



Akademiska Hus AB

February 10, 2004

- is wholly owned by the Swedish state through the Ministry of Industry, Employment and Communications.
- has strong indirect support from the Swedish state through its investment in higher education and research.
- is the largest owner and manager of university and college buildings in Sweden.
- has long-term tenancy agreements with stable, credit-worthy tenants.
- has since 1996 had AA with a stable outlook and A1+/K1 ratings from Standard & Poor's.

Akademiska Hus

Akademiska Hus is wholly owned by the Swedish state through the Ministry of Industry, Employment and Communications, which also appoints the Board. The Group was founded in order to own and manage the country's university and college properties. With the Parent Company in Göteborg and the six subsidiaries at the larger university centres, the Group has a good geographical spread throughout the country. The subsidiaries own, manage and develop the property holdings. The Parent Company manages other Group functions, including accounting and human resources, projects and property development, financing, IT and corporate communications.

Since 1996, Akademiska Hus has had a long-term AA rating with a stable outlook and a short-term A1+/K1 rating from Standard & Poor's. According to Standard & Poor's, the ratings reflect the state ownership, the strong involvement of the Swedish state in and prioritisation of the higher education sector, the Group's dominant position on the university property market and the stable customer base. At the same time, Standard & Poor's notes that despite a high leverage factor the Group still reports satisfactory financial results.

Financing

State ownership and a good rating have made it possible for the Group to gradually establish itself as a borrower on the public market. At present, the Group has short-term and long-term financing programmes, both Swedish and international. The past year has been characterised by relatively limited borrowing requirements and with the fall in the short-term market interest rates the primary aim has been to use the short-term financing programmes. Of the short-term programmes, the domestic certificate programme dominated and during the year approximately SEK 3,800 million was issued. Under the long-term financing programmes, a total of SEK 1,100 million was issued. Even during the past year the Swiss market has been a very attractive source of financing for the Group and approximately SEK 900 million was issued. At the turn of the year 80 per cent of the Group's total financing came from outside Sweden.

The general terms and conditions of the MTN and EMTN programmes include an ownership clause, which stipulates that if the Swedish state ceases, either directly or indirectly, to be the majority shareholder, the loans and any interest thereon shall fall due for payment immediately.

Facilities and rating, million

	Framework 31-12-2003	Utilised nom. 31-12-2003	Rating Standard & Poor's
Bank	SEK 4,200	SEK 510	---
Syndicated credit	SEK 1,350	---	---
Commercial paper	SEK 4,000	SEK 400	A1+/K1
ECP	USD 600	SEK 469	A1+
MTN	SEK 8,000	SEK 2,187	AA
EMTN	USD 1,500	SEK 11,204	AA/A1+

Key ratios

	2003	2002	2001
Management income (SEK m)	4,413	4,240	3,976
Operating profit (SEK m)	1,604	1,604	1,651
Consolidated profit before tax (SEK m)	710	687	787
Book value, properties (SEK m)	24,412	23,778	22,625
Estimated true value, properties (SEK m)	36,100	36,500	--
Book value, new construction in progress (SEK m)	1,555	1,251	1,594
Net investments (SEK m)	1,877	1,743	2,782
Rentable space, Dec (1,000 m ²)	3,257	3,244	3,202
Rent level (SEK/m ²)	1,342	1,302	1,255
Operations and maintenance (SEK/m ²)	482	450	415
Vacant space (%)	1.8	1.8	1.6
Direct yield (%)	10.7	10.9	11.4
Return on equity after standard tax (%)	6.9	6.9	8.4
Return on total capital (%)	5.9	6.0	6.7
Equity ratio (%)	27.4	26.1	25.9
Internal financing (%)	85	85	53
Interest coverage (%)	177	171	185

The average rate of interest on interest-bearing liabilities in 2003 was 5.30 per cent.

The average fixed interest term during the year was 3.0 years. As of 31.12.2003, the average maturity was 3.2 years.

Management

The total rentable space within the Group at the end of 2003 was approximately 3.3 million square metres. Around 90 per cent of the property portfolio is in university towns and cities and predominantly within campus areas. In the country's larger university towns and cities the Group has approximately 76 per cent of the market and in the country's university college locations the figure is 31 per cent. In 2003, net investments, mainly in new construction and redevelopment, amounted to SEK 1,877 million. Before a decision is made to commence a construction project or acquire a property, agreement is always reached on the wording and length of the lease.

Approximately 93 per cent of the client base is, directly or indirectly, within the public sector. The level of vacant space continues to be low, 1.8 per cent.

Floor space according to category

(Proportion of rentable space)

Teaching	43 %
Laboratories	38 %
Office/administration	13 %
Miscellaneous	6 %

Lease expiration

Year	Base rent (SEK m)	Proportion, %
Residential property	5	0.1
2004	350	8.8
2005	380	9.6
2006	643	16.2
2007	456	11.5
2008	270	6.8
2009–2013	978	24.7
2014–2018	461	11.6
2019–2023	368	9.3
2024–	47	1.2
Total	3,958	100.0

The table shows the lease expiration situation at the year-end.

The average lease term at Akademiska Hus is ten years and at the year-end the average remaining lease term was 6.6 years.

The more complex specialist buildings intended for laboratory and research activities normally have a lease term of ten to fifteen years or longer.

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