,077	1,185,881	2,203,820
¹⁾ Of which interest income/interest expense deriving from financial instruments that are not valued at fair value in profit or loss	-244,482	-651,061	880,857	402,835

Changes in value, financial items, are as follows:

	Group (IFRS)		Parent Company (Annual Accounts Act)	
	2008	2007	2008	2007
<i>Unrealised changes in value</i>				
Independent derivatives	-10,051	130,577	-10,051	130,577
Fair value hedging, hedging instruments	53,770	-105,776	53,770	-105,776
Fair value hedging, hedged item	218,019	111,502	218,019	111,502
Ineffective cash flow hedging	0	0	0	0
Total	261,738	136,303	261,738	136,303
<i>Realised changes in value</i>				
Independent derivatives	-35,614	-19,854	-35,614	-19,854
Total	-35,614	-19,854	-35,614	-19,854
Total changes in value	226,124	116,449	226,124	116,449

16 Appropriations and untaxed reserves (Parent Company)

	31-12-2008	31-12-2007
<i>Appropriations</i>		
Change in tax allocation reserve	-36,030	-49,424
Total	-36,030	-49,424
<i>Allocation to tax allocation reserve, 2003 tax assessment</i>		
Allocation to tax allocation reserve, 2004 tax assessment	-	49,834
Allocation to tax allocation reserve, 2005 tax assessment	59,687	59,687
Allocation to tax allocation reserve, 2007 tax assessment	53,367	53,367
Allocation to tax allocation reserve, 2008 tax assessment	63,161	63,161
Allocation to tax allocation reserve, 2009 tax assessment	95,922	95,922
Sub-total	85,864	-
Total	358,001	321,971

17 Taxes

The following components are included in the Group's and Parent Company's tax expense:

	Group (IFRS)		Parent Company (Annual Accounts Act)	
	2008	2007	2008	2007
Tax on profit for the year				
<i>Actual tax</i>				
Actual tax on profit for the year	-257,633	-219,552	-72,127	-80,749
Total actual tax	-257,633	-219,552	-72,127	-80,749
<i>Deferred tax</i>				
Deferred tax attributable to a change in temporary differences	277,442	-200,247	-68,042	-36,612
Effect of change in tax rate	496,723	-	4,239	-
Total deferred tax	774,165	-200,247	-63,803	-36,612
Total tax on profit for the year	516,532	-419,799	-135,930	-117,361

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

	Group (IFRS)		Parent Company (Annual Accounts Act)	
	2008	2007	2008	2007
Reported profit before tax	232,163	1,673,031	1,138,295	2,170,978
Tax 28%	-65,006	-468,449	-318,723	-607,874
<i>Tax effect of expenses that are not tax deductible/taxable (permanent differences):</i>				
Non-deductible expenses	-2,729	-2,692	-965	-481
Non-taxable income	99,363	56,162	220	99
Taxable standard interest calculated on the tax allocation fund	-10,856	-8,510	-2,700	-1,945
Dividend from regional companies	-	-	182,000	492,800
Effect of change in tax rate	496,723	-	4,239	-
Adjustment of tax expense from previous years	-963	3,690	-1	40
Total reported tax expense	516,532	-419,799	-135,930	-117,361

Reported deferred tax claim/liability

	Group (IFRS)		Parent Company (Annual Accounts Act)	
	31-12-2008	31-12-2007	31-12-2008	31-12-2007
<i>Deferred tax claims attributable to temporary differences</i>				
Financial instruments	41,010	-	41,010	-
Cash flow hedge	3,906	-	3,906	-
Miscellaneous	7,221	7,209	223	294
Total, reported deferred tax claim	52,137	7,209	45,139	294
<i>Deferred tax liabilities attributable to temporary differences</i>				
Tax allocation fund	-386,180	-362,891	-	-
Investment properties	-6,129,275	-7,030,276	-	-
Financial instruments	-107,916	-3,175	-107,916	-3,175
Cash flow hedge	-	-18,317	-	-18,317
Total, reported deferred tax liability	-6,623,371	-7,414,659	-107,916	-21,492
Total reported deferred tax receivables/liabilities	-6,571,234	-7,407,450	-62,777	-21,198

The following deferred tax receivables/liabilities refer to items reported against equity.

	Group (IFRS)		Parent Company (Annual Accounts Act)	
	31-12-2008	31-12-2007	31-12-2008	31-12-2007
<i>Cash flow hedge</i>				
- Exchange rate interest swap	-	-26	-	-26
- Currency derivative	-14,510	-1,970	-14,510	-1,970
- Electricity derivative	18,416	-16,321	18,416	-16,321
Total deferred tax reported in equity	3,906	-18,317	3,906	-18,317

Unreported deferred tax

In the Parent Company no deferred tax regarding untaxed reserves has been reported. The deferred tax liability related to untaxed reserves totals KSEK 94,154 (90,152). The consolidated accounts do not include any material unreported temporary differences between carrying and tax values for assets and liabilities. All tax deficit deductions within the Group can be utilised for an unlimited period in the future.

18 Dividend

A dividend was paid to the shareholder on June 30, 2008, totalling SEK 967,000,000 (1,400,000,000). The dividend per share was SEK 452.93 (655.74). As regards the dividend for the year, the Board proposes a dividend of SEK 458.08 per share to be paid to the shareholder on April 29, 2009. A decision regarding a dividend will be reached by the shareholder at the Annual General Meeting. The dividend has not been recorded as a liability in the Annual Report. The dividend is estimated at SEK 978,000,000.

19 Costs for development work

Development costs totalling KSEK 16,050 (5,486) were expensed during the year.

20 Investment properties (Group)

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

	31-12-2008	31-12-2007
Opening carrying value	48,389,118	48,454,287
Investments transferred from new construction in progress	879,809	635,653
Direct investments	709,196	487,581
Sales and disposals	-1,382,776	-505,717
Net change in value	-2,244,531	-682,686
Carrying value	46,350,816	48,389,118

Changes in value can be broken down into the following components:

	2008	2007
<i>Changes in value</i>		
Positive	1,063,510	1,153,995
Negative	-3,308,041	-1,836,681
<i>Profit on sales and disposals</i>		
Positive	52,620	70,105
Negative	-	-4,274
Total changes in value, investment properties	-2,191,911	-616,855

The assessed fair value of the Group's investment properties as of December 31, 2008 has been set following an internal property valuation. The valuation was based on different valuation methods as follows:

		SEK m	Share, %
Internal valuation model	Cash flow method	44,798	97
Expansion reserves	Location price method	894	2
Other valuation	Special basis for calculation	659	1
Total		46,351	100

External valuation

A selection of the properties is valued each year by external valuation companies as a benchmark for quality-assuring the internal valuation model. In addition, certain development properties with income and costs which are difficult to estimate are valued externally. External valuations in 2008 were made by DTZ, whose valuers are authorised by the Swedish Society of Real Estate Economics.

Of the 100 objects in Akademiska Hus which had been valued the highest, 12 objects were valued externally. In terms of value, the external valuations account for approximately 9 per cent of the total value. The deviation in value for the externally valued objects compared with the internal valuation is on the object level within the margin of error +/- 10 per cent. The external valuations carried out confirmed the reliability of the Akademiska Hus internal valuation model.

Internal valuation

SEK 44,798 million (97 per cent) of the assessed fair value has been set using the internal cash flow valuation.

Valuation method

The value of an asset comprises the current value of the future cash flows which the asset is expected to generate. Within Akademiska Hus the property valuation is based on each individual valuation object's expected cash flow during the coming 10 years with an estimated residual value for year 11. The cash flow comprises each valuation object's income and expenses, i.e. the net operating profit. To calculate the net operating profit during the calculation period an assessment is made of, among other things, inflation, rents, vacant space and operating and maintenance costs. For the final year of the calculation period the residual value is calculated, which should be a probable market value at that point in time. The net operating profit for years 1-10 is discounted using a nominal cost of capital and the residual value for year 11, which is the net operating profit during the remaining estimated useful life, is discounted with a direct yield requirement. The current value of the net operating profit and the residual value have been calculated using the same cost of capital and reduced by three per cent for stamp duty.

Cost of capital and direct yield requirements

Cost of capital and direct yield requirements in the Akademiska Hus valuation model can be traced partly from transactions on the property market and partly using in-house analyses. Both the demands of the market and in-house analyses have been checked with several external valuation companies, including DTZ, Newsec and Öhrlings PriceWaterhouseCoopers.

Cost of capital and direct yield requirements should be justified based on conditions specific to Akademiska Hus-specific as well as practice within the property industry. It is in these yield requirements that the risk in the property holdings is highlighted.

For Akademiska Hus the tenants are a strength factor. Some 87 per cent of the tenants are state-controlled and the average remaining term of current leases is 5.9 years (6.3). Using these conditions, the cash flow during the calculation period is extremely well assured and it is seldom that any major uncertainties prevail during the calculation period. With these conditions, the risk supplement in the cost of capital should be low. The uncertainty comprises largely residual value risks and the fact that Akademiska Hus is working in a specific segment of the property market.

The residual value risk means that there is a relatively high risk in the rent flow in the long-term and in particular for buildings outside the city areas with a significant element of specific operationally adapted premises. Several buildings are not general in the sense that they are not available for new tenants or purposes without substantial redevelopment. The relatively wide range for direct yield requirements reflects an assessment of this situation.

The cost of capital for the cash flow varies for different valuation objects within the range 7.0-10.75 per cent depending on town, location, lease term and type of premises in the valuation object. The cost of capital varies, which could be explained by what are on average long and secure flows during the cash flow period. For 2008, the average cost of capital was 7.9 per cent (7.3).

The long-term direct yield requirement varies between 6.0 per cent and 11.0 per cent depending on town, location and type of premises. There is a lower degree of sensitivity to the direct yield requirement compared to the cost of capital by reason of the fact that the direct yield requirement refers to uncertain conditions after year 10. For 2008, the average direct yield requirement was 7.1 per cent (6.7).

Town and location

In conjunction with an internal valuation, town and location have been classified as follows:

- AA Inner-city locations in Stockholm and Gothenburg.
- A Malmö, Lund, other parts of Gothenburg, other parts of Stockholm, Solna, Kista and Uppsala
- B Borås, Kalmar, Skövde, Norrköping, Linköping, Huddinge, Sundsvall, Umeå and Luleå
- C Alnarp, Kristianstad, Röbbäcksdalen, Skara, Ultuna, Örebro, Karlstad and Gävle
- D Other locations

The division into different towns and locations reflects the demand on the market and the attractiveness of the properties. AA towns and locations are the most sought-after and attractive whilst D locations are in least demand. The town and location classifications have been based partly on the general division of the property market, where larger and more important towns have, among other things from a demographic, employment and economic point of view, been assigned a higher degree of attractiveness, and also from the point of view of higher education and research, where AA and A locations are more attractive and are considered to be more stable and secure education and research locations in the long term.

Scope of special adaptation and category of premises

In the valuation a division has been made into laboratory premises and non-laboratory premises. The proportion of laboratory premises within Akademiska Hus is 34 per cent. For these premises there is a relatively higher risk in the rent flow in the long term as they represent a significant element of specific operationally adapted premises. To counter this risk, laboratory premises have a generally higher direct yield requirement with regard to the residual value.

Lease term

From a valuation point of view a division has been made into an average remaining lease term exceeding ten years, exceeding six years and equal to or less than six years. For valuation objects with an average remaining lease term exceeding six years the relative risk is lower as the cash flow valuation is based predominantly on hedged flows.

Other assumptions

The following assumptions form the basis for the market valuation:

- The calculation period is 10 years.
- Inflation is estimated at 2.0 per cent per year throughout the whole of the calculation period.
- The rent trend is estimated at a maximum of inflation (CPI). Consideration has been given to the formulation of the lease agreement, which has an annual rent trend equal to an average of 70 per cent of the CPI. The rent is assumed to be the assessed market rent at the end of the lease term.

Note 20 cont'd

- For current lease agreements the present level of vacant space has been used. At the end of the lease agreement a general level of vacant space of five per cent has been assumed.
- It has been assessed that in normal circumstances operating costs follow inflation (CPI).
- Property administration costs have been set at a standard of SEK 75/m² (75).
- Maintenance costs have been set at a standard of SEK 70/m² (70) for non-laboratory premises and SEK 110/m² (110) for laboratory premises. The standard maintenance figures adopted reflect the actual costs.
- Costs have been taken into account for installation-intensive premises and for a small number of other premises with a considerable need for refurbishment of an maintenance nature.

Expansion reserves

Of the assessed fair value, SEK 894 million comprises expansion reserves, where building rights of approximately 1.2 million square metres gross area are included. As these do not generate cash flow they have been valued using the location prices for construction rights as a guide with a deduction for estimated development costs such as roads in conjunction with expansion. In some cases, where the planning conditions for a new development are unclear, the pure land values have been used to set the values.

Other valuation

SEK 44,798 million has been valued according to the internal valuation model and SEK 894 million refers to expansion reserves. The remaining figure, SEK 659 million, comprises mainly development properties with uncertain future income and costs as well as the few Akademiska Hus residential objects. These have been valued individually outside the internal valuation model using the valuation method which has been most applicable.

Miscellaneous

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

All investment properties are leased under operational lease agreements and generate rental income. The rental income during the period amounted to KSEK 4,793,337 (4,635,052) and the direct costs for the investment properties during the period totalled KSEK 1,791,379 (1,774,865).

The term 'investments' refers to direct investments in investment properties. Investments in new construction in progress, which totalled SEK 1,173 million (1,316) are reported at the cost incurred.

The tax assessment values are as follows:

	31-12-2008	31-12-2007
Buildings	177,895	170,359
Land	89,379	90,854
Total	267,274	261,213

The majority of the Group's properties are taxed as specialist buildings and have thus not been allocated any tax values.

21 Construction in progress, investment properties (Group)

	31-12-2008	31-12-2007
Opening acquisition value	1,315,859	893,817
Purchases	736,489	1,058,290
Transferred to investment properties	-879,809	-635,653
Transferred to other fixed assets	-	-595
Closing accumulated acquisition values	1,172,539	1,315,859

New construction in progress has been recorded in the final accounts at cost. An assessment has been made and it is considered that new construction in progress would not in any case be valued lower using another method.

22 Equipment, fixtures and fittings

	Group (IFRS)		Parent Company (Annual Accounts Act)	
	31-12-2008	31-12-2007	31-12-2008	31-12-2007
Opening acquisition value	141,670	139,876	16,161	14,910
Purchases	10,320	4,894	751	1,327
Transferred from new construction in progress	-	595	-	-
Sales and disposals	-8,202	-3,695	-500	-76
Closing accumulated acquisition value	143,788	141,670	16,412	16,161
Opening depreciation	-122,424	-115,356	-12,270	-9,214
Sales and disposals	7,475	3,563	404	53
Depreciation for the year	-8,803	-10,631	-1,974	-3,109
Closing accumulated depreciation	-123,752	-122,424	-13,840	-12,270
Carrying value	20,036	19,246	2,572	3,891

23 Shares in Group companies

Specification of the Parent Company's shareholdings in Group companies

	Company reg. no.	Registered office	Total number of shares	Share of equity in % ¹⁾	Carrying value
Akademiska Hus Syd AB	556467-8786	Lund	85,000	100	169,950
Akademiska Hus Väst AB	556467-8760	Göteborg	95,000	100	189,950
Akademiska Hus Öst AB	556467-8778	Linköping	50,000	100	99,950
Akademiska Hus Uppsala AB	556467-8745	Uppsala	55,000	100	273,950
Akademiska Hus Stockholm AB	556467-8737	Stockholm	335,000	100	669,950
Akademiska Hus Norr AB	556467-8752	Umeå	50,000	100	159,950
Akademiska Hus Utveckling och Support AB	556610-2975	Göteborg	500	100	500
Total					1,564,200

¹⁾ Corresponds to the number of votes.

24 Derivatives (Group)

Derivatives are used to handle interest risk exposure and to eliminate currency risks in conjunction with financing in a foreign currency. The fair value of interest and currency swap agreements includes the underlying capital amounts and accrued interest. The Group's risk management is described in Note 37 Financial Risk Management.

Reported values, derivatives, are broken down as follows:

	31-12-2008 (IFRS/Annual Accounts Act)		31-12-2007 (IFRS/Annual Accounts Act)		31-12-2008 (IFRS/Annual Accounts Act)		31-12-2007 (IFRS/Annual Accounts Act)	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
NON-CURRENT								
<i>Independent derivatives</i>								
- interest derivatives	39,338	187,434	13,675	81,261				
- exchange rate interest swaps	481,135	-	-	-				
<i>Hedging instrument, fair value hedging</i>								
- interest derivatives	98,335	61,578	156,122	54,226				
- exchange rate interest swaps	1,919,768	-	204,668	639,443				
<i>Hedging instrument, cash flow hedging</i>								
- interest derivatives	25,976	-	3,457	-				
- electricity derivatives	-	50,329	27,032	-				
Total, non-current	2,564,552	299,341	404,954	774,930				
CURRENT								
<i>Independent derivatives</i>								
- interest derivatives	-	231,778	29,195	19,809				
<i>Hedging instrument, fair value hedging</i>								
- interest derivatives	879	-	67,044	-				
- exchange rate interest swaps	544,302	-	3,805	49,842				
<i>Hedging instrument, cash flow hedging</i>								
- currency derivatives	29,194	-	3,578	11,810				
- electricity derivatives	-	16,700	35,779	-				
Total, current	574,375	248,478	139,401	81,461				
Total, derivatives	3,138,927	547,819	544,355	856,391				

Fair value is equivalent to the reported value in the table above.

Note 24 cont'd

The due date structure of the Group's derivatives is as follows, SEK m.

	31-12-2008						31-12-2007					
	Independent derivatives ¹⁾		Fair value hedging ²⁾		Cash flow hedging ³⁾		Independent derivatives ¹⁾		Fair value hedging ²⁾		Cash flow hedging ³⁾	
	Nominal amount	Fair value	Nominal amount	Fair value	Nominal amount	Fair value	Nominal amount	Fair value	Nominal amount	Fair value	Nominal amount	Fair value
2008	-	-	-	-	-	-	-600	9	-2,010	21	-710	28
2009	1,300	-29	-2,741	544	-399	12	1,300	-36	-2,365	166	-233	23
2010	1,500	-198	-2,220	323	-265	-11	-	-	-1,595	-343	-116	7
2011	-	2	-954	197	-128	-13	-	-3	-759	-42	-	-
2012	725	-56	-968	206	-	-	725	-7	-711	-85	-	-
2013	1,261	-112	-2,205	500	-	-	1,261	-21	-	-	-	-
2014	-	-	-1,837	360	-	-	-	-	-1,426	-156	-	-
2015	-1,470	481	-1,000	37	-	-	-	-	-2,141	158	-	-
2016 and later	400	12	-859	336	-	-	-100	-	-320	-31	-	-
Total	3,716	100	-12,784	2,503	-792	-12	2,586	-58	-11,327	-312	-1,059	58

¹⁾ Nominal amount, independent derivatives, a positive amount constitutes an extension of the portfolio's fixed interest.²⁾ Nominal amount, fair value hedging, a negative amount constitutes a purchase of foreign currency.³⁾ Nominal amount, cash flow hedging, a negative amount constitutes a purchase of foreign currency and/or a purchase of electricity derivatives

The table below shows the due date structure for derivatives, SEK million, which are hedging instruments in cash flow hedging.

	31-12-2008				31-12-2007			
	Currency derivatives ¹⁾		Electricity derivatives ²⁾		Currency derivatives ¹⁾		Electricity derivatives ²⁾	
	Nominal amount	Fair value	Nominal amount	Fair value	Nominal amount	Fair value	Nominal amount	Fair value
2008	-	-	-	-	-537	-8	-173	36
2009	-212	29	-187	-17	-105	2	-128	21
2010	-131	19	-134	-30	-53	1	-63	6
2011	-54	7	-74	-20	-	-	-	-
Total	-397	55	-395	-67	-695	-5	-364	63

¹⁾ Nominal amount, exchange rate interest swaps and currency derivatives, a negative amount constitutes a purchase of foreign currency.²⁾ Nominal amount, electricity derivatives, a negative amount constitutes a purchase of electricity derivatives.

The following table shows the due date structure for forecast electricity use together with electricity derivatives and exchange derivatives entered into with the aim of hedging the electricity price. All outstanding currency hedgings are in EUR/SEK.

	Forecast use, MWh	Hedging level price, %	Hedging level currency, %
2009	454,000	79	95
2010	454,000	54	70
2011	454,000	25	29

25 Other non-current receivables

	Group (IFRS)		Parent Company (Annual Accounts Act)	
	31-12-2008	31-12-2007	31-12-2008	31-12-2007
Interest-bearing note	267,274	267,274	-	-
Non-interest-bearing note	52,815	183,037	-	-
Other non-interest-bearing	68,944	53,250	15	-
Total	389,033	503,561	15	-

Other long-term receivables are reported and valued according to the loan receivables and accounts receivable category. Fair value is equivalent to the reported value of other long-term receivables.

Of the Group's other non-current receivables, KSEK 345,251 is expected to be realised within five years of the year-end and KSEK 43,782 later than five years.

26 Rent receivables and accounts receivable

	Group (IFRS)		Parent Company (Annual Accounts Act)	
	31-12-2008	31-12-2007	31-12-2008	31-12-2007
Rent receivables and accounts receivable	150,799	254,032	305	-
Provision, doubtful rent receivables and accounts receivable	-149	-106	-	-
Total	150,650	253,926	305	-

Rent receivables and accounts receivable are reported and valued according to the loan receivables and accounts receivable category. Fair value rent receivables and accounts receivable concur with the carrying value as of the year-end and there is no impairment requirement.

Of the rent receivables and accounts receivable that had fallen due as of December 31, 2008, KSEK 27,724 had fallen due 1-5 days, KSEK 10,479 had fallen due 5-30 days, KSEK 587 had fallen due 30-60 days and KSEK 2,555 had fallen due more than 60 days.

The doubtful rent receivables and accounts receivable reserve was changed as follows:

	Group (IFRS)		Parent Company (Annual Accounts Act)	
	31-12-2008	31-12-2007	31-12-2008	31-12-2007
Opening balance	-106	-697	-	-
Provisions for the year	-43	-106	-	-
Reversed provisions	-	631	-	-
Established credit losses	-	66	-	-
Closing balance	-149	-106	-	-

27 Other receivables

	Group (IFRS)		Parent Company (Annual Accounts Act)	
	31-12-2008	31-12-2007	31-12-2008	31-12-2007
VAT receivable	128,304	22,852	995	-
Settlement, taxes and charges	8,275	20,283	-	287
Other current receivables	56,210	27,056	23,056	4,928
Total	192,789	70,191	24,051	5,215

Other current receivables are reported at cost.

28 Prepaid expenses and accrued income

	Group (IFRS)		Parent Company (Annual Accounts Act)	
	31-12-2008	31-12-2007	31-12-2008	31-12-2007
Accrued rent	34,578	32,456	-	-
Prepaid rental income	1,791	1,884	-	-
Accrued rental income	3,042	4,058	42	1,058
Prepaid interest expense	290	290	290	290
Prepaid energy costs	19,468	15,887	-	-
Miscellaneous	103,703	76,583	41,254	33,070
Total	162,872	131,158	41,586	34,418

29 Due date structure, receivables

	Group (IFRS)		Parent Company (Annual Accounts Act)	
	31-12-2008	31-12-2007	31-12-2008	31-12-2007
<i>Due date structure</i>				
Receivables expected to be cleared within one year of the year-end	1,150,504	677,237	21,223,230	21,942,419
Receivables expected to be cleared within 1-5 years of the year-end	1,620,593	542,170	1,275,357	200,286
Receivables expected to be cleared later than five years after the year-end	1,333,042	366,395	1,289,210	204,668
Total	4,104,139	1,585,802	23,787,797	22,347,373

30 Liquid funds

Current investments mainly comprise temporary surplus liquidity invested in the day loan market and collateral granted attributable to the credit support annexes (CSA). At the turn of the year the Group had not granted any collateral through CSA agreements compared with the previous year when KSEK 220,500 had been granted. Current investments of KSEK 775,000 (577,101) comprise current investment of surplus liquidity. Blocked bank funds in respect of pledged assets for stock market-cleared derivatives are included to the amount of KSEK 157,326 (39,035) in the reported amount for cash and bank balances for the Group and the Parent Company.

Liquid funds according to the Cash Flow Statement concur with liquid funds in the Balance Sheet.

	Group (IFRS)		Parent Company (Annual Accounts Act)	
	31-12-2008	31-12-2007	31-12-2008	31-12-2007
Cash and bank holdings	755,000	797,601	755,000	797,601
Current investments	260,152	46,232	258,184	45,779
Total	1,015,152	843,833	1,013,184	843,380

Liquid funds are reported and valued according to the assets valued at fair value in profit and loss category. Fair value is equivalent to the reported value of cash and bank holdings and current investments.

31 Hedge reserve/Fair value reserve

	Group (IFRS)		Parent Company (Annual Accounts Act)	
	31-12-2008	31-12-2007	31-12-2008	31-12-2007
Opening balance	47,099	1,842	47,099	1,842
<i>Change in value, derivative instrument (cash flow hedging)</i>				
- currency derivatives	44,558	9,979	44,558	9,979
- electricity derivatives	-156,109	50,210	-156,109	50,210
Transferred to net financial income/expense	-94	354	-94	354
Transferred to the operating result	31,377	2,312	31,377	2,312
Tax effect	22,222	-17,598	22,222	-17,598
Closing balance	-10,947	47,099	-10,947	47,099

The tax effect, KSEK 22,222 (-17,598) refers to the change for the year. The closing deferred tax receivable/payable is reported in Note 17, Taxes.

32 Loans

The Group's financing takes place mainly through borrowing via four public financing programmes. Through their standardised terms and conditions these permit rational, cost-effective financing. The Group has a domestic commercial paper programme, an MTM programme and international ECP and EMTN programmes. Bank financing is used to a limited extent. The average capital for bank financing during 2008 was SEK 642 million (253). The Group's risk management is presented in Note 37 Financial risk management.

Financing cost

Net interest income and expense amounted to SEK -689 million (-610) and the average liability portfolio was SEK 17,193 million (16,913). The financing cost amounted to 3.46 per cent (3.63) calculated as the interest expense in relation to average interest-bearing net loan liability, excluding cash and bank holdings, according to IFRS. On December 31, 2008 the average rate of interest on the outstanding liability portfolio was 4.61 per cent (4.41) excluding interest derivatives, and 4.56 per cent (4.54) including interest derivatives.

Financing cost, %

	2004	2005	2006	2007	2008
Financing cost for loans	3.05	2.62	2.81	3.80	4.69
Net interest income/expense, interest rate swaps	1.20	1.05	0.93	0.45	0.00
Allocations to specific periods and charges	0.25	0.03	0.02	0.01	0.02
Changes in value, financial instruments according to IFRS	-	0.15	-1.28	-0.63	-1.25
Total financing cost	4.50	3.85	2.48	3.63	3.46

Borrowing can be broken down as follows, SEK m:

	Group (IFRS)				Parent Company (Annual Accounts Act)			
	31-12-2008		31-12-2007		31-12-2008		31-12-2007	
	Reported value	Fair value	Reported value	Fair value	Reported value	Fair value	Reported value	Fair value
<i>Category, other financial liabilities</i>								
Bonds & MTN	2,819	2,748	2,499	2,390	2,819	2,748	2,499	2,390
EMTN	1,469	1,446	-	-	1,469	1,446	-	-
Other loans	767	779	174	174	600	601	-	-
Total	5,055	4,973	2,673	2,564	4,888	4,795	2,499	2,390
<i>Category, financial liabilities valued at fair value in profit and loss according to the fair value hedging method</i>								
Bonds & MTN	1,388	1,388	1,726	1,726	1,388	1,388	1,726	1,726
EMTN	4,830	4,830	5,498	5,498	4,830	4,830	5,498	5,498
Other loans	3,891	3,891	2,217	2,217	3,891	3,891	2,217	2,217
Total	10,109	10,109	9,441	9,441	10,109	10,109	9,441	9,441
Total non-current loans								
Total non-current loans	15,164	15,082	12,114	12,005	14,997	14,904	11,940	11,831
<i>Category, other financial liabilities</i>								
Commercial paper	50	50	1,611	1,610	50	50	1,611	1,610
ECP	-	-	385	385	-	-	385	385
Bonds & MTN	-	-	326	332	-	-	326	332
Other loans	7	7	397	397	-	-	391	390
Total	57	57	2,719	2,724	50	50	2,713	2,717
<i>Category, financial liabilities valued at fair value in profit and loss according to the fair value hedging method</i>								
Bonds & MTN	-	-	367	367	-	-	367	367
EMTN	2,751	2,751	1,428	1,428	2,751	2,751	1,428	1,428
Other loans	-	-	286	286	-	-	286	286
Total	2,751	2,751	2,081	2,081	2,751	2,751	2,081	2,081
Total current loans	2,808	2,808	4,800	4,805	2,801	2,801	4,794	4,798
Total loans	17,972	17,890	16,914	16,810	17,798	17,705	16,734	16,629

The above table shows amounts excluding accrued coupon interest.

Note 32 cont'd

Due date structure, loans, SEK m

	Fixed interest			Variable interest				Total
	Loans	Derivatives	Sub-total	Loans	ECP and commercial paper	Derivatives	Sub-total	
2009:1	2,741	-1,941	800	-	50	-250	-200	600
2009:2	-	500	500	-	-	-500	-500	0
2010	3,719	-719	3,000	-	-	1,942	1,942	4,942
2011	954	-954	0	600	-	780	1,380	1,380
2012	968	-243	725	-	-	69	69	794
2013	2,205	-944	1,261	-	-	541	541	1,802
2014	1,837	-1,837	0	-	-	1,530	1,530	1,530
2015	1,670	-2,470	-800	1,126	-	2,116	3,242	2,442
2016 and later	1,779	-459	1,320	374	-	380	754	2,074
Total	15,873	-9,067	6,806	2,100	50	6,608	8,758	15,564

The above table shows financing (nominal amount) together with outstanding interest and currency derivatives. Loans and derivatives in foreign currency have been calculated at the year-end exchange rate. As all loans raised in a foreign currency are swapped to Swedish kronor the exchange rate effect is neutralised. Positive figure = the Group pays interest, negative figure = the Group receives interest.

Important contractual terms and conditions

The Group's bond programmes, MTN and EMTN, include a clause regarding government ownership. In the event the Swedish government ceases to be the holder, directly or indirectly, of more than 50 per cent of the shares in Akademiska Hus AB, equivalent to more than 50 per cent of the shares and more than 50 per cent of the votes, the bonds fall due for payment immediately. The Group has no agreement where the terms and conditions are linked to a certain rating level.

Hedge accounting

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

Currency distribution

The Group's financing as of the year-end is distributed as follows under the original currency and in SEK m after taking into account currency and interest swap agreements:

Currency	31-12-2008				31-12-2007			
	Nominal amount	Interest %	Interest % in SEK	Amount in SEK m ¹⁾	Nominal amount	Interest %	Interest % in SEK	Amount in SEK m ¹⁾
<i>Swapped to SEK</i>								
<i>ECP</i>								
USD	-	-	-	-	60	5.42	4.29	385
Sub-total							4.29	385
<i>MTN</i>								
EUR	20	4.40	2.47	221	20	4.40	4.69	186
Sub-total			2.47	221			4.69	186
<i>EMTN</i>								
CHF	800	2.66	4.75	5,867	750	2.99	4.50	4,254
EUR	250	4.50	5.70	2,751	250	4.50	4.64	2,358
JPY	3,000	1.97	5.57	258	3,000	1.97	4.38	174
USD	22	4.00	5.59	174	22	4.00	4.71	140
Sub-total			5.08	9,050			4.54	6,926
<i>Other loans</i>								
CHF	250	2.26	5.44	1,757	250	2.26	4.36	1,359
JPY	25,000	1.65	3.96	2,134	20,000	1.59	4.61	1,144
Sub-total			4.65	3,891			4.48	2,503
Total			4.91	13,162			4.52	10,000
<i>Unswapped (in SEK m)</i>								
Commercial paper	50	-	4.61	50	1,621	-	4.34	1,611
Bonds & MTM	3,820	-	3.73	3,986	4,410	-	4.19	4,732
Other loans	781	-	5.13	774	571	-	4.20	571
Sub-total			3.93	4,810			4.23	6,914
Total			4.60	17,972			4.41	16,914

¹⁾ Refers to reported value.

33 Allocations to pensions and similar commitments

Defined contribution pension plans

The Group's defined contribution pension plans, so-called alternative ITP for high-income earners, as well as individual pension assurances to leading executives, cover employees in all Group companies. The defined contribution pension plans mainly comprise a retirement pension, sickness pension and family pension. The premiums are paid continuously throughout the year by each Group company to different insurance companies. The premium amounts are based on salary.

The pension costs for the year amounted to KSEK 13,683 (10,745).

Defined benefit pension plans

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

The most recent actuarial calculation of the current value of the defined benefit commitments was carried out by an authorised actuary on December 31, 2008. When calculating the current value of the defined benefit commitments and associated costs for employment during the current period and associated costs for employment during previous periods, the Projected Unit Credit Method was used.

Information regarding the reporting of defined benefit pension plans which cover several employers – Alecta

The retirement pension and family pension undertaking for white-collar workers in Sweden is secured through insurance with Alecta. According to statements from the Swedish Financial Reporting Board, UFR 3 and URA 6, this is a defined benefit plan covering several employers. For the 2008 financial year the Company has not had access to such information that makes it possible to report this plan as a defined benefit plan. The pension plan according to ITP, which is secured through insurance with Alecta, is therefore reported as a defined contribution plan. The charges for the year for pension insurance taken out with Alecta total SEK 6.2 million (6.4). Alecta's surplus can be distributed to the policyholders and/or the insured. At the end of 2008, Alecta's surplus in the form of the collective consolidation level amounted to 112 per cent (152). The collective consolidation level comprises the market value of Alecta's assets as a percentage of the insurance undertakings, calculated according to Alecta's insurance calculation assumptions, which do not concur with IAS 19.

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

	31-12-2008	31-12-2007
Discount rate	3.00	4.30
Salary increase	3.50	3.50
Inflation	3.00	3.25
Income base amount	2.00	2.00
Personnel turnover	2.00	2.00
Remaining period of service, years	17.0	17.1

The total pension cost is as follows:

	2008	2007
Benefits earned during the year	6,494	7,438
Interest on the pension provision	10,456	8,889
Actuarial gains (-)/losses (+)	10,140	266
Pension costs, defined benefit plans	27,090	16,593
Pension costs, defined contribution plans	19,929	17,177
Employer's contribution and tax on returns, other pension costs	9,962	7,774
Total pension costs	56,981	41,544

The following provisions attributable to the Group's defined benefit commitment have been made in the Balance Sheet:

	31-12-2008	31-12-2007
Current value of the commitment at the period-end	319,767	246,334
Actuarial profits (+) losses (-) brought forward	-81,199	-25,904
Allocated to pensions	238,568	220,430

Pension commitments and provisions for pension undertakings and net actuarial gains/losses for the defined benefit plans have changed as follows:

	31-12-2008	31-12-2007
Opening balance	220,430	212,064
Benefits earned during the year	6,494	7,438
Interest costs	10,456	8,889
Amortisation, actuarial gains (+)/losses(-)	10,140	266
Benefits paid	-8,952	-8,227
Closing balance	238,568	220,430
Actuarial gains/losses	31-12-2008	31-12-2007
Opening balance, actuarial gains (+)/losses (-)	-25,904	-24,979
Actuarial gains (+)/losses (-) to be reported	10,140	266
Actuarial gains (+)/losses (-) on pension commitments	-65,435	-1,191
Closing balance, actuarial gains (+)/losses (-)	-81,199	-25,904

In addition to the effect of amended actuarial assumptions, such as the change in the discount interest rate etc, actuarial gains and losses have occurred by reason of a deviation from the basic experience-based assumptions. Deviations from experience-based assumptions includes unexpectedly high or low figures for staff turnover, early retirement, lifespan and salary increases. The effect of such deviations is positive and amounts to approximately SEK 1.3 billion with regard to the contribution-based assessments.

Future payments

The Group is expected to pay KSEK 23,100 (17,254) in charges for the defined benefit plans during the forthcoming financial year.

Provisions for pensions and similar commitments in the Parent Company

The reported pension liability in the Parent Company comprises:

	31-12-2008	31-12-2007
FPG/PRI Pensions	17,440	16,610
Other pensions	61,876	59,351
Total	79,316	75,961

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

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

	31-12-2008	31-12-2007
Opening balance	75,961	77,130
Other changes	4,855	1,019
Interest costs	4,425	3,368
Payments	-5,925	-5,556
Closing balance	79,316	75,961

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

	2008	2007
Other income/costs for changes in the pension liability	4,855	1,019
Interest part of the pension cost	4,425	3,368
Pension costs, defined benefit plans	9,280	4,387
Pension costs, contribution-based plans	6,284	4,360
Employer's contribution and tax on the yield, other pension costs	3,416	2,456
Total pension costs	18,980	11,203

Actuarial assumptions

The actuarial calculation of pension commitments and pension costs in the Parent Company is based on the actuarial assumptions stipulated in the FPG/PRI system and by the Swedish Financial Supervisory Authority.

34 Other liabilities

	Group (IFRS)		Parent Company (Annual Accounts Act)	
	31-12-2008	31-12-2007	31-12-2008	31-12-2007
Other interest-bearing liabilities	722,764	29,262	722,764	29,262
Other non-interest-bearing liabilities	160,541	108,494	7,965	8,343
Total, other liabilities	883,305	137,756	730,729	37,605

Other liabilities are reported and valued according to the Other financial liabilities category. The fair value is equivalent to the reported value of Other liabilities.

The Parent Company has entered into a supplementary agreement, a Credit Support Annex (CSA) to the ISDA, with the aim of handling exposure to counterparty risks in derivatives. The agreement means that the parties mutually undertake to furnish collateral in the form of liquid funds or securities with a good rating for undervalued in outstanding derivatives. The agreement in turn gives the secured party right of disposal of collateral received. As of the year-end, the Group received collateral through the CSA agreement totalling KSEK 722,764 (29,262).

Of the Group's other liabilities KSEK 876,209 falls due for payment within one year of the year-end, KSEK 849 within 1-5 years of the year-end and KSEK 6,247 later than five years after the year-end.

35 Accrued expenses and prepaid income

	Group (IFRS)		Parent Company (Annual Accounts Act)	
	31-12-2008	31-12-2007	31-12-2008	31-12-2007
Prepaid rental income	1,190,552	1,188,220	-	-
Accrued salary and personnel costs	27,196	25,609	6,757	6,037
Accrued operating and maintenance costs	72,172	29,579	-	-
Accrued investments	43,502	73,744	-	-
Accrued interest	339,557	246,853	339,557	246,853
Other interim liabilities	25,931	23,533	22,244	20,370
Total	1,698,910	1,587,538	368,558	273,260

36 Due date structure, liabilities

	Group (IFRS)		Parent Company (Annual Accounts Act)	
	31-12-2008	31-12-2007	31-12-2008	31-12-2007
<i>Due date structure</i>				
Liabilities that fall due for payment within one year of the year-end	5,919,897	6,930,890	4,210,744	5,242,409
Liabilities that fall due for payment within 1-5 years of the year-end	8,686,820	7,454,553	8,658,334	7,435,205
Liabilities that fall due for payment later than five years after the year-end	13,593,520	13,068,698	6,781,578	5,377,482
Total	28,200,237	27,454,141	19,650,656	18,055,096

37 Financial risk management (Group)

In its capacity as a net borrower, the Group is exposed to financial risks, particularly interest rate risks, refinancing risks, credit risks and exchange rate risks. The governing document, the Finance Policy, is adopted each year by the Board. It contains the long-term strategic orientation, allocation of liability, the Group's approach to financial risks and the mandate to handle these risks. Plans to handle financial risks for the coming year are adopted in December and include authorisation and mandates as well as concrete plans for financing operations. The Group's financial management is centralised at the Parent Company's Treasury Department, which allows effective and co-ordinated financial risk management.

Interest risk

The term 'interest risk' refers to the negative impact on Group profit as a result of a change in market interest rates. The Group's interest rate risk exposure is high due to the relatively high leverage and interest expense is the single largest cost item. The handling of the interest risk in the form of a choice of a fixed interest period in the liability portfolio is consequently one of the most important tasks. The Finance Policy states that the interest risk should be handled within a fixed interest mandate adopted by the Board. The current mandate states that the fixed interest period, including interest derivatives, should be 1-2.5 years. The Group defines the average fixed interest period as a measure of the sensitivity in net interest income and expense in conjunction with a change in the market interest rates. The Group uses interest derivatives as a means of adjusting and securing the desired fixed interest period. The point of departure, however, is that these derivatives should be used mainly when the desired fixed interest period is difficult to achieve within existing borrowing or can only be achieved at a considerable additional cost.

The fixed interest period at the year-end was 1.9 years (1.6), including interest derivatives. The average fixed interest period during the year was 1.8 years (1.9).

Due date structure for fixed interest periods and liability capital tie-up, SEK m

	Capital tie-up, loans	Fixed interest period, loans	Fixed interest period, derivatives	Fixed interest period, total
2009:1	2,791	2,991	6,325	9,316
2009:2	-	600	1,658	2,258
2009:3	-	-	-1,316	-1,316
2009:4	-	1,300	-	1,300
2010	3,719	3,719	-2,219	1,500
2011	1,554	954	-954	-
2012	968	968	-243	725
2013	2,205	2,205	-944	1,261
2014	1,837	1,837	-1,837	-
2015	2,796	1,670	-2,470	-800
2016 and later	2,153	1,779	-459	1,320
Total	18,023	18,023	-2,459	15,564

The above table shows nominal amounts. The nominal amounts have been recalculated at the year-end rate. As all loans that are raised in foreign currency are swapped to Swedish kronor the exchange rate effect is neutralised. Positive figure = the Group pays interest, negative figure = the Group receives interest.

Currency risk

A currency risk is the risk that exchange rate changes will have a negative impact on the Group's Income Statement and Balance Sheet. In conjunction with borrowing in a foreign currency, the Group is exposed to an exchange rate risk. As the Group's operations are exclusively in Swedish kronor the policy is that all exchange rate risk in conjunction with financing in a foreign currency should be eliminated. All payment flows attributable to borrowing are exchange hedged with the aid of forward rate agreements and currency swaps. The Group accepts exchange rate exposure for electricity trading, as this takes place to a limited extent.

Note 37 cont'd

Currency breakdown, loans and derivatives, SEK m

Original currency	Loans	Derivatives	Total
CHF	7,717	-7,717	-
EUR	2,960	-2,960	-
JPY	2,406	-2,406	-
SEK	4,770	10,794	15,564
USD	170	-170	-
Total	18,023	-2,459	15,564

The table above shows the nominal amounts. The nominal amounts were recalculated using the year-end rate.

Liquidity and refinancing risk

The term 'refinancing risk' refers to the risk that the cost is higher and that the financing opportunities are limited when the loans that fall due are to be renewed. The Finance Policy states that unutilised credit facilities should be in place to a sufficient extent to guarantee good payment capacity. The aim is to limit the costs by seeking to strike a balance between short-term, medium-term and long-term financing, and endeavouring to achieve diversification between different financing arrangements and markets. Loans that fall due should have a spread so that a maximum of 40 per cent fall due for refinancing within a 12-month period. The Group has a very good credit rating, which offers a good opportunity to achieve the diversification aimed for through the public financing programmes.

The Group's liquid assets at the end of 2008 totalled SEK 1,015 million (844). At the year-end, bank facilities granted totalled SEK 3,700 million (4,200), of which SEK 1,700 million (2,700) was unconfirmed.

Facilities and rating

	Rating Standard & Poor's	Framework 31-12-2008	Unutilised, nom. 31-12-2008
Bank		SEK 3,700 m	-
Commercial paper	A1+/K1	SEK 4,000 m	SEK 50 m
ECP (Euro Commercial Paper)	A1+	USD 600 m	-
MTN (Medium Term Note)	AA	SEK 8,000 m	SEK 4,006 m
EMTN (Euro Medium Term Note)	AA/A1+	USD 2,000 m	USD 1,014 m

Credit risk and counter-party risk

The term 'credit and counter-party risk' refers to the risk of a loss when a counter-party does not fulfil its undertakings. The Group is exposed when surplus liquidity is placed in financial assets and also in conjunction with trade in derivatives. The Group applies a conservative counter-party risk. The Finance Plan includes a limit system for handling financial risks where permitted exposure depends on the counter-party's credit rating and the maturity of the involvement. The limits are related to the Group's risk capacity in the form of equity.

As the Group is in the long term a net borrower, periods of surplus liquidity are more of a temporary nature. Investments should therefore be characterised by good liquidity in the secondary market and be in accordance with the limit structure.

The Group's policy is that internationally standardised netting agreements, ISDA agreements, should always be signed with a counter-party before derivative transactions take place. As of December 31, 2008, the total counter-party exposure in derivatives (calculated as the net claim per counter-party) stood at SEK 3,057 million (515). With the aim of further reducing exposure to a counter-party risk, the Parent Company has entered into a number of supplementary agreements, Credit Support Annexes (CSA), to the ISDA agreements. The agreements mean that the parties mutually undertake to place collateral in the form of liquid funds or bonds for the value deficits in outstanding derivative contracts. At the year-end, the Group had received SEK 723 million (granted SEK 220 million) net.

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

Counter-party risks, excluding rent receivables, SEK m

	Receivable	Liability	Collateral received/ granted	Net exposure
<i>Institutes with a long rating</i>				
AAA/Aaa	-	-	-	-
AA+/Aa1	-	-	-	-
AA/Aa2	94	-	-93	1
AA-/Aa3	804	-52	-444	308
A+/A1	2,664	-	-186	2,478
A/A2	5	-	-	5
<i>Institutes with only a short rating</i>				
K1	-	-	-	-
Clearing institutes	108	-	157	265
Total	3,675	-52	-566	3,057

Positive figure = Group receivable, negative figure = Group liability

Credit risk attributable to rent receivables

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

Electricity price risk

The term 'electricity price risk' refers to the risk that the future price of electricity will affect the Group's operating costs negatively. With the aim of reducing the exposure to changes in the electricity price derivatives are used. The Group stipulates a long-term price hedging strategy. The strategy is laid down in the Group's Directive for trade in electricity. Trade in spot and financial electricity takes place through Nordpool. To limit the counterparty risk all trade is cleared through Nordpool. In the table above the outstanding exposure attributable to electricity derivatives is included in the Clearing institutes amount. An exchange rate risk attributable to electricity derivatives entered into is exchange-hedged with the aid of currency futures.

Sensitivity analysis, liability portfolio

The Akademiska Hus interest-bearing liability portfolio is constantly exposed to changes in interest rates on the market. As the fixed interest period is diversified and according to the current risk mandate, a minimum of one year on average, the interest cost will vary to a lesser extent than if the fixed interest period had been very short, e.g. three months.

Akademiska Hus has fixed interest periods both within and off the Balance Sheet. The aim of the interest derivative portfolio is to facilitate an extension of the fixed interest period of the liability portfolio over and above what is achieved in the financing. If the interest rate goes up the existing fixed interest would need to be higher and thus increase the value of the interest derivative portfolio.

In the following analysis the effect on profit of an increase in the interest rate of one percentage point for all terms is presented. The calculation is based on an unchanged liability volume.

Temporary current investments had a very short fixed interest period, which is the reason why the effects on profit have not been taken into account.

The analysis of the sensitivity of the liability portfolio to interest rates is divided into two parts:

- a change in value of the interest derivative portfolio (current values).
- cash flow effects during a calendar year for items with a short fixed interest period which receive new short-term interest for the remainder the year.

Sensitivity analysis, liability portfolio

	Nominal amount, SEK m	Maturity, years, average	Fixed interest period, years, average	Interest, %	Interest risk, one interest point, SEK m	Change in value of + 100 interest points, SEK m as of the year-end ¹⁾	Net interest income/expense with +100 interest points, SEK m during the remainder of the calendar year ¹⁾
Fixed interest within the balance sheet	2,620	4.79	4.79	3.47	1.0	-	-
Interest derivatives, fixed interest	3,486	-	2.97	4.68	1.3	133	-
Interest derivatives, variable interest	-3,486	-	0.23	-4.88	-0.1	-	27
Variable interest within the balance sheet	12,944	4.19	0.16	4.84	0.2	-	-109
Total	15,564	4.29	1.55	4.56	2.5	133	-82

¹⁾ Refers to 100 interest points in a parallel displacement of the yield curve.

38 Asset management (Group)

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

The Group's financial objectives are described in the Administration Report in the Strategy and objectives section and the Profitability and yield section. Financing operations are described in the Financing section of the Administration Report, Note 32 Loans and Note 37 Financial risk management.

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

The Group's capital is as follows:

	31-12-2008	31-12-2007
Loans from financing programmes (Note 32)	17,971,811	16,914,269
Collateral received for derivative transactions entered into (Note 34)	722,764	29,262
Financial derivatives (Note 24)	-2,591,108	312,036
Liquid funds (Note 30)	-1,015,152	-843,833
Interest-bearing net loan liability	15,088,315	16,411,734
Equity	24,462,445	24,699,717

39 Pledged assets

	Group (IFRS)		Parent Company (Annual Accounts Act)	
	31-12-2008	31-12-2007	31-12-2008	31-12-2007
Blocked bank funds	157,326	39,035	157,326	39,035
Current investments	-	220,500	-	220,500
Total	157,326	259,535	157,326	259,535

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

The Parent Company has entered into supplementary agreements (Credit Support Annexes) to the existing ISDA agreements with the aim of handling exposure to counter-party risks in derivative contracts. These agreements are mutual, follow international standards and mean that the parties undertake to assure the value deficits in derivative contracts. The agreement grants the assured party right of disposal of the collateral received. As of December 31, 2008, no collateral had been furnished for the Group's liabilities.

40 Contingent liabilities

	Group (IFRS)		Parent Company (Annual Accounts Act)	
	31-12-2008	31-12-2007	31-12-2008	31-12-2007
Contingent liability, FPG/PRI	2,507	2,301	349	326
Guarantee for regional companies' pension undertakings	-	-	133,660	120,061
Total	2,507	2,301	134,009	120,387

41 Interest paid and received

	Group (IFRS)		Parent Company (Annual Accounts Act)	
	31-12-2008	31-12-2007	31-12-2008	31-12-2007
Interest received	39,338	27,638	1,151,233	1,073,090
Interest paid	-835,735	-767,261	-821,581	-757,611
Total	-796,397	-739,623	329,652	315,479

42 Adjustments in items not included in the cash flow

	Group (IFRS)		Parent Company (Annual Accounts Act)	
	31-12-2008	31-12-2007	31-12-2008	31-12-2007
Depreciation	8,803	10,631	1,974	3,109
Change in value, investment properties	2,191,911	616,855	-	-
Capital gain (-) / loss (+) on sale of other tangible, non-current assets	110	-62	5	6
Change in value, financial instruments	-7,900	-189,675	-7,900	-189,675
Cash flow hedge	-80,269	62,855	-80,269	62,855
Change in pension provisions and similar undertakings	18,138	8,366	3,356	-1,170
Miscellaneous	-1	-1	-1	-
Total	2,130,792	508,969	-82,835	-124,875

43 Purchase sum in conjunction with investments, acquisitions and disposals

For investments and acquisitions for the period a total of KSEK 1,456,006 (1,550,769) has been paid, of which KSEK 1,240,123 was paid in liquid funds. For disposals for the period a total amount of KSEK 1,437,098 (528,020) has been received, of which KSEK 1,427,014 was received in liquid funds.

44 Change in interest-bearing net loan liabilities

	Group (IFRS)		Parent Company (Annual Accounts Act)	
	31-12-2008	31-12-2007	31-12-2008	31-12-2007
Opening amount	16,189,028	15,784,381	-5,460,696	-4,761,655
Increase (-) / Decrease (+) in interest-bearing receivables	-86,631	133,963	1,089,318	-977,148
Increase (-) / Decrease (+) in current investments	42,601	17,649	42,601	17,649
Increase (-) / Decrease (+) in liquid funds	-213,920	517,331	-212,405	517,728
Increase (+) / Decrease (-) in interest-bearing liabilities	-1,133,191	-264,296	-1,050,554	-257,270
Change in interest-bearing net loan liability	-1,391,141	404,647	-131,040	-699,041
Amount at the year-end	14,797,887	16,189,028	-5,591,736	-5,460,696

45 Events after the year-end

No significant events took place after the end of the reporting period.

46 Transactions with related parties

	Group (IFRS)		Parent Company (Annual Accounts Act)	
	31-12-2008	31-12-2007	31-12-2008	31-12-2007
Income				
Companies within the Akademiska Hus Group	-	-	1,889,863	1,166,040
Total	-	-	1,889,863	1,166,040
Costs				
Companies within the Akademiska Hus Group	-	-	-	-885
Total	-	-	-	-885

	Group (IFRS)		Parent Company (Annual Accounts Act)	
	31-12-2008	31-12-2007	31-12-2008	31-12-2007
Receivables				
Companies within the Akademiska Hus Group	-	-	20,582,913	21,763,385
Total	-	-	20,582,913	21,763,385
Liabilities				
Companies within the Akademiska Hus Group	-	-	4,257	14,632
Total	-	-	4,257	14,632

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

Signing of the Annual Report

The Board of Directors and the President hereby certify that the Annual Report has been prepared in accordance with the Annual Accounts Act and RFR 2.1 and provides a fair picture of the Company's financial position and results and that the Administration Report provides a fair overview of the development of the Group's operations, position and results and also describes material risks and uncertainties facing the Company.

The Board of Directors and the President hereby certify that the Consolidated Accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and provide a fair picture of the Group's position and results and that the Administration Report for the Group provides a fair overview of the development of the Group's operations, position and results and also describes material risks and uncertainties facing the companies that form part of the Group.

Gothenburg, March 5, 2009

Eva-Britt Gustafsson
Chairwoman

Charlotte Axelsson
Board member

Sigbrit Franke
Board member

Marianne Förander
Board member

Per Granath
Board member

Maj-Charlotte Wallin
Board member

Göran Wendel
Board member

Ingemar Ziegler
Board member

Sveinn Jonsson
Employee representative

Thomas Jennlinger
Employee representative

Mikael Lundström
President

Our audit report was submitted on March 5, 2009.

DELOITTE AB

Peter Gustavsson
Authorised Public Accountant

Audit Report

To the annual meeting of the shareholders of Akademiska Hus AB (Publ)
Corporate identity number 556459-9156

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President of Akademiska Hus AB (Publ) for the financial year 2008. The company's annual accounts and consolidated accounts are included in the printed version of this document on pages 4–45, 58–92. The Board of Directors and the President are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRS as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain a high level but not absolute assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President and significant estimates made by the Board of Directors and the President when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any Board member or the President. We also examined whether any Board member or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRS, as adopted by the EU and the Annual Accounts Act and give a true and fair view of the Group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of the shareholders that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit of the Parent Company be dealt with in accordance with the proposal in the administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Gothenburg, March 5, 2009

DELOITTE AB

Peter Gustafsson
Authorised Public Accountant

Property specification, Southern Region

Map reference	Property name	Property designation	Principal customer	Proportion of rentable floor space	Location	Rentable floor space, total, m ²	Vacant	Rental income plus supplements, KSEK
1	Språk & Litteraturcentrum, Universitetsbiblioteket	Absalon 5	Lund University	100%	Lund	30,438		37,006
2	Biomedicinskt Centrum, Astronomi, Zoologen	Eskil 21	Lund University	100%	Lund	55,579		132,123
3	Lunds Tekniska Högskola	Helgonagården 6:16	Lund University/Lund University of Technology	98%	Lund	187,571	11,599	261,609
4	Kulturanatomen, Finngatan, Klassiska	Hyphoff 5	Lunds universitet	100%	Lund	6,534	1,013	7,555
5	Historiska inst	Maria Magle 6	Lund University	100%	Lund	2,146		2,860
6	Socialhögskolan	Paradis 47	Lund University	100%	Lund	1,383		2,251
7	Eden, Byrålogen, G:a Kirurgen	Paradis 51	Lund University	100%	Lund	29,164	108	36,313
8	Socialhögskolan	Sankt Peter 33	Lund University	100%	Lund	943		1,202
9	Geocentrum 1	Saxo 3	Lund University	100%	Lund	3,328		590
10	AH Kontorshus	Studentkåren 4	Akademiska Hus Syd	100%	Lund	2,521		2,684
11	Fysik, Geocentrum 2	Sölve 1	Lund University	98%	Lund	35,502	144	63,684
	Alnarp	Alnarp 1:60	Swedish University of Agricultural Sciences	76%	Lomma	66,009	4,243	53,214
	Elevbostad	Alnarp 1:63	Swedish University of Agricultural Sciences	100%	Lomma	156		63
	Bostad	Alnarp 1:64	Private residence	100%	Lomma	145		76
	Tandvårdshögskolan	Klerken 4	Malmö University	94%	Malmö	15,435		17,737
	Nisbethska, Bibliotek, Falken	Falken 3	Kalmar University	94%	Kalmar	12,331	120	18,356
	Rostad	Rostad 1	Kalmar University	46%	Kalmar	3,707	144	3,988
	Sjöfartshögskolan	Eldaren 1	Kalmar University	88%	Kalmar	12,360		20,911
	Högskolan	Näsby 34:24	Kristianstad University	97%	Kristianstad	33,094	1,295	35,826
TOTAL						498,346	18,666	698,048
	Rent reductions and vacant space							-13,047
	Income, properties sold							1,899
	Rental income, net							686,900



Property specification, Western Region

Map reference	Property name	Property designation	Principal customer	Proportion of rentable floor space	Location	Rentable floor space, total, m ²	Vacant	Rental income plus supplements, KSEK	
1	KK2	Annedal 20:2	Gothenburg University	100%	Gothenburg	5,515		7,605	
2	Psykologen	Annedal 21:11	Gothenburg University	100%	Gothenburg	6,169		9,094	
3	Näckrosdammen	Lorensberg 21:1	Gothenburg University	100%	Gothenburg	32,340		40,038	
4	Artisten	Lorensberg 24:3	Gothenburg University	100%	Gothenburg	14,968		26,363	
5	Viktoriagatan	Vasastaden 12:19	Gothenburg University	100%	Gothenburg	4,142		5,420	
6	Handels	Haga 22:1	Gothenburg University	100%	Gothenburg	25,511		36,916	
7, 8, 9	Samvetet	Haga 21:19	Gothenburg University	100%	Gothenburg	21,566		31,280	
10	Botan	Änggården 34:2	Gothenburg University	100%	Gothenburg	9,789		18,162	
11	Medicinareberget	Änggården 718:138	Gothenburg University	96%	Gothenburg	81,457	296	140,214	
12	Chalmers	Johanneberg 31:9	Chalmersfastigheter AB	97%	Gothenburg	127,983	310	159,548	
13	Mattecentrum	Krokslätt 109:20, 110:3		100%	Gothenburg	11,259	10,259	15,994	
	Pedagogen	Växthuset 2		100%	Mölnadal	35,978	35,978		
	Karlstads universitet	Universitetet 1	Karlstad University	98%	Karlstad	80,211		121,020	
	Balder	Balder 7	Borås University	100%	Borås	32,225		37,270	
	Sandgårdet	Sandgårdet 6, 7, 8, 11, 13, Innerstaden 1:3	Borås University	100%	Borås	13,456		24,822	
	Högskolan Skövde	Göta 1	Skövde University	100%	Skövde	19,768		28,161	
		Stenbocken 1	Swedish University of Agricultural Sciences	78%	Skara	4,077	266	3,700	
		Häggen 2	Swedish University of Agricultural Sciences	100%	Skara	671		340	
		Skytten 2	ATG-klinikerna AB	73%	Skara	6,282		4,725	
		Metes 2	Conagri AB	100%	Skara	1,193		2,134	
	Tjärnö	Korsnäs 1:16	Gothenburg University	100%	Strömstad	6,003		9,513	
	Kristineberg	Skaftö-Fiskebäck 1:500	Gothenburg University	100%	Lysekil	2,748		4,588	
	Orrspelsgatan	Krokslätt 109:9	Residential	100%	Gothenburg	64		28	
TOTAL						543,375	47,109	726,935	
	Rent reductions and vacant space								-17,903
	Income, properties sold								74
	Rental income, net								709,106

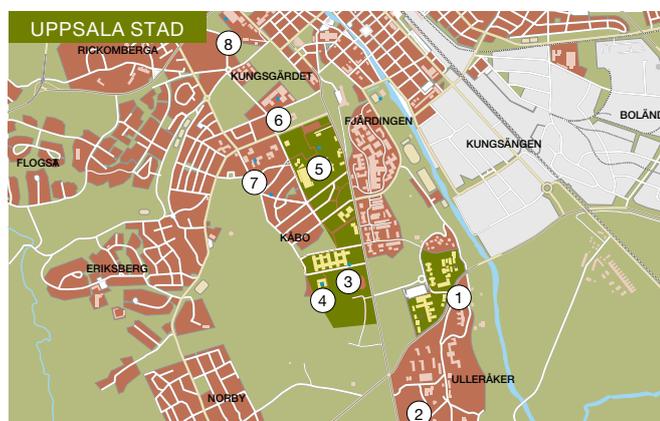


Property specification, Eastern Region

Map reference	Property name	Property designation	Principal customer	Proportion of rentable floor space	Location	Rentable floor space, total, m ²	Vacant	Rental income plus supplements, KSEK
	Campus Valla	Intellettet 1	Linköping University	73%	Linköping	215,862	10,406	291,026
	Örebro universitet	Universitet	Örebro University	100%	Örebro	91,437		150,705
		Kåkenhus 11	Linköping University	100%	Norrköping	19,093		29,075
		Täppan 23	Linköping University	100%	Norrköping	16,270		29,238
		Måltidens Hus 6:419	Örebro University	100%	Grythyttan	3,128		4,534
		Kårnhuset 6:432	Örebro University	100%	Grythyttan	1,656		2,434
		Kopparhammaren			Norrköping	0		0
TOTAL						347,446	10,406	507,012
	Rent reductions and vacant space							-10,345
	Rental income, net							496,666

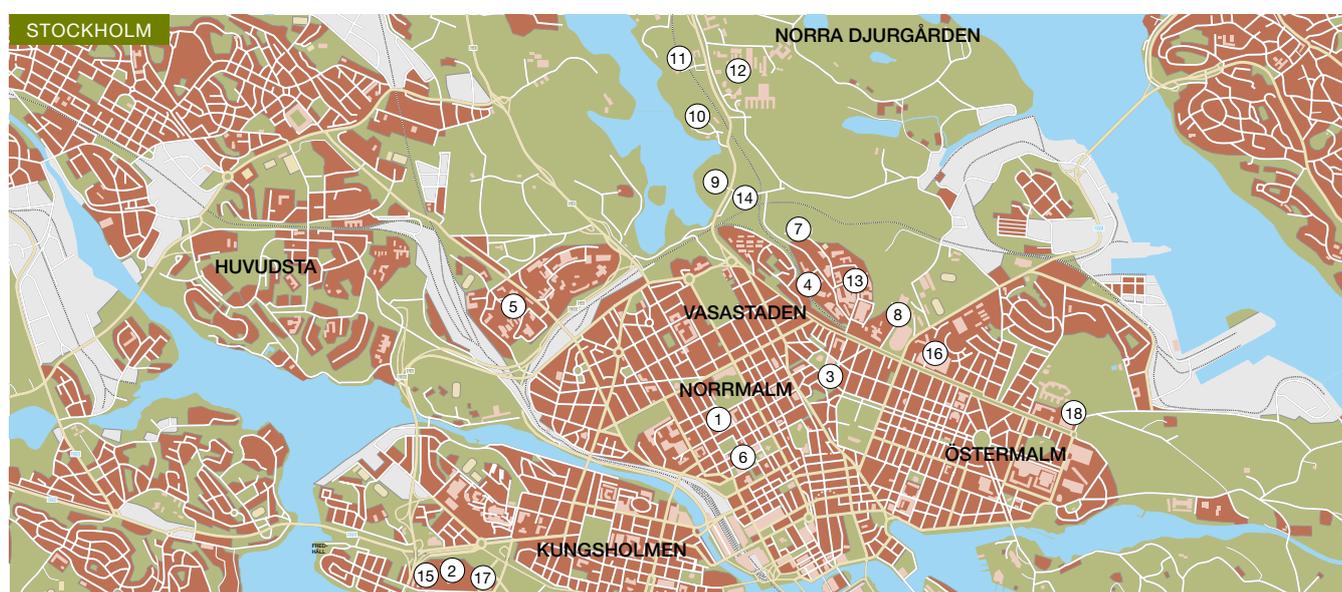
Property specification, Uppsala Region

Map reference	Property name	Property designation	Principal customer	Proportion of rentable floor space	Location	Rentable floor space, total, m ²	Vacant	Rental income plus supplements, KSEK
	Gävle Kungsbäck	Kungsbäck 2:8	Gävle University	98%	Gävle	44,796	1,463	62,884
	Studsvik	Hånö Säteri 1:9	Uppsala University	100%	Studsvik	0	0	0
1	MIC	Kronåsen 1:15	Uppsala University	88%	Uppsala	27,202	1,085	40,995
2	Ångströmslab	Kronsåsen 7:1	Uppsala University	100%	Uppsala	51,921	0	99,832
3	BMC, Kunskaps-skolan	Kåbo 1:10	Uppsala University	95%	Uppsala	83,016	2,439	155,797
4	Rosendals-gymnasiet, Fyrkanten	Kåbo 1:20	Uppsala Municipal Authority	95%	Uppsala	9,580	519	14,172
5	Kv Blåsenhus	Kåbo 5:1	Swedish Geological Survey	43%	Uppsala	37,898	0	47,243
6	Engelska Parken	Kåbo 14:3	Uppsala University	100%	Uppsala	40,871	458	58,290
7	Kv Lagerträdet (EBC)	Kåbo 34:12	Uppsala University	100%	Uppsala	29,641	2,478	44,219
8	Ekonomikum	Luthagen 62:7	Uppsala University	100%	Uppsala	21,838	0	29,526
9	Ultuna	Ultuna 2:23	Swedish University of Agricultural Sciences	74%	Uppsala	198,280	9,704	225,806
	Skinnskatteberg	Skinnskatteberg-Eriksbo 1:12	Swedish University of Agricultural Sciences	100%	Skinnskatteberg	3,216	0	1,697
TOTAL						548,259	18,146	780,461
	Rent reductions and vacant space							-22,473
	Income, properties sold							976
	Rental income, net							758,964



Property specification, Stockholm Region

Map reference	Property name	Property designation	Principal customer	Proportion of rentable floor space	Location	Rentable floor space, total, m ²	Vacant	Rental income plus supplements, KSEK
	Askö	Askö 1:4	Stockholm University	96%	Trosa	2,402	90	2,827
1	Studentpalatset	Bergsmannen Större 8	Stockholm University	100%	Stockholm	3,176	0	4,789
2	Campus Konradsberg	Centauren 1	Stockholm University	100%	Stockholm	10,052	0	20,297
3	Arkitektur	Domherren 1	Royal Institute of Technology	100%	Stockholm	12,916	0	14,038
	Universitetsområdet Flemingsberg	Embryot 1	Karolinska Institute	100%	Huddinge	16,616	0	35,585
4	Campus KTH	Forskningen 1	Swedish National Defence College	29%	Stockholm	59,553	678	103,228
5	Campus Solna	Haga 4:35	Karolinska Institute	70%	Solna	160,116	7,675	416,760
	Electrum	Keflavik 2	Royal Institute of Technology	48%	Stockholm	59,656	3,513	70,074
6	Spökslottet	Kungstenen 4	Stockholm University	100%	Stockholm	1,350	0	2,635
7	Campus KTH	Maskiningenjören 1	Royal Institute of Technology	70%	Stockholm	23,511	1,420	54,377
	Universitetsområdet Flemingsberg	Medicinaren 4	Karolinska Institute	100%	Huddinge	48,291	0	86,928
8	GIH	Idrottshögskolan 1	College of Physical Education and Sports	85%	Stockholm	12,588	0	14,276
9	Kräftriket	Norra Djurgården 1:44	Stockholm University	67%	Stockholm	28,432	1,855	39,758
10	Frescati Hage	Norra Djurgården 1:45	Stockholm University	94%	Stockholm	15,324	411	15,347
11	Lilla Frescati	Norra Djurgården 1:46	Stockholm University	99%	Stockholm	8,864	0	13,410
12	Frescati	Norra Djurgården 1:48	Stockholm University	96%	Stockholm	178,060	205	311,963
13	Campus KTH	Norra Djurgården 1:49	Royal Institute of Technology	87%	Stockholm	145,049	3,514	266,394
14	Albano	Norra Djurgården 2:2	No tenant, land only		Stockholm	0	0	0
	Nynäs	Nynäs 5:1	Stockholm University	100%	Nyköping	52	0	41
15	Campus Konradsberg	Ornbäraren 3	Stockholm University	86%	Stockholm	38,922	334	75,793
	Forum	Reykjanes 1	Royal Institute of Technology	47%	Stockholm	48,838	1,391	52,016
16	Svea Fanfar	Svea Artilleri 12	Vacated		Stockholm	1,656	1,656	0
17	Campus Konradsberg	Taffelberget 7	Reggio Emilia Institute	100%	Stockholm	495	0	605
18	Campus Gärdet	Tre Vapen 2	University College of Film, Radio, Television and Theatre	79%	Stockholm	13,948	1,095	27,254
TOTAL						889,867	23,837	1,628,394
Rent reductions and vacant space								-44,494
Income, properties sold								50,702
Rental income, net								1,634,602



Property specification, Northern Region

Map reference	Property name	Property designation	Principal customer	Proportion of rentable floor space	Location	Rentable floor space, total, m ²	Vacant	Rental income plus supplements, KSEK
	Mätstugan	STG 388+	Swedish Institute of Space Physics	100%	Lycksele	165		112
	Norrbyn	Norrbyn 2:122	Umeå University	100%	Norrbyn	2,489		4,376
	Västhagen	Västhagen 1	Mid Sweden University	100%	Sundsvall	6,164		6,243
	Åkroken	Åkroken 1	Mid Sweden University	93%	Sundsvall	24,242		40,831
1	Umeå Campus	Stadsliden 6:6	Umeå University, Swedish University of Agricultural Sciences	91%	Umeå	223,887	633	295,391
	Kiruna	Kiruna 1:304–1:309	Swedish Institute of Space Physics	87%	Kiruna	8,221		13,269
2	Luleå campus	Porsön 1:405	Luleå University of Technology	100%	Luleå	107,254		137,119
TOTAL						372,422	633	497,341
Rent reductions and vacant space								-3,750
Income, properties sold								13,507
Rental income, net								507,098



Definitions

Direct yield

Net operating profit in relation to the average assessed fair value.

Equity ratio

Net equity in relation to total assets carried forward.

Floor space, m²

Rentable floor space in square metres.

Floor space, m², gross

The gross floor space of the buildings. Comprises rentable floor space as well as common areas and the surrounding construction area.

Interest-bearing net loan liability

Interest-bearing loans, financial derivatives and short-term, interest-bearing investments. Pension provisions and similar items are not included.

Interest-bearing liabilities

Interest-bearing loans, including pension provisions and similar items.

Interest coverage ratio

Profit before financial items, excluding changes in value of properties in relation to net interest income/expense, excluding changes in value of financial derivatives.

Letting and vacant space levels

Let or vacant floor space in relation to the total rentable floor space. Financial letting or vacant space levels are rental income for space let and estimated rental income for vacant space in relation to the total rental income.

Loan-to-value ratio

Interest-bearing net loan liability in relation to the closing value of investment properties.

Maintenance costs

Costs for measures taken to reinstate worn or damaged parts of buildings to their original standard and function.

Net investments

Closing balance minus the opening balance for fixed assets plus depreciation and impairments minus revaluations.

Net operating profit ratio

Net operating profit in relation to management income.

Operating expenses

Expenses for measures taken with an expected interval of less than one year aimed at maintaining the function of a management object. Operating expenses are divided into energy and water supply and other operating expenses.

Property administration

Cost of management, day-to-day accounting administration, letting, contact with tenants, handling of registers, contracts and drawings, technical planning and follow-up and personnel administration.

Rental income

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

Return on equity after standard tax

Earnings after financial income and expense with a deduction for full tax in relation to average equity.

Return on total assets

Operating profit plus financial income in relation to average total assets.

Total yield

The total of the yield from investment properties and the change in value, expressed in per cent.

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Reports:

April 29, Annual General Meeting
April 29, Interim Report, January–March
August 14, Interim Report, April–June

November 2, Interim Report July–September
February 2010, Year-End Report 2009
March 2010, Annual Report 2009



Annual Report



Review of the Year
(Available only in Swedish)



Sustainability Report