



## Akademiska Hus | March 6, 2008



AKADEMISKA HUS

- Owns and manages mainly university and college properties.
- Is the largest property company in Sweden in terms of reported property values.
- Is wholly owned by the Swedish state through the Ministry of Enterprise, Energy and Communications.
- Has long-term lease agreements with customers with very good credit ratings.
- Has since 1996 had the long-term rating AA with a stable outlook and the short-term rating A1+/K1 from Standard & Poor's.

### **Akademiska Hus**

Akademiska Hus is wholly owned by the Swedish state through the Ministry of Enterprise, Energy and Communications. The business concept is to be the leading property company in Sweden in the provision of suitable, creative environments for higher education and research. The customers mainly have the government as principal. Universities and colleges are the dominant customer group and account for 83 per cent of Group income. The property holdings are to be found in almost every part of the country – from Kiruna in the north to Malmö in the south. In the larger university towns there are regional companies with local management organisations. These are supported by the Parent Company with functions for strategic business and market development, finance, legal affairs, IT, project and property development, accounting and human resources.

## Results 2007

The Group reports a very good, stable result in terms of cash flow for 2007. This is due mainly to the following factors.

- The net operating profit increased to SEK 2,918 million (2,843).
- The level of vacant space continues to be very low.
- Net interest income/expense fell to SEK –610 million (–419).

The fair value of Akademiska Hus investment properties as of December 31, 2007 amounted to SEK 48,389 million (48,454). Unrealised changes in value for the year were negative and amounted to SEK –684 million (1,818). This can be attributed largely to a higher risk premium in the form of a higher cost of capital for leases of six years or less. The current unrest on the credit market contributed to the general upturn on the property market coming to a halt during the second half of 2007.

## Financing

The Group has been established on the public financing market since 1996 and has efficient short-term and long-term financing programmes, both domestic and international. In addition to the programmes, there were bank overdraft facilities of SEK 4,200 million at the year-end.

Despite the turbulence on the financial markets during the year the Group's financing requirements could be covered without any major impact on price. In total, SEK 1,760 million was issued through the bond programmes, of which SEK 1,120 million was on the Swiss market. As of the year-end, 63 per cent of the Group's financing derived from abroad.

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 fall due for payment immediately.

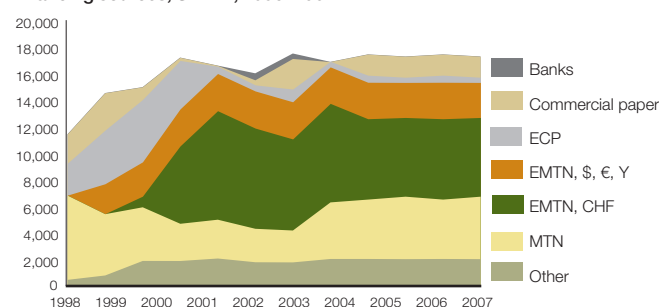
### Facilities and rating

	Rating Standard & Poor's	Framework 31-12-2007	Utilised nom. 31-12-2007
Commercial paper	A1+/K1	SEK m 4,000	SEK m 1,621
ECP (Euro Commercial Paper)	A1+	USD m 600	USD m 60
MTN (Medium Term Note)	AA	SEK m 8,000	SEK m 4,595
EMTN (Euro Medium Term Note)	AA/A1+	USD m 1,500	USD m 869

## Key figures

	2007	2006
Management income, SEK m	4,693	4,596
Net operating profit, SEK m	2,918	2,843
Change in value of investment properties, SEK m	–617	1,874
of which unrealised change in value, SEK m	–684	1,818
Net financial income/expense, SEK m	–610	–419
Profit after financial income and expense (excluding change in value) SEK m	2,290	2,355
Profit after financial income and expense (including change in value) SEK m	1,673	4,229
Net operating profit, SEK/m <sup>2</sup>	906	875
Assessed fair value, investment properties, SEK m	48,389	48,454
Return on equity after standard tax, %	4.9	12.9

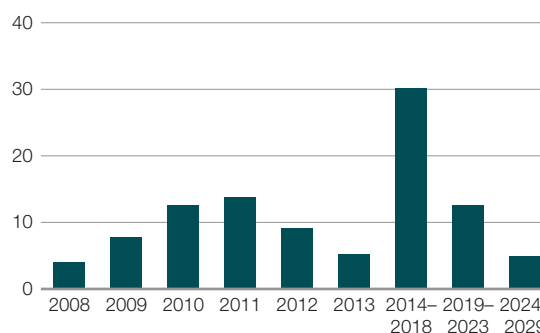
## Financing sources, SEK m, 1998–2007



## Management

The total rentable floor space within the Group at the end of 2007 was approximately 3.2 million square metres. Apart from universities and colleges, the customers include certain government authorities and a number of institutes and foundations. These are often located on campuses and have research-related operations. Before a decision is reached to commence a construction project or acquire a property there must be an agreement regarding the formulation of the lease agreement. The financial level of vacant space has decreased marginally and accounts for only 2.1 per cent of the rental income as a large proportion of the vacant premises have a lower rental value than the average for the holdings.

## Lease expiry structure, contracted rent, %



The graph shows the proportion of the contracted rent that expires each year. The average lease term for new leases is 10.4 years and at the year-end the average remaining lease term was 6.3 years. In the case of the more complex specialist buildings intended for laboratory and research activities, the lease term is normally 10, 15 or 20 years.

	2007	2006
Total yield, properties, %	4.6	9.8
of which direct yield, %	6.0	6.0
of which change in value, %	–1.4	3.8
Equity ratio, %	47.8	47.2
Loan-to-value ratio, properties, %	33.9	33.5
Interest coverage level, %	399	434
Vacant space, rent, %	2.1	2.6
Vacant space, area, %	3.1	3.5
Fixed interest period, December, years	1.6	1.9
Maturity, December, years	3.6	3.7