

AKADEMISKA HUS AB (Publ) Reg. No. 556459-9156

- **Rental income** amounted to SEK 2,285 million (2,262). The level of vacant space was 3.5 per cent (4.1). In terms of value, the vacant space accounts for 2.3 per cent (2.5).
- **Profit before tax** for the period amounted to SEK 1,217 million (1,419). The fall in profit can be attributed mainly to a number of redevelopment projects, which have increased costs and affected the property valuation.
- **Profit for the period** was SEK 891 million (1,020).
- **During the first half of the year** property sales amounted to just over SEK 380 million. Investments in redevelopment and new construction totalled approximately SEK 730 million.
- **The direct yield** on a full-year basis is estimated at 5.9 per cent (6.0).

Profit and key figures

	Jan–June 2007	Jan–June 2006	Rolling 12-month period July 2006– June 2007	2006 Full year	2005 Full year
Property management income, SEK m	2,312	2,289	4,619	4,596	4,533
Net operating income, SEK m	1,417	1,488	2,772	2,843	2,727
Changes in investment property values, SEK m	52	91	1,835	1,874	7,214
Pre-tax profit, SEK m	1,217	1,419	4,027	4,229	9,270
Level of vacant space, rent %	2.3	2.5	2.5	2.6	2.1
Level of vacant space, area %	3.5	4.1	3.5	3.5	3.2
Assessed fair value, investment properties, SEK m	48,377	45,574	48,377	48,454	45,616
Direct yield, %	5.9	6.5	6.0	6.0	6.5
Net operating income, SEK/square metre	878	913	859	875	835
Return on equity after standard tax, %	6.9	8.6	12.3	12.9	34.2
Return on total assets, %	5.5	6.6	9.7	10.0	22.6
Equity ratio, %	48.2	48.3	47.1	47.2	44.8
Interest coverage ratio, %*	410	402	400	434	435

* Excluding changes in investment property values.

Statement by the President Thomas Norell

"The interest rate trend and an increase in the proportion of redevelopment projects have led to a result which is slightly lower than the corresponding period in 2006. The building boom has resulted in capacity problems. To date, this has had a minor impact on Akademiska Hus's current projects. The property market continues to be strong even if there are clear indications of a slowdown and recurring warnings of an impending downturn. Crucial in this respect is the rent trend, the yield on alternative investments and the belief in the development of the rental market.

During the period the Swedish Environmental Protection Agency moved into the Tre Vapen property at Gärdet in Stockholm and in summer 2008 Tre Vapen will be fully occupied after the National Academy of Mime and Acting moves in. In Karlstad new construction projects for natural sciences and engineering will continue according to plan with completion in summer 2008. The groundbreaking ceremony has already taken place for Pedagogikum in Uppsala with completion planned for the end of 2009 at an estimated cost of SEK 560 million.

Income, costs and result

Rental income

Rental income amounted to SEK 2,285 million (2,262). The increase is mainly attributable to projects which have been completed and are now available for letting.

Rental and vacancy levels

The total holdings amounted to 3,223,000 square metres (3,230,000 at the turn of the year) of rentable space. The sale of Mimer 5 in Stockholm has reduced the holding. The vacancy level was 3.5 per cent (4.1) of the total floor space, which is equivalent to 113,100 square metres (132,600). In terms of value, this figure includes vacant space after the first six months of 2.3 per cent (2.5) of the rent fully leased plus supplements, which reflects the fact that a large proportion of the vacant space has a lower rental value than the average for the holdings. The lower level of vacant space can be explained mainly by tenants moving into the Tre Vapen property in Stockholm. The majority of vacant space can be found primarily in the Ultuna area of Uppsala and in Kista and Hårnösand.

Leases

The average term for newly signed lease agreements is ten years and as of June the average remaining lease term was 6.3 years (6.4 at the turn of the year). For the larger, complex specialist buildings for laboratory and research activities a lease is normally signed with a term of ten years or longer.

Operating costs

For the first half of 2007 operating costs amounted to SEK 414 million (435), of which energy and water amounted to SEK 282 million (298). The mild winter compared with the corresponding period in 2006 and an active energy-saving programme have contributed to a reduction in energy consumption. Compared with other property companies, operating costs in SEK per square metre within Akademiska Hus are relatively high due to the high proportion of technically advanced premises. Laboratory premises and similar total 1.1 million square metres of floor space (35 per cent) and from an energy point of view they are considerably more resource-intensive than other premises.

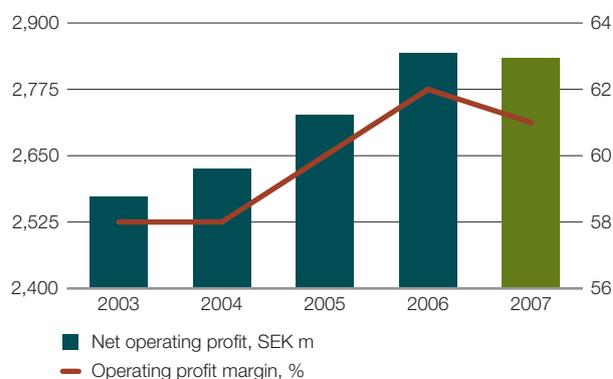
Maintenance costs

The maintenance costs for the period amounted to SEK 312 million (209). A number of major redevelopment projects (which form the basis for determining rents) at different locations, including Uppsala, were commenced, increasing the cost of maintenance compared with the corresponding period the previous year. Notwithstanding this, the investment in maintenance made by Akademiska Hus over several years has meant that the standard of the property holdings is now generally high.

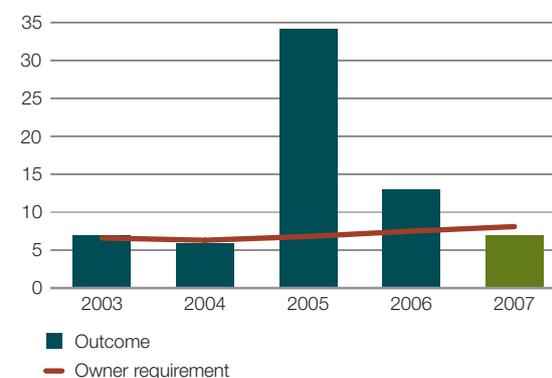
Net financial income/expense

Net financial income/expense for the period totalled SEK -241 million (-131). The main reason for the fall in net financial income/expense is the rise in interest rates since the turn of the year.

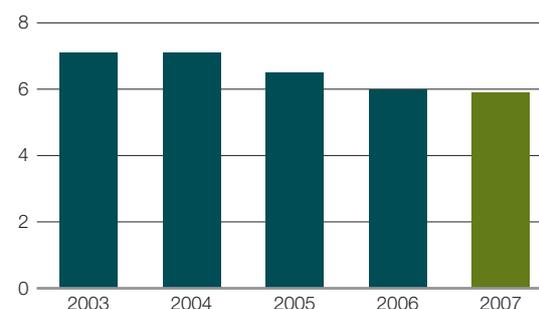
Net operating profit, 2003–2007



Return on equity 2003–2007, %



Direct yield 2003–2007, %



According to IFRS, the interest expense for the period, including changes in fair value of financial derivatives, amounted to 2.99 per cent (1.56) measured as interest expense in relation to the average interest-bearing liability. As a result of the upturn in interest rates, interest expense has increased compared with the same period the preceding year. According to IFRS, valuation of the interest swaps has contributed to a reduction in interest expense during the period. Under the previous accounting principles the interest expense would have been 4.73 per cent (4.06). As of the turn of the year, the equivalent interest expense was 4.24 per cent.

Financing cost, composition

	1-1-2007 30-6-2007	1-1-2006 30-6-2006	1-1-2006 31-12-2006
Financing cost for loans, %	3.56	2.60	2.81
Net financial income/expense, interest swaps, %	0.62	0.97	0.93
Charges, %	0.02	0.02	0.02
Changes in value, financial derivative instruments, %	-1.21	-2.03	-1.28
Total financing cost	2.99	1.56	2.48

Comments on the Balance Sheet

Property valuation

The assessed fair value of Akademiska Hus investment properties as of June 30, 2007 was set through an internal property valuation. The market value amounted to SEK 48.4 billion compared with SEK 48.5 billion at the turn of the year. As a complement, external valuations are made of certain properties as a benchmark for the internal cash flow valuations and for certain development properties where income and costs were difficult to assess. The unrealised net change in value for the period amounted to SEK 39 million (37). The assessed fair value per square metre was SEK 15,011 (15, 000). The property market continued to be strong during 2007 even if interest rates have increased and are expected to continue in that direction for the immediate future. Apart from unrealised changes in value, investments in investment properties were made to the amount of SEK 272 million (536 during the same period the preceding year) of which SEK 90 million was in Stockholm, SEK 60 in the North region and the remainder divided between the other regions. Property sales for the period amounted to SEK 388 million, of which the largest was the sale of the Mimer 5 property in Stockholm to Fabega AB for SEK 380 million. Akademiska Hus has in the property valuation chosen to allow the direct yield requirement and cost of capital to remain on the same levels as at the turn of the year. Akademiska Hus does not have any properties in CBD locations in Stockholm, Gothenburg or Malmö, where a continued slight fall in the direct yield requirement was reported for the first half of 2007. For a more detailed account of Akademiska Hus's views regarding property valuation reference can be made to the 2006 Annual Report.

Assessed fair value, investment properties

Amounts in SEK m	1-1-2007 30-6-2007	1-1-2006 30-6-2006
Opening assessed fair value	48,454	45,616
Investments in and reclassifications of investment properties	198	1,603
Direct investments, including acquisitions	74	32
Sales and disposals	-388	-615
Unrealised changes in fair value	39	1,818
Closing assessed fair value	48,377	48,454

Investments

Net investments in properties during the first six months amounted to SEK 341 million (-79). The sale has taken place of the Mimer 5

property in Stockholm and a number of smaller units in Uppsala, which together were valued at SEK 388 million. No acquisitions were made during the first half of 2007. Investments in investment properties and new construction in progress amounted to SEK 728 million, of which the change in work in progress was SEK 456 million.

Interest-bearing liabilities

Interest-bearing liabilities at the period-end amounted to SEK 18,077 million compared with SEK 18,270 million as of December 31, 2006. Maturity was 3.4 years compared with 3.7 years at the turn of the year.

The fixed interest period for the part of the liability portfolio covered by the fixed interest mandate is 1.9 years, which is the same as at the turn of the year.

Interest-bearing liabilities

Amounts in SEK m	30-6-2007	31-12-2006
Bank financing	316	-
Commercial Paper	1,440	1,605
ECP	543	510
Bonds & MTN	5,363	4,716
EMTN	6,467	6,967
Other loans	2,596	3,109
Total loans	16,725	16,907
Financial derivative instruments	1,135	1,122
Collateral received for derivative transactions	1	29
Pension provision	216	212
Total, other interest-bearing liabilities	1,352	1,363
Total interest-bearing liabilities	18,077	18,270

Risk management

Rental income is assured through leases which, by comparison with the industry in general are long. 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 just over six years. Follow-up of vacant space is a top priority and special measures have been drawn up for all vacant space. Compared with other property companies the level of vacant space within Akademiska Hus is very low.

Akademiska Hus is not exposed fully to increases in operating costs as approximately 50 per cent of costs for energy, fuel and water are passed on to tenants as a rent supplement. The price of electricity is hedged to counter any price increases. The purchase of electricity takes place on a groupwide basis directly through Nordpool and is governed by special internal guidelines. Maintenance costs are to a large extent floating and can be reduced to counter a decrease in profit or increase in vacant space. The management organisation is working on maintenance planning for each individual building. The measures taken over the years have meant that the property holdings are now well maintained. Akademiska Hus carries on financing operations with well-adapted strategies, striking a balance between the financial risks and a low financing cost.

The Finance Policy decided by the Board of Directors lays down the Group's risk approach and how exposure to financial risks will be handled. The handling of the liability portfolio interest risk takes place within a separate fixed interest mandate. For a more detailed description of Akademiska Hus's risk management, reference can be made to the 2006 Annual Report.

Objectives and profitability

With effect from 2007, the owner's financial objectives were set at:

- The Group's dividend target is 50 per cent of the profit and after net interest income/expense, excluding unrealised changes in value with a deduction for current tax.
- The Group's equity ratio should be a minimum of 35 per cent.
- The yield requirement, calculated as the return (profit after tax) on average equity, should be equivalent to the average five-year government bond interest rate plus four percentage points viewed over a business cycle.

The return on equity was 6.9 per cent (12.9 previous year). On average during the first half of 2007 the five-year government bond interest rate amounted to 4.1 per cent and the owner requirement was thus 8.1 per cent.

The net operating profit, i.e. the result of the Group's operations before changes in value, central administration costs and net financial income/expense, amounted for the period to SEK 1,417 million (1,488). The net operating profit level has fallen from 65 per cent to 61 per cent.

The direct yield for the period was 5.9 per cent, which is virtually unchanged compared with 2006.

Events after the end of the reporting period

After the end of the reporting period the property Kommendantsängen 8:8 in Gothenburg was sold and the property Grythyttan 6:432 was purchased. In terms of liquidity, the net effect of the transactions was approximately SEK 15 million.

Consolidated Income Statement, summary

Amounts in SEK m	2007 Apr–June	2006 Apr–June	2007 Jan–June	2006 Jan–June	Rolling 12- month period July 2006– June 2007	2006 (12 months)
Rental income	1,138	1,122	2,285	2,262	4,567	4,544
Other property management income	13	9	27	27	52	52
Total property management income	1,151	1,131	2,312	2,289	4,619	4,596
Operating costs	–175	–183	–414	–435	–782	–803
Maintenance costs	–222	–119	–312	–209	–727	–624
Property administration	–67	–60	–122	–125	–250	–253
Other property management expenses	–20	–18	–47	–32	–88	–73
Total property management expenses	–484	–380	–895	–801	–1,847	–1,753
Net operating income	667	751	1,417	1,488	2,772	2,843
Changes in property values, positive	671	116	721	91	3,946	3,316
Changes in property values, negative	–639	–	–669	–	–2,111	–1,442
Total changes in property values	32	116	52	91	1,835	1,874
Central administration expenses	–9	–5	–17	–13	–42	–38
Other operating income	24	21	47	42	112	107
Other operating expenses	–19	–40	–41	–58	–121	–138
Total, other operating items	5	–19	6	–16	–9	–31
Profit before financial items	695	843	1,458	1,550	4,556	4,648
Financial income/expense	–116	–41	–241	–131	–529	–419
Profit before tax	579	802	1,217	1,419	4,027	4,229
Tax	–148	–226	–326	–399	–1,118	–1,191
Net profit for the period	431	576	891	1,020	2,909	3,038

Consolidated Balance Sheet, summary

Amounts in SEK m	30-6-2007	30-6-2006	31-12-2006
ASSETS			
Tangible assets			
Investment properties	48,377	45,574	48,454
Construction in progress	1,350	1,306	894
Equipment and fittings	22	32	25
Total tangible assets	49,749	46,912	49,373
Financial assets			
	845	1,059	1,032
Current assets			
Receivables	640	438	711
Liquid funds	434	243	1,379
Total current assets	1,074	681	2,090
Total assets	51,668	48,652	52,495
EQUITY AND LIABILITIES			
Equity			
	24,313	22,841	24,801
Liabilities			
Non-current liabilities			
Interest-bearing	12,887	14,873	14,182
Non-interest-bearing	7,384	6,486	7,231
Total non-current liabilities	20,271	21,359	21,413
Current liabilities			
Interest-bearing	5,190	2,511	4,088
Non-interest-bearing	1,894	1,941	2,193
Total current liabilities	7,084	4,452	6,281
Total liabilities	27,355	25,811	27,694
Total equity and liabilities	51,668	48,652	52,495
Memorandum items			
Pledged assets	429	204	320
Contingent liabilities	2	2	2

Consolidated Cash Flow Statement, summary

Amounts in SEK m	2007 (6 months)	2006 (6 months)	2006 (12 months)
Cash flow from current operations before changes in working capital	828	1,213	2,007
Change in working capital (excl. liquid funds)	-8	-2	-229
Cash flow from current operations	820	1,211	1,778
Net investments*	-435	-685	-1,000
Cash flow from investments	-435	-685	-1,000
Dividend paid	-1,400	-660	-660
Financing	70	-848	35
Cash flow from financing	-1,330	-1,508	-625
Cash flow for the period	-945	-982	153

* Net investments* refers to investment in and the sale of tangible assets.

Changes in Group Equity

Amounts in SEK m	Attributable to the Parent Company's shareholder				Total equity
	Share capital	Share premium reserve	Hedge reserve	Profit brought forward	
Equity 1-1-2006	2,135	2,135	34	18,151	22,455
Equity not reported in the Income Statement	-	-	26	-	26
Dividend	-	-	-	-660	-660
Profit for the period, January-June 2006	-	-	-	1,020	1,020
Equity 30-6-2006	2,135	2,135	60	18,511	22,841
Equity not reported in the Income Statement	-	-	-58	-	-58
Profit for the period, July-December 2006	-	-	-	2,018	2,018
Equity 31-12-2006	2,135	2,135	2	20,529	24,801
Equity not reported in the Income Statement	-	-	21	-	21
Dividend	-	-	-	-1,400	-1,400
Profit for the period, January-June 2007	-	-	-	891	891
Equity 30-6-2007	2,135	2,135	23	20,020	24,313

Parent Company

Akademiska Hus AB is the Parent Company in the Akademiska Hus Group. Operations comprise Group management and other Group functions. The Parent Company handles all financing and electricity procurement within the Group.

Income and profit/loss

The Company's income totalled SEK 66 million (62). Of this figure, income from regional companies amounted to SEK 59 million (53). The operating profit was SEK 9.7 million (5.1) and net financial income/expense was SEK 2,029 million (1,002), including dividends

from regional companies of SEK 1,760 million (710). The profit before appropriations and tax was SEK 2,039 million (1,007).

Investments

Investment in machinery and equipment amounted to SEK 0 million (1).

Equity

Equity totalled SEK 6,265 million compared with SEK 5,683 million at the turn of the year.

Parent Company Income Statement, summary

Amounts in SEK m	2007 Apr–June	2006 Apr–June	2007 Jan–June	2006 Jan–June	2006 (12 months)
Income	36	33	66	62	132
Expenses	–31	–28	–56	–57	–129
Profit before financial income/expense	5	5	10	5	3
Net financial income/expense	1,907	887	2,029	1,002	1,181
Profit after financial income/expense	1,912	892	2,039	1,007	1,184
Appropriations	–	–	–	–	–48
Profit before tax	1,912	892	2,039	1,007	1,136
Tax	–42	–51	–78	–83	–122
Net profit for the period	1,870	841	1,961	924	1,014

Parent Company Balance Sheet, summary

Amounts in SEK m	30-6-2007	30-6-2006	31-12-2006
Fixed assets	1,896	2,085	1,988
Current assets	22,651	21,875	22,224
TOTAL ASSETS	24,547	23,960	24,212
Equity	6,265	5,651	5,683
Untaxed reserves	273	225	272
Non-current liabilities	12,573	15,365	13,871
Current liabilities	5,436	2,719	4,386
Total liabilities	18,009	18,084	18,257
TOTAL EQUITY AND LIABILITIES	24,547	23,960	24,212

Accounting principles

Akademiska Hus complies with the EU-approved International Financial Reporting Standards (IFRS) and the interpretations made by the International Financial Reporting Interpretations Committee (IFRIC). This Interim Report has been prepared according to IAS 34 Interim Financial Reporting. Accounting principles and computation methods remain unchanged compared with the Annual Report the previous year.

The Group's geographical areas, summary

Amounts in SEK m	2007 Jan–June	2006 Jan–June	2006 (12 months)
Income, including other operating income			
South	351	339	693
West	359	359	720
East	224	225	447
Uppsala	359	363	730
Stockholm	825	812	1,638
North	241	233	477
Other operations	60	54	133
Elimination of intra-Group income	–60	–54	–134
Total income	2,359	2,331	4,704
Profit/loss before financial items, excluding central overheads			
South	217	141	704
West	208	412	946
East	79	233	567
Uppsala	151	391	598
Stockholm	689	305	1,492
North	123	63	376
Other operations	26	18	39
Elimination of intra-Group items	–18	–	–36
Profit/loss before financial items, excluding central overheads	1,475	1,563	4,686
<i>Reconciliation of the Income Statement</i>			
Profit before net financial income/expense, excluding central overheads	1,475	1,563	4,686
Central overheads	–17	–13	–38
Loss on net financial income/expense	–241	–131	–419
Tax for the period	–326	–399	–1,191
Profit for the period according to the Income Statement	891	1,020	3,038

The Board of Directors and the President hereby certify that this Interim Report provides a true and fair overview of the Company's and the Group's operations, financial position and results and describes material risks and uncertainties that face the Company and the companies which are included in the Group.

Gothenburg, August 15, 2007

Eva-Britt Gustafsson
Chairwoman

Charlotte Axelsson
Member

Sigbritt Franke
Member

Marianne Förander
Member

Per Granath
Member

Maj-Charlotte Wallin
Member

Göran Wendel
Member

Ingemar Ziegler
Member

Sveinn Jonsson
Employee Representative

Parzin Seradji
Employee Representative

Thomas Norell
President

Our review audit report was submitted on August 15, 2007

DELOITTE AB

Riksrevisionen

Peter Gustafsson
Authorised Public Accountant

Anita Nilsson
Authorised Public Accountant

Review report on interim financial information prepared in accordance with IAS 34 and chapter 9 of the Swedish Annual Accounts Act (1995:1554)

To the board of directors of Akademiska Hus AB (Publ)

Corporate identity number 556459-9156

We have reviewed the interim financial information of Akademiska Hus AB (Publ) as of January 1 – June 30, 2007. The board of directors and the managing director are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with SÖG 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" published by FAR. A review of interim financial informa-

tion consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Swedish Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects, the financial position of the group in accordance with IAS 34 and the Swedish Annual Accounts Act and of the parent company in accordance with the Swedish Annual Accounts Act.

Göteborg August 15, 2007

DELOITTE AB

Peter Gustafsson
Authorized public accountant

Swedish National Audit Office

Anita Nilsson
Authorized public accountant

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AKADEMISKA HUS

Report schedule

Interim Report January–September	October 23, 2007
Year-End Report 2007	January 2008
Annual Report 2007	March 2008

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Definitions

See Akademiska Hus Annual Report 2006.

The key figures which are dependent on the results for the full year have for 2007 been produced by doubling the outcome for January–June 2007.

The key figures for a rolling 12-month period are, where the Balance Sheet acts as a basis, calculated on the balance sheet item as of June 30, 2007

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