

# Year-end report 2015



## Construction begins at Albano campus

November marked the start of work on the Albano campus. Once completed, Albano will be a scientific hub connecting Stockholm University and KTH with each other and with the city. A unique socio-ecological campus will be created here for 15,000 students and researchers with university facilities, approximately 1,000 student housing units and room for commercial services. The variety of activities will help to create a vibrant urban environment, twenty-four hours a day.

CHRISTENSEN & CO. BSA, ARKITEKTER, NIVALANDSKAP-SARKITEKTUR

Working in collaboration with our customers, we develop, build and manage knowledge environments that further Sweden's success as a nation of knowledge. Through our experience, expertise and size, we provide effective, sustainable environments for education, research and innovation.

### FULL YEAR

- Rental revenue was SEK 5,505 million (5,495). Completion of new buildings increased revenue by SEK 247 million, while properties sold the previous year reduced revenue by SEK 136 million.
- Net operating income totalled SEK 3,703 million (3,717). Operating costs fell, while costs for maintenance and property administration have risen somewhat.
- Net changes in property values had an impact on profit of SEK 2,655 million (3,529), of which reduced yield requirements and cost of capital account for SEK 1,245 million (3,070).
- Net financial income/expense totalled SEK -182 million (-939). This figure includes changes in the value of financial derivative instruments totalling SEK 165 million (-548), of which SEK 297 million (-383) is unrealised.
- Profit before tax amounted to SEK 6,141 million (6,261) and profit for the year was SEK 4,780 million (5,215). The decline is mainly attributable to lower positive changes in property values, but is offset in part by a substantial improvement in net interest income and expense.
- Investment in redevelopment and new construction, as well as acquisitions totalled SEK 2,499 million (3,004).
- The yield (excluding properties under construction) was 6.3 per cent (6.9) on a full-year basis. The decline can be

explained by an increase in property value while net operating income remained essentially unchanged.

- Return on operating capital was 6.9 per cent (7.3).
- The Board of Directors will decide on the proposed ordinary dividend at its meeting on 14 March 2016.

### FOURTH QUARTER

- Rental revenue was SEK 1,358 million (1,386). Completion of new buildings increased revenue by SEK 37 million, while renegotiated rental prices and vacant space reduced revenue by SEK 65 million.
- Net operating income reduced by SEK 50 million to SEK 813 million (863) due to lower rental revenue and higher maintenance costs.
- Changes in property values had an impact on profit of SEK 1,209 million (486), corresponding with 1.9 per cent (0.8) of the value of the properties.
- Changes in the value of financial derivative instruments amounted to SEK 268 million (-135).
- The Extraordinary General Meeting on 19 October decided on an additional distribution of SEK 6,500 million.



# Exciting development initiatives

## PRESIDENT KERSTIN LINDBERG GÖRANSSON COMMENTS:

The Swedish economy is steadily improving. The lack of inflation represents a challenge, however, accompanied by a continued loose monetary policy. Overall, growth and low interest rates have resulted in strong growth in the property market in 2015. Interest in our property segment, community properties, is stronger than ever. A world like this requires a focus on the long term, sustainability and collaboration. Our mission is to contribute to strengthening Sweden as a nation of knowledge. Constant development is crucial for investments in attractive campus environments to create value for our customers and contribute to sustainable development in the community. The digitisation trend continues, in which digital teaching methods, laboratories and administrative support systems will be natural components moving forward. Climate adaptation and good resource efficiency are also high on the agenda both for us and our customers.

We have a project portfolio with approved and planned projects of SEK 17.5 billion, with initiatives focused on future knowledge environments. In 2015, we adopted an innovation strategy in order to more systematically create conditions under which our development work promotes value creation and efficiency, while maintaining high quality standards. We have also formulated an energy strategy, to intensify our efforts to achieve our sustainability goals.

During the year we started work on Albano in Stockholm, an area that will be completed in 2022 as one of Sweden's premier education and research environments and with room for about 1,000 student housing units. Also under construction right now is Biomedicum in Solna, which in 2018 will be one of the largest experimental research laboratories in Europe. Yet another important collaboration, which entered into a new phase during the year, is Green Innovation Park – a joint initiative between Akademiska Hus and the Swedish University of Agricultural Sciences (SLU). This initiative will position the Ultuna Campus in Uppsala as Sweden's green business



BERG ARKITEKTOR

Biomedicum will be one of the largest research laboratories in Europe, with an area of about 80,000 square metres.

centre. The vision is to establish two hundred companies and to promote a creative environment for innovation with active collaboration between the businesses and SLU researchers and students. We are contributing to the construction of more than 10,000 student housing units on our own campuses, through measures such as selling or leasing out land, assisting with detail planning and incorporating housing in our campus plans.

Our financial performance in 2015 benefited from high demand and strong growth in the property market. We also increased our internal efficiency, streamlined our processes and implemented major energy-saving measures. For example, in 2015 we improved the methodology for project monitoring during the construction process in an effort to correct deficiencies more rapidly and to work with our suppliers to find development opportunities.

Positive changes in the fair value of properties were lower than in 2014, though they continue to be significant with a total of SEK 2,655 million for the year. We also have a positive trend in net interest income and expense, which improved from SEK -939 million last year to SEK -182 million this year, primarily due to positive changes in the value of financial derivative instruments. Profit after tax for the year was SEK 4,780 million (5,215).

Our financial performance in 2015 benefited from high demand and strong growth in the property market. We also increased our internal efficiency, streamlined our processes and implemented major energy-saving measures. For example, in 2015 we improved the methodology for project monitoring during the construction process in an effort to correct deficiencies more rapidly and to work with our suppliers to find development opportunities.

In October 2015 Akademiska Hus held an Extraordinary General Meeting, which resolved to pay an additional distribution of SEK 6,500 million to its owner, the Swedish state. The purpose of the additional distribution was to adjust the capital structure to the owner's objective of an equity ratio between 30 and 40 per cent. The dividend does not affect our ability to perform our obligations or to implement future investments. The equity ratio was 40.7 per cent at year-end.

Akademiska Hus has a solid foundation and a significant responsibility to manage and develop our campuses. I am convinced that by working in close collaboration with the higher education institutions we can help to enhance their attractiveness.

Kerstin Lindberg Göransson  
President

## AKADEMISKA HUS IN BRIEF

	2015 Oct-Dec	2014 Oct-Dec	2015 Full year	2014 Full year
Rental revenue, SEK m	1,358	1,386	5,505	5,495
Net operating income, SEK m	813	863	3,703	3,717
Changes in value, properties, SEK m	1,209	486	2,655	3,529
Profit before tax, SEK m	2,191	1,123	6,141	6,261
Vacant space, rent, %	0.8	1.5	1.1	1.2
Vacant space, area, %	3.8	3.6	3.8	3.6
Fair value, properties, SEK m	66,575	61,437	66,575	61,437
of which properties under construction, SEK m	3,484	5,407	3,484	5,407
Yield, properties, % (excluding properties under construction)	—	—	6.3	6.9
Yield, properties, % (including properties under construction)	—	—	5.8	6.2
Net operating income, SEK/m <sup>2</sup>	—	—	1,162	1,160
Return on operating capital, %	—	—	6.9	7.3
Return on equity after standard tax, %	—	—	15.0	15.5
Equity ratio, %	40.7	48.0	40.7	48.0
Interest coverage ratio, % *	636	709	743	671
Internal financing level, %	—	—	132	278
Loan-to-value ratio, %	—	—	36.6	30.7

\*Excluding changes in the value of properties and financial derivatives

## COMMENTS ON INCOME STATEMENT AND BALANCE SHEET ITEMS

### Fourth quarter 2015

Rental revenue during the fourth quarter amounted to SEK 1,358 million (1,386). Completion of new buildings increased revenue by SEK 37 million, while renegotiated rental prices and vacant space reduced revenue by SEK 65 million. Operating costs fell slightly and amounted to SEK 203 million (215). Maintenance costs rose by SEK 28 million to SEK 251 million due to project maintenance.

Net operating income declined by SEK 50 million to SEK 813 million (863).

Changes in property values amounted to SEK 1,209 million (486). Net interest income and expense was positive and totalled SEK 180 million (-214), due to positive changes in the value of financial derivatives. Profit before tax for the fourth quarter was SEK 2,191 million (1,123).

On 19 October Akademiska Hus held an Extraordinary General Meeting, which resolved to pay an additional distribution of SEK 6,500 million to its owner, the Swedish state. The additional distribution will be disbursed in several installments, of which SEK 4,500 million was paid in 2015. The remaining SEK 2,000 million will be paid before the 2016 Annual General Meeting.

The Akademiska Hus Group's equity ratio at year-end was 40.7 per cent (48.0).

### Full-year 2015

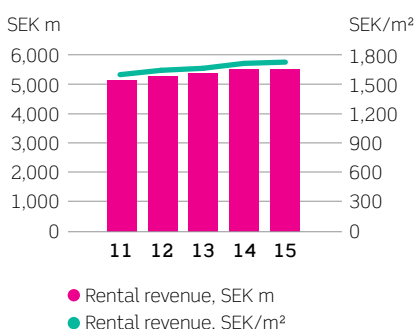
#### Rental revenue

Rental revenue was SEK 5,505 million (5,495). Completion of new buildings increased revenues by SEK 247 million, while the loss of rental revenue due to properties that were sold in 2014 amounted to SEK 136 million. Revenue from our interest rate-linked contracts in Uppsala fell by SEK 39 million. Rental revenue per square metre increased somewhat compared with the same period the previous year, mainly because of completion of new buildings.

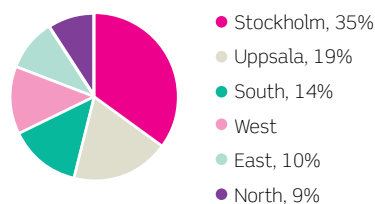
#### Rental and vacancy levels

Property holdings as of 31 December 2015 amounted to 3.22 million square metres (3.15) of rentable space. 122,000 square metres (113,000) of this space was vacant, for a vacancy rate of 3.8 per cent (3.6). The increase can mainly be attributed to the Uppsala Region. The vacant space has a distinctly lower rental value than the average for the holdings. In terms of value, the vacant space amounts to SEK 64 million (70) or just 1.1 per cent (1.2) of rental value. The largest individual blocks of vacant space can be found on the Ultuna campus and amount to about 75,000 square metres. One reason is that Klinikcentrum (the Clinical Centre, KC) is almost vacant after tenants moved to the Centre for Veterinary Medicine and Animal Science (VHC). Vacant space for KC totalled 30,600 square metres.

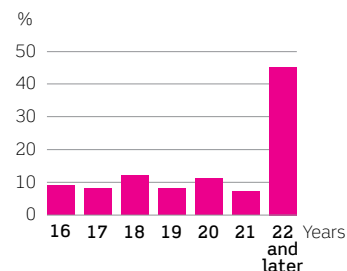
## RENTAL REVENUE



## RENTAL REVENUE PER REGION



## LEASE RENEWAL STRUCTURE



### Leases

LA characteristic feature of Akademiska Hus is long leases with universities and colleges. The average term of a newly signed lease is eleven years. At the end of the year, the average remaining lease term was 5.8 years (6.0). In the case of the complex specialist buildings for laboratory and research work, a lease is normally required where a large proportion of the investment is repaid during the term of the lease. In these cases, leases are signed with terms of 10, 15 or 20 years.

Around 90 per cent of income comes from the dominant customer group, universities and colleges, which are stable and credit-worthy customers. All customers comprising centres of education, apart from Chalmers University of Technology, have the Swedish state as principal and thus have the highest credit rating.

### Operating and maintenance costs

Operating costs for the year amounted to SEK 771 million (808), equivalent to SEK 242/m<sup>2</sup> (252). Of the operating costs, media provision amounted to SEK 519 million (567), equivalent to SEK 163/m<sup>2</sup> (177). The decrease is mainly attributable to lower costs due to our systematic energy work, as well as to somewhat lower energy prices.

Maintenance costs amounted to SEK 673 million (621). The increase can be attributed mainly to maintenance within projects. The cost amounts to SEK 211/m<sup>2</sup> (194). We continue to invest in maintenance in order to maintain a good standard in our property holdings.

### Property administration

Costs for property administration for the year amounted to SEK 353 million (326). The increase is attributable to our decision to co-finance SEK 40 million for an expansion of the underground from Odenplan to Arenastaden over the next five years. The project

will be carried out with others, including the City of Stockholm and the City of Solna. The cost of internal development projects in 2015 was approximately SEK 10 million higher than in 2014. In 2014 non-recurring expenses of about SEK 20 million were charged to property administration.

### Changes in value, properties

The changes in property values for the year in the income statement amounted to SEK 2,655 million (3,529), of which SEK 1,245 (3,070) million is a result of reduced yield requirements and cost of capital. The remaining change in value mainly relates to changes in cash flow.

### PROPERTY MARKET

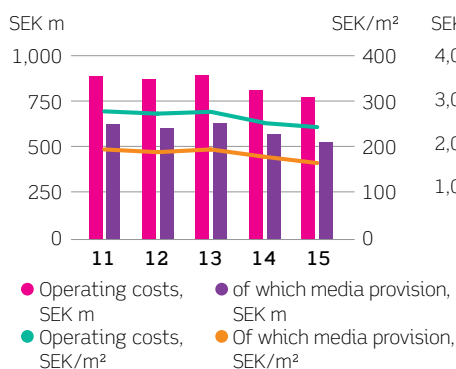
The trend on the Swedish property market continued to be upbeat in 2015. Investors have good access to capital at low interest rates and properties provide good risk-adjusted return compared with other assets. Given the strong demand for premises and rising rental prices, the property market has become increasingly attractive in recent years. The transaction volume for the year totalled approximately SEK 151 billion, which represents a decline of 7 per cent compared with the volume in 2014, but can still be considered to be an extremely high level. Strong demand continues to apply upward pressure on prices and make investors increasingly willing to invest in more secondary cities and locations.

There is strong interest in both housing and modern office space with efficient design, though community properties are also attractive. Community properties are characterised by stable returns in relation to risk, with long leases and state or municipal government tenants, which appeals to both institutional and private investors. Transaction volume for community properties declined during the year compared with 2014 due to the lack of supply rather than the lack of interested buyers.

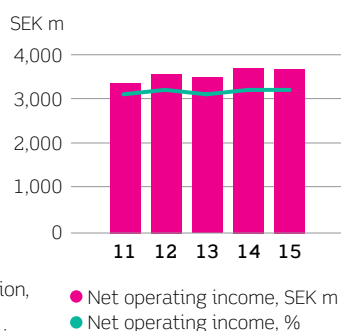
### PROPERTIES

Change in property holdings, in SEK m	31-12-2015 Group	31-12-2014 Group
Opening fair value	61,437	57,557
+ Investment in new construction and redevelopment	2,497	2,904
+ Acquisitions	2	100
+ Capitalised interest expense	108	134
- Sales	-33	-2,752
+/- Change in value, unrealised	2,564	3,494
Of which change in value due to a change in the cost of capital and yield requirement	1,245	3,070
Of which change in value due to adjusted value index (valuation status, average remaining term, property type)	256	-172
Of which capitalised interest expense	-108	-134
Of which other change in value	1,171	730
<b>CLOSING FAIR VALUE</b>	<b>66,575</b>	<b>61,437</b>

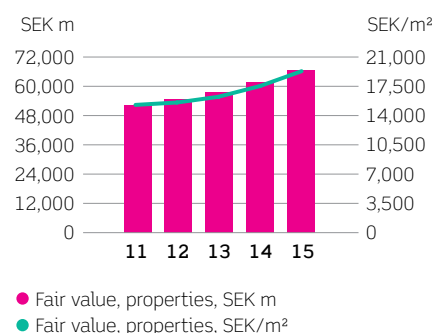
### OPERATING COSTS



### NET OPERATING INCOME



### FAIR VALUE, PROPERTIES



## New building for police training programme in Umeå

The new premises will enable the police training programme to gather all activities for the first time centrally in the middle of the Umeå Campus. Akademiska Hus is investing SEK 165 million in new construction, which should also provide conditions for efficient resource utilisation and increased collaboration between the police training programme and Umeå University.

“We are extremely pleased with the decision to give the police training programme its own premises, where education and research can be gathered under one roof. It is also a clear signal from our side that we are focusing on police training as part of Umeå University,” says Vice-Chancellor Lena Gustafsson.



TENGDON

Against this background Akademiska Hus' portfolio benefits from trends in the Swedish property market. We have a geographically diverse portfolio of properties in both attractive cities and locations, as well as tenants who are highly insensitive to short-term economic fluctuations. A large proportion of specially adapted premises entails an increased risk, particularly in small communities with fewer potential tenants. The risk taken by Akademiska Hus in these locations is limited by access to a very efficient and active rental market. The ongoing investments in new construction and the development of existing property holdings, where the use of campuses is broadening, will in time lead to the campuses becoming more attractive.

### PROPERTY VALUATION

The fair value of Akademiska Hus properties as at December 2015 was SEK 66,575 million (61,437). Extensive investments combined with a favourable position in the property market have led to an increase in the fair value of SEK 5,138 million (3,880) compared with the beginning of the year, corresponding to an increase of 8.4 per cent (6.7). The total fair value of properties includes current new construction totalling SEK 3,484 million (5,407).

The fair value has been calculated by means of an internal property valuation covering all the Company's properties. The valuation reflects the general increase in prices on the market and increased demand for community properties for reduced yield requirement and cost of capital. Since 1 January, the yield target and cost of capital were lowered by between 0.05 and 0.35 percentage points and now amount to an average of 5.8 per cent (6.0) and 7.9 per cent (8.1), respectively, following an adjustment for stamp duty. Overall, the positive unrealised change in value attributable to changes in yield requirements and cost of capital during the year amounted to SEK 1,245 million (3,070).

Properties worth SEK 33 million (2,752) on the consolidated balance sheet were sold during the year.

In addition to financial parameters, the property value is affected by the level of vacant space, rent levels, net operating income, lease term, property category and type of customer. The Akademiska Hus financial level of vacant space in recent years has

been stable at around 1 per cent and it is expected to remain on that level for the next few years.

To assure the internal valuation, selected properties are valued each year by external valuation companies. In 2015 about 28 per cent of the total fair value of Akademiska Hus properties were valued externally by two independent valuation institutes, Cushman & Wakefield and NAI Svefa, both of which are authorised valuers approved by the Swedish Society of Real Estate Economics. The external valuations confirm the reliability of the internal valuation model.

All property valuation includes elements of assessment that have a certain degree of uncertainty. A normal uncertainty range in conjunction with a property valuation is +/- five-ten per cent, which would be equivalent to approximately +/- SEK 3,300-6,600 million in the Akademiska Hus portfolio.

### PROJECT OPERATIONS, INVESTMENTS AND SALES

The project portfolio with decided and planned projects totalled SEK 17,500 million, of which SEK 3,500 million has already been invested in ongoing projects. We also have a series of concept projects worth SEK 5,300 million. Concept projects refer to projects deemed probable, but that are uncertain in time and scope. The project portfolio refers to future investments over several years, with an emphasis on the Stockholm and Uppsala regions, where there are several large new construction and renovation projects.

PROJECT PORTFOLIO (SEK M)	31-12-2015	31-12-2014
Decided projects	9,600	11,800
Planned	7,900	9,200
<b>DECIDED AND PLANNED PROJECTS</b>	<b>17,500</b>	<b>21,000</b>
of which already invested in current projects	-3,500	-5,400
<b>REMAINDER OF DECIDED AND PLANNED PROJECTS</b>	<b>14,000</b>	<b>15,600</b>
Concept projects	5,300	4,200
<b>TOTAL REMAINING PROJECTS</b>	<b>19,300</b>	<b>19,800</b>

Major new construction projects completed during the year (invested amount):

- **Centre for Veterinary Medicine and Animal Science (VHC).** New construction for the Swedish University of Agricultural Sciences in Uppsala, SEK 1,416 million
- **Niagara.** New construction for Malmö University, SEK 751 million
- **Ull Building.** New construction and redevelopment for the Swedish University of Agricultural Sciences in Uppsala, SEK 618 million
- **Arrhenius NPQ.** New construction for Stockholm University, SEK 561 million
- **School of Architecture.** New construction for the Royal Institute of Technology in Stockholm, SEK 405 million

Major redevelopment projects in progress (final cost forecast):

- **Biomedicum.** New construction for Karolinska Institutet (KI) in Solna, SEK 2,795 million
- **Biomedicum.** Comparative Medicine. New construction for Karolinska Institutet (KI) in Solna, SEK 989 million
- **Royal College of Music.** Redevelopment and extension for the Royal College of Music in Stockholm, SEK 848 million
- **Segerstedt Building.** New construction for Uppsala University, SEK 716 million
- **Valla Student Building.** New construction for Linköping University, SEK 394 million

For further information about the large projects, reference can be made to the 2014 Annual Report.

Net investment in properties in 2015 amounted to SEK 2,466 million (252). Gross investments in properties totalled SEK 2,499 million (3,004). Properties were sold during the year in the Southern, Eastern, Stockholm and Northern regions. The total sales price was SEK 124 million. Contracts were signed during the past half year for the sale of land in Ultuna, Uppsala. The buyer is expected to take possession in 2016 and 2017.

## FINANCING

The central banks continued to pursue the extraordinarily loose monetary policy in 2015, with both extremely low policy rates and purchases of government bonds. The purpose has been to bring up inflation and inflation expectations. Although the US Federal Reserve raised interest rates in December, in line with expectations, the return to more normal interest rate levels will likely be gradual. The main scenario is that global growth will further improve in 2016, particularly in the US and Europe. However, there is considerable uncertainty as to whether the growth rate is sus-

tainable in the long term. Developments in China are becoming increasingly influential in financial markets and question marks were raised in 2015 about the Chinese economy, which with its lack of transparency is difficult to analyse. Falling commodity prices and the surprisingly large drop in oil prices have brought further uncertainty and volatility. In this environment with the underlying tendency towards disinflation, the potential for rising long-term interest rates is considered to be limited. Higher risk premiums and reduced liquidity have been noted in the fixed income markets.

The adjustment of Akademiska Hus' capital structure approved by the owner and the financing of the additional distribution have been the dominant issues during the year. The change prompted a review and several adjustments to the risk mandate since this increase in indebtedness takes place in an extraordinary situation in the credit markets with low interest rates and rising risk premiums. With foresight it was possible to obtain financing within the established structure of the public financing programmes. Additional committed credit facilities of SEK 2,000 million were arranged. Standard & Poor's confirmed that Akademiska Hus would retain its AA/A-1+ rating with stable outlook in conjunction with the change.

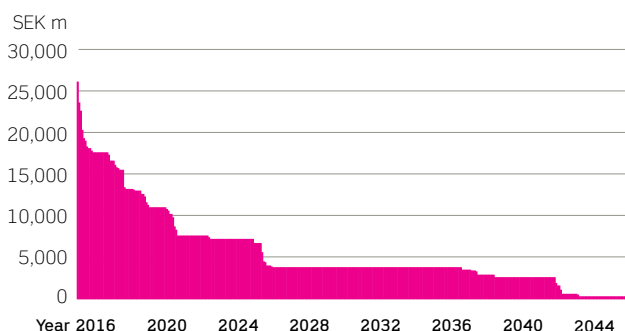
Activity in the financing market was therefore high during the year; bonds totalling SEK 4,100 were refinanced, an additional distribution of SEK 4,500 million was financed and activity was high as usual in the ECP programme as well as some issues in the commercial paper programme. To ensure adequate liquidity prior to autumn's additional distribution, investments in short term investments and bank balances were maintained at a high level.

Akademiska Hus was able to raise a total of approximately SEK 8,000 million through bond issues in 2015. The issues represent an extremely broad spectrum in terms of both maturity, from 2.5 to 30 years, and amount, from SEK 220 million to over SEK 2,200 million. Of these issuances, over SEK 2,600 million originate from foreign markets. Additional diversification was also achieved through two index-linked bonds totalling SEK 900 million.

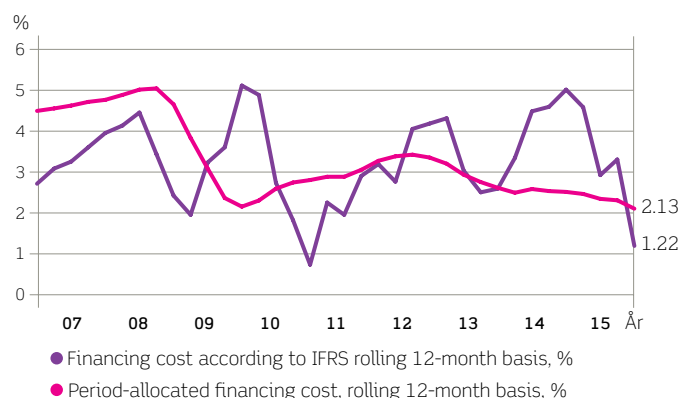
Conditions in the international fixed income market have continued to be uncertain with generally rising risk premiums. One important explanation is the extraordinary circumstances with negative interest rates.

Prior to the planned increase in the debt portfolio the fixed interest period was extended to offset the somewhat asymmetric risk picture with medium-term rising long rates. The fixed interest period in the basic portfolio was thus maintained over the year. Unlike the clear downward trend in 2014, interest rates have been somewhat more stable in 2015. Interest rate derivatives continue to serve as an important means to maintain the fixed interest period.

## DEBT MATURITY



## COMPARISONS BETWEEN DIFFERENT ANNUALISED FINANCING COST CALCULATIONS



### Net loan debt

The table below shows the fixed interest period and maturity structure for the net liability portfolio.

#### FIXED INTEREST PERIOD AND MATURITY

	SEK m	Fixed interest, years, Dec. 2015	Fixed interest, years, Dec. 2014	Maturity, years, Dec. 2015	Maturity, years, Dec. 2014
Long-term portfolio	3,619	24.7	25.6	24.7	25.6
Basic portfolio	19,475	3.6	3.4	2.6	1.6
Real interest rate portfolio	900	6.8	—	6.8	—
Total portfolio	23,994	6.9	7.1	6.1	5.8

### Net interest income and expense

Net interest income and expense totalled SEK -182 million (-939), of which SEK 165 (-548) relates to changes in value of financial derivatives. SEK 297 million (-383) of the change in value is unrealised and SEK -132 million is realised (-165). The changes in value can be explained by somewhat rising market interest rates and steeper yield curves. Net interest income and expense is equivalent to an interest cost of 1.2 per cent (5.0) during the year, in which the changes in value correspond to a reduction in interest expense of 0.7 percentage points (increase 2.6). Interest-bearing net loan liability increased by SEK 5,514 million and amounted to SEK 24,385 million at year-end. The interest coverage ratio, calculated on the cash flow impact of net interest income and expense, amounted to 743 per cent (671).

#### NET INTEREST INCOME AND EXPENSE, BREAKDOWN, SEK M

	01-01-2015-31-12-2015	01-01-2014-31-12-2014
Interest cost, net loans and financial assets	-309	-423
Net interest derivatives	-129	-89
Change in value, independent financial derivatives		
- unrealised	256	-364
- realised	-132	-165
Changes in value, fair value hedges	41	-19
Other interest costs	-17	-13
Capitalised interest expense, projects	108	134
<b>REPORTED NET INTEREST INCOME AND EXPENSE</b>	<b>-182</b>	<b>-939</b>

#### FINANCING COST, BREAKDOWN

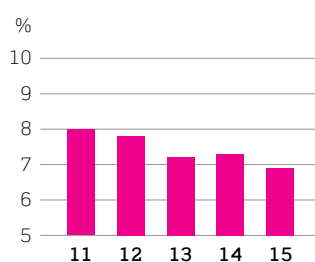
	01-01-2015-31-12-2015	01-01-2014-31-12-2014	01-01-2013-31-12-2013
Loan financing cost, including charges, %	1.38	2.01	2.24
Interest rate swaps, net interest, %	0.58	0.42	0.39
<b>FINANCING COST, %</b>	<b>1.96</b>	<b>2.43</b>	<b>2.63</b>
Changes in value, financial derivatives, %	-0.74	2.61	-0.01
<b>TOTAL FINANCING COST, %</b>	<b>1.22</b>	<b>5.04</b>	<b>2.62</b>

### Effect of financial derivatives on profit

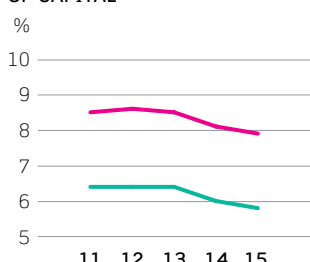
Independent interest rate derivatives are reported at market value (fair value) and variations in market value are recognised in net interest income and expense. Interest derivatives are mainly entered into with the aim of extending the fixed interest period in the liability portfolio, which largely consists of financing at variable interest rates. Falling interest rates entail a negative impact on profit from these interest rate derivatives; the opposite is true when interest rates rise. The changes in value relate to the changed present value of future cash flows from interest rate derivatives, at prevailing interest rates. Consequently these do not have any immediate effect on cash flow, as long as they remain unrealised. Certain interest rate derivatives are closed and settled on an ongoing basis (monthly or quarterly) and replaced with new ones, which means that profits are continuously realised. Falling interest rates, combined with interest rate derivatives for purposes of extension, mean that interest expense will be higher than if the extension had not been implemented. However, the lower interest rate can be utilized when refinancing and with sales of fixed interest at a later date. As time passes, no surplus or deficit values of interest rate derivatives will remain at maturity.

The currency and interest rate risks that arise in conjunction with long-term financing, usually bonds in foreign currency, are hedged with cross currency-interest rate swaps. The changes in value for each instrument can be attributed to changes in both exchange rates and interest rates. Hedge accounting is applied for these forms of financing, where only the inefficiencies that arise due to different valuation practices are recognised in the income statement.

#### RETURN ON OPERATING CAPITAL, %

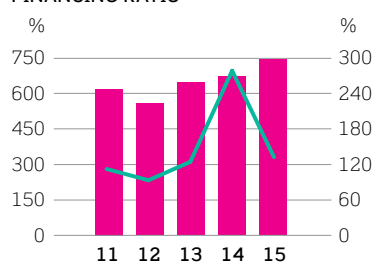


#### YIELD REQUIREMENT AND COST OF CAPITAL



● Cost of capital, %  
● Yield target, %

#### INTEREST COVERAGE RATIO AND INTERNAL FINANCING RATIO



● Interest coverage ratio  
● Internal financing ratio

## TAX EXPENSE

The table below shows the different components in the tax expense for the year.

Amounts in SEK m	2015	2014
Current tax	-337	-312
Change in deferred tax	-1,024	-734
- of which untaxed reserves	-35	-54
- of which investment properties	-919	-760
- of which financial instruments	-73	78
- of which pensions	3	2
<b>TAX EXPENSE FOR THE YEAR</b>	<b>-1,361</b>	<b>-1,046</b>

The change in deferred tax with regards to investment properties is primarily attributable to positive changes in the value of the Group's property holdings.

## RISK MANAGEMENT

The Board decides each year on long-term development, the strategic plan, the competitive situation and total risk exposure. The Board of Directors has routines and processes for examining how the organisation handles the risks that can arise in business operations. This means that risks can be identified, analysed, assessed and handled effectively. Major disputes are reported on an on-going basis to the Board of Directors.

An Audit Committee assists the Board in matters related to financial risk, reporting and control, as well as property valuation. In addition, there is a Finance Committee, which follows financial risks in more detail and prepares the means to handle these risks. Regarding changes in value, reporting according to IFRS means that properties are recorded at fair value in the Balance Sheet and that the changes in value affect the Income Statement. The value of the properties is determined by general market factors such as risk premiums, supply and demand on the property market as well as specific circumstances related to the properties.

Rental revenue is secured through long leases. The average term for a newly signed lease with Akademiska Hus is 11 years and the average remaining lease term is 5.8 years. Follow up of vacant space is a top priority and special measures are prepared. Vacant space

was 3.8 per cent of the floor space and 1.1 per cent of the rental value. Compared with other property companies the level of vacant space at Akademiska Hus is very low.

Akademiska Hus is not exposed fully to increases in operating costs as more than 60 per cent of the cost of media provision is passed on to tenants as a rent supplement.

The use of energy is hedged to offset any price increases. The purchase of energy takes place directly through Nord Pool and is governed by the Company's "Guidelines for Purchasing Electricity". Maintenance costs are largely variable 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 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 interest rate risk in the debt portfolio is handled within a separate fixed interest mandate. For a more detailed description of Akademiska Hus' risk management, please see the 2014 Annual Report.

## FINANCIAL OBJECTIVES

The owner's financial objectives are as follows:

- Return on operating capital excluding changes in value of at least 6.5 per cent (see definition on page 17).
- The dividend should be between 40 and 60 per cent of the profit for the year after tax, after reversal of changes in value and with related deferred tax.
- The equity ratio should be between 30 and 40 per cent.

## EVENTS AFTER THE END OF THE REPORTING PERIOD

No events of a material nature occurred after the end of the reporting period.



**FIVE-YEAR SUMMARY**  
AKADEMISKA HUS | YEAR-END REPORT 2015

<b>FIVE-YEAR SUMMARY</b>	<b>2015</b>	2014	2013	2012 <sup>4)</sup>	2011
<b>INCOME STATEMENTS, SEK M</b>					
Property management income	5,701	5,681	5,588	5,511	5,378
Operating costs	-771	-808	-889	-870	-885
Maintenance costs	-673	-621	-668	-564	-603
Property administration	-353	-326	-272	-278	-268
Net operating income	3,703	3,717	3,506	3,588	3,389
Change in value, properties	2,655	3,529	232	-291	361
Central administration costs	-35	-46	-73	-66	-45
Profit before financial items	6,323	7,200	3,665	3,231	3,704
Net financial income/expense	-182	-939	-390	-682	-452
Profit before tax	6,141	6,261	3,275	2,549	3,252
Profit for the year	4,780	5,215	2,568	3,149	2,394
<b>STATEMENT OF FINANCIAL POSITION, SEK M</b>					
Fair value, properties	66,575	61,437	57,557	54,677	52,071
Other assets	7,858	8,282	5,785	6,955	9,002
Equity	30,271	33,432	29,614	28,336	26,521
Interest-bearing liabilities	30,831	26,082	23,860	24,212	24,693
Other liabilities and provisions	13,331	10,205	9,868	9,084	9,859
<b>CASH FLOW, SEK M</b>					
Cash flow from current operations	2,485	3,161	3,060	2,126	2,017
Cash flow from investments	-2,204	-439	-2,459	-2,388	-1,898
Cash flow before financing	281	2,722	601	-262	119
Cash flow from financing	-534	-853	-1,159	-1,081	3,779
Cash flow for the year	-253	1,869	-558	-1,343	3,898
<b>PROPERTY-RELATED KEY FIGURES</b>					
Total yield, properties, %	10.9	13.4	7.2	6.8	7.8
of which direct yield, % <sup>1)</sup>	6.3	6.9	6.8	7.1	6.9
of which change in value, %	4.6	6.5	0.4	-0.3	0.9
Rental revenue, SEK/m <sup>2</sup>	1,728	1,715	1,664	1,644	1,599
Operating costs, SEK/m <sup>2</sup>	242	252	276	272	277
Maintenance costs, SEK/m <sup>2</sup> (including tenant adaptations)	211	194	208	176	189
Net operating income in relation to administration income, %	65	65	63	65	63
Net operating income, SEK/m <sup>2</sup>	1,162	1,160	1,089	1,120	1,059
Level of vacant space, area, %	3.8	3.6	2.1	2.6	2.6
Level of vacant space, rent, %	1.1	1.2	0.9	1.0	1.2
Fair value, properties, SEK/m <sup>2 2)</sup>	19,238	17,471	16,188	15,504	15,220
Energy use kWh/m <sup>2</sup>	212	224	231	235	239
CO <sub>2</sub> , kg/m <sup>2</sup>	8	11	12	12	9
<b>FINANCIAL KEY FIGURES</b>					
Return on equity after standard tax, %	15.0	15.5	8.8	6.9	9.2
Return on operating capital, % <sup>3)</sup>	6.9	7.3	7.2	7.8	8.0
Return on total assets, %	10.7	10.9	6.1	5.6	7.0
Interest-bearing net loan liability, SEK m	24,385	18,871	19,278	18,528	16,778
Equity ratio, %	40.7	48.0	46.8	46.0	43.4
Interest coverage ratio, %	743	671	647	558	619
Interest cost in relation to average capital in interest-bearing liabilities, %	1.2	5.0	2.6	4.2	3.0
Loan-to-value ratio, %	36.6	30.7	33.5	33.9	32.2
Internal financing level, %	132	278	124	93	112
Ordinary dividend, SEK m	<sup>5)</sup>	1,445	1,374	1,355	1,245
Additional dividend, SEK m <sup>6)</sup>		6,500	—	—	—
<b>PERSONNEL</b>					
Average number of employees	409	408	407	403	396
Satisfied Employee Index (NMI)	61	66	68	69	70

1) Excluding properties under construction.

2) Excluding the value of properties under construction and expansion reserves.

3) The owner's yield target is that the return on operating capital, excluding changes in value should be at least 6.5 per cent.

4) 2012 recalculated according to IAS 19R.

5) The Board of Directors will decide on the proposed dividend at its meeting on 14 March 2016

6) Decision at Extraordinary General Meeting on 19 October 2015.

**CONSOLIDATED INCOME STATEMENTS**  
AKADEMISKA HUS | YEAR-END REPORT 2015

<b>CONSOLIDATED INCOME STATEMENT, SUMMARY, SEK M</b>	<b>2015</b> Oct-Dec	<b>2014</b> Oct-Dec*	<b>2015</b> Jan-Dec	<b>2014</b> Jan-Dec
Rental revenue	1,358	1,386	5,505	5,495
Other property management income	53	54	196	186
<b>Total property management income</b>	<b>1,411</b>	<b>1,440</b>	<b>5,701</b>	<b>5,681</b>
Operating costs	-203	-215	-771	-808
Maintenance costs	-251	-223	-673	-621
Property administration	-87	-81	-353	-326
Other property management expenses	-57	-58	-201	-209
<b>Total costs from property management</b>	<b>-598</b>	<b>-577</b>	<b>-1,998</b>	<b>-1,964</b>
<b>NET OPERATING INCOME</b>	<b>813</b>	<b>863</b>	<b>3,703</b>	<b>3,717</b>
Central administration costs	-11	-12	-35	-46
Changes in value, properties	1,209	486	2,655	3,529
<b>PROFIT BEFORE FINANCIAL ITEMS</b>	<b>2,011</b>	<b>1,337</b>	<b>6,323</b>	<b>7,200</b>
Net financial income/expense	180	-214	-182	-939
<b>PROFIT BEFORE TAX</b>	<b>2,191</b>	<b>1,123</b>	<b>6,141</b>	<b>6,261</b>
Tax	-492	27	-1,361	-1,046
<b>PROFIT FOR THE YEAR</b>	<b>1,699</b>	<b>1,150</b>	<b>4,780</b>	<b>5,215</b>
Of which attributable to the shareholder in the Parent Company	1,699	1,150	4,780	5,215
<b>PROFIT PER SHARE</b>				
Profit per share, SEK	796	539	2,239	2,443
Profit per share after dilution, SEK	796	539	2,239	2,443
Number of shares, average and at the year-end	2,135,000	2,135,000	2,135,000	2,135,000

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, SUMMARY, SEK M**

	<b>2015</b> Oct-Dec	<b>2014</b> Oct-Dec	<b>2015</b> Jan-Dec	<b>2014</b> Jan-Dec
Profit for the year	1,699	1,150	4,780	5,215
Reclassifiable items				
Profit/loss from cash flow hedges	-4	25	-21	70
Tax attributable to cash flow hedges	—	3	3	-7
Cash flow hedges, dissolved against profit and loss	2	-37	5	-37
Non-reclassifiable items				
Revaluation of defined benefit pensions	22	-63	22	-63
Tax attributable to pensions	-5	14	-5	14
<b>TOTAL, OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>15</b>	<b>-58</b>	<b>4</b>	<b>-23</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>1,714</b>	<b>1,092</b>	<b>4,784</b>	<b>5,192</b>
Of which attributable to the shareholder in the Parent Company	1,714	1,092	4,784	5,192

\* 2014 figures have been adjusted to facilitate comparison. The reason is a shift in the balance between property administration and central administration costs.

CONSOLIDATED BALANCE SHEETS  
AKADEMISKA HUS | YEAR-END REPORT 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, SUMMARY, SEK M

	31-12-2015	31-12-2014
<b>ASSETS</b>		
Non-current assets		
Tangible non-current assets		
Properties	66,575	61,437
Equipment, fixtures and fittings	14	13
Total tangible, non-current assets	66,589	61,450
Financial assets		
Derivatives	1,658	1,478
Other non-current receivables	343	471
Total financial assets	2,001	1,949
Total non-current assets	68,590	63,399
Current assets		
Current receivables		
Derivatives	251	807
Other current receivables	1,287	955
Total current receivables	1,538	1,762
Cash and cash equivalents		
Cash and cash equivalents	4,305	4,558
Total cash and cash equivalents	4,305	4,558
Total current assets	5,843	6,320
<b>TOTAL ASSETS</b>	<b>74,433</b>	<b>69,719</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	30,271	33,432
<b>LIABILITIES</b>		
Non-current liabilities		
Loans	18,622	13,032
Derivatives	602	735
Deferred tax	8,761	7,753
Other non-current liabilities	452	419
Total non-current liabilities	28,437	21,939
Current liabilities		
Loans	9,777	10,092
Derivatives	217	109
Other current liabilities	5,731	4,147
Total current liabilities	15,725	14,348
Total liabilities	44,162	36,287
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>74,433</b>	<b>69,719</b>
<b>MEMORANDUM ITEMS</b>		
Pledged assets	589	350
Contingent liabilities	4	4

**GROUP EQUITY AND STATEMENTS OF CASH FLOWS**  
AKADEMISKA HUS | YEAR-END REPORT 2015

CHANGES IN GROUP EQUITY IN BRIEF, SEK M	Attributable to the Parent Company's shareholder					
	Share capital	Other contributed capital	Hedge reserve	Actuarial profit and loss	Retained earnings brought forward	Total equity
<b>EQUITY, 01-01-2014</b>	<b>2,135</b>	<b>2,135</b>	<b>-45</b>	<b>72</b>	<b>25,317</b>	<b>29,614</b>
Dividend	—	—	—	—	-1,374	-1,374
Reduction of share capital	-1,000	—	—	—	1,000	0
Bonus issue	1,000	—	—	—	-1,000	0
Total comprehensive income, Jan.-Dec. 2014	—	—	26	-49	5,215	5,192
<b>EQUITY, 31-12-2014</b>	<b>2,135</b>	<b>2,135</b>	<b>-19</b>	<b>23</b>	<b>29,158</b>	<b>33,432</b>
Dividends <sup>1)</sup>	—	—	—	—	-7,945	-7,945
Reductions in share capital <sup>2)</sup>	-5,000	—	—	—	5,000	0
Bonus issue <sup>2)</sup>	5,000	—	—	—	-5,000	0
Total comprehensive income, Jan.-Dec. 2015	—	—	-13	17	4,780	4,784
<b>EQUITY, 31-12-2015</b>	<b>2,135</b>	<b>2,135</b>	<b>-32</b>	<b>40</b>	<b>25,993</b>	<b>30,271</b>

1) Dividend of SEK 1,445,000,000 was authorised by the Annual General Meeting on 28 April 2015 and additional distribution of SEK 6,500,000,000 was authorised by the Extraordinary General Meeting 19 October 2015.

2) On 28 April 2015 the Annual General Meeting reached a decision to reduce the Parent Company's share capital by a total of SEK 5,000,000,000 for allocation to non-restricted equity. Furthermore, the Annual General Meeting approved bonus issues of a total of SEK 5,000,000,000 by raising the value of properties.

**CONSOLIDATED STATEMENT OF CASH FLOWS, SUMMARY, SEK M**

	2015	2014
<b>CURRENT OPERATIONS</b>		
Profit before tax	6,141	6,261
Adjustment for items not included in the cash flow	-2,593	-3,222
Tax paid	-296	-633
<b>CASH FLOW FROM CURRENT OPERATIONS BEFORE CHANGES IN WORKING CAPITAL</b>	<b>3,252</b>	<b>2,406</b>
<b>CASH FLOW FROM CHANGES IN WORKING CAPITAL</b>		
Increase (-)/decrease (+) in current receivables	-373	187
Increase (+)/decrease (-) in current liabilities	-394	568
<b>CASH FLOW FROM CURRENT OPERATIONS</b>	<b>2,485</b>	<b>3,161</b>
<b>INVESTMENTS</b>		
Investment in properties	-2,499	-3,004
Sale of properties	124	2,797
Investment in other non-current assets	-7	-3
Increase in non-current receivables	—	-229
Decrease in non-current receivables	178	—
<b>CASH FLOW FROM INVESTMENTS</b>	<b>-2,204</b>	<b>-439</b>
<b>FINANCING</b>		
Raising of interestbearing loans, excluding refinancing	5,411	521
Dividend paid	-5,945	-1,374
<b>CASH FLOW FROM FINANCING</b>	<b>-534</b>	<b>-853</b>
<b>CASH FLOW FOR THE YEAR</b>	<b>-253</b>	<b>1,869</b>
Cash and cash equivalents at the beginning of the year	4,558	2,689
Closing cash and cash equivalents	4,305	4,558

**SEGMENT INFORMATION**  
AKADEMISKA HUS | YEAR-END REPORT 2015

**THE GROUP'S GEOGRAPHICAL SEGMENTS IN BRIEF**

**SEGMENT INFORMATION**

**01-01-2015-31-12-2015, SEK M**

	South	West	East	Uppsala	Stockholm	North	Total, operating segments	Other opera- tions*	Group
Revenue, including other operating revenue	801	799	550	1,068	1,986	496	5,700	1	5,701
Property management costs, including other operating costs	-272	-278	-162	-279	-631	-202	-1,824	-174	-1,998
<b>NET OPERATING INCOME</b>	<b>529</b>	<b>521</b>	<b>388</b>	<b>789</b>	<b>1,355</b>	<b>294</b>	<b>3,876</b>	<b>-173</b>	<b>3,703</b>
Changes in value, properties									2,655
Central administration costs									-35
<b>PROFIT BEFORE FINANCIAL ITEMS</b>									<b>6,323</b>
Profit/loss from financial items (net)									-182
<b>PROFIT BEFORE TAX ACCORDING TO THE STATEMENT OF COMPREHENSIVE INCOME</b>									<b>6,141</b>
Total assets include:									
Properties	8,191	8,124	4,935	12,691	28,214	4,420	66,575	—	66,575
of which invested during the year	208	125	26	242	1,752	146	2,499	—	2,499

**SEGMENT INFORMATION**

**01-01-2014-31-12-2014, SEK M**

	South	West	East	Uppsala	Stockholm	North	Total, operating segments	Other opera- tions*	Group
Revenue, including other operating revenue	745	804	549	1,038	2,018	526	5,680	1	5,681
Property management costs, including other operating costs	-270	-271	-155	-291	-593	-233	-1,813	-151	-1,964
<b>NET OPERATING INCOME</b>	<b>475</b>	<b>533</b>	<b>394</b>	<b>747</b>	<b>1,425</b>	<b>293</b>	<b>3,867</b>	<b>-150</b>	<b>3,717</b>
Changes in value, properties									3,529
Central administration costs									-46
<b>PROFIT BEFORE FINANCIAL ITEMS</b>									<b>7,200</b>
Profit/loss from financial items (net)									-939
<b>PROFIT BEFORE TAX ACCORDING TO THE STATEMENT OF COMPREHENSIVE INCOME</b>									<b>6,261</b>
Total assets include:									
Properties	7,889	7,454	4,933	12,459	24,537	4,165	61,437	—	61,437
of which invested during the year	597	161	12	591	1,570	73	3,004	—	3,004

\* 'Other operations' refer to operations that are not attributable to the regions.

PARENT COMPANY INCOME STATEMENTS  
AKADEMISKA HUS | YEAR-END REPORT 2015

PARENT COMPANY INCOME STATEMENT, SUMMARY, SEK M

	2015 Oct-Dec	2014 Oct-Dec*	2015 Jan-Dec	2014 Jan-Dec
Rental revenue	1,358	1,386	5,505	5,495
Other property management income	76	1,206	300	1,732
<b>Total property management income</b>	<b>1,434</b>	<b>2,592</b>	<b>5,805</b>	<b>7,227</b>
Operating costs	-203	-214	-769	-808
Maintenance costs	-251	-224	-673	-625
Property administration	-84	-76	-334	-313
Other property management expenses	-59	-29	-204	-215
<b>Total costs from property management</b>	<b>-597</b>	<b>-543</b>	<b>-1,980</b>	<b>-1,961</b>
<b>NET OPERATING INCOME</b>	<b>837</b>	<b>2,049</b>	<b>3,825</b>	<b>5,266</b>
Central administration costs	-11	-12	-35	-46
Depreciation and impairments as well as reversed impairments in property management	-443	-231	-1,598	-1,176
<b>PROFIT BEFORE FINANCIAL ITEMS</b>	<b>383</b>	<b>1,806</b>	<b>2,192</b>	<b>4,044</b>
Net financial income/expense	153	-251	-290	-1,073
<b>PROFIT AFTER FINANCIAL ITEMS</b>	<b>536</b>	<b>1,555</b>	<b>1,902</b>	<b>2,971</b>
Appropriations	-158	-243	-158	-243
<b>PROFIT BEFORE TAX</b>	<b>378</b>	<b>1,312</b>	<b>1,744</b>	<b>2,728</b>
Tax	-94	-15	-394	-270
<b>PROFIT FOR THE YEAR</b>	<b>284</b>	<b>1,297</b>	<b>1,350</b>	<b>2,458</b>

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME,  
SUMMARY SEK M

	2015 Oct-Dec	2014 Oct-Dec	2015 Jan-Dec	2014 Jan-Dec
Profit for the year	284	1,297	1,350	2,458
Reclassifiable items				
Profit/loss from cash flow hedges	-5	24	-21	69
Tax attributable to cash flow hedges	1	3	4	-7
Cash flow hedges, dissolved against profit and loss	2	-37	5	-37
<b>TOTAL, OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>-2</b>	<b>-10</b>	<b>-12</b>	<b>25</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>282</b>	<b>1,287</b>	<b>1,338</b>	<b>2,483</b>
<b>PROFIT PER SHARE</b>				
Profit per share, SEK	132	603	627	1,163
Profit per share after dilution, SEK	132	603	627	1,163
Number of shares, average and at the year-end	2,135,000	2,135,000	2,135,000	2,135,000

\* 2014 figures have been adjusted to facilitate comparison. The reason is a shift in the balance between property administration and central administration costs.

PARENT COMPANY BALANCE SHEETS  
AKADEMISKA HUS | YEAR-END REPORT 2015

PARENT COMPANY BALANCE SHEET, SUMMARY, SEK M	31-12-2015	31-12-2014
<b>ASSETS</b>		
Non-current assets		
Tangible non-current assets		
Properties	39,900	32,605
Equipment, fixtures and fittings	14	13
Total tangible, non-current assets	39,914	32,618
Financial assets		
Shares in Group companies	1	1
Derivatives	1,658	1,478
Other non-current receivables	343	471
Total financial assets	2,002	1,950
Total non-current assets	41,916	34,568
Current assets		
Current receivables		
Derivatives	251	807
Other current receivables	1,287	955
Total current receivables	1,538	1,762
Cash and bank balances		
Cash and bank balances	4,304	4,558
Total cash and bank balances	4,304	4,558
Total current assets	5,842	6,320
<b>TOTAL ASSETS</b>	<b>47,758</b>	<b>40,888</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	6,560	8,167
Untaxed reserves	3,850	3,693
Non-current liabilities		
Loans	18,622	13,032
Derivatives	602	735
Deferred tax	2,074	627
Other non-current liabilities	323	283
Total non-current liabilities	21,621	14,677
Current liabilities		
Loans	9,777	10,092
Derivatives	217	109
Other current liabilities	5,733	4,150
Total current liabilities	15,727	14,351
Total liabilities	37,348	29,028
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>47,758</b>	<b>40,888</b>
<b>MEMORANDUM ITEMS</b>		
Pledged assets	589	350
Contingent liabilities	4	4

CHANGES IN PARENT COMPANY'S EQUITY, IN BRIEF, SEK M	Restricted equity		Non-restricted equity		Total equity
	Share capital	Statutory reserve	Fair value reserve	Profit for the year brought forward	
<b>EQUITY, 01-01-2014</b>	<b>2,135</b>	<b>2,135</b>	<b>-45</b>	<b>1,833</b>	<b>6,058</b>
Dividend	—	—	—	-1,374	-1,374
Reduction of share capital	-1,000	—	—	1,000	0
Bonus issue	1,000	—	—	—	1,000
Total comprehensive income, Jan.-Dec. 2014	—	—	26	2,458	2,483
<b>EQUITY, 31-12-2014</b>	<b>2,135</b>	<b>2,135</b>	<b>-19</b>	<b>3,917</b>	<b>8,167</b>
Dividends <sup>1)</sup>	—	—	—	-7,945	-7,945
Reduction of share capital <sup>2)</sup>	-5,000	—	—	5,000	0
Bonus issue <sup>2)</sup>	5,000	—	—	—	5,000
Total comprehensive income, Jan.-Dec. 2015	—	—	-12	1,350	1,338
<b>EQUITY, 31-12-2015</b>	<b>2,135</b>	<b>2,135</b>	<b>-31</b>	<b>2,322</b>	<b>6,560</b>

1) Dividend of SEK 1,445,000,000 was authorised by the Annual General Meeting on 28 April 2015 and additional distribution of SEK 6,500,000,000 was authorised by the Extraordinary General Meeting 19 October 2015

2) On 28 April 2015 the Annual General Meeting reached a decision to reduce the Parent Company's share capital by a total of SEK 5,000,000,000 for allocation to non-restricted equity. Furthermore, the Annual General Meeting approved bonus issues of a total of SEK 5,000,000,000 by raising the value of properties.

**PARENT COMPANY**

Akademiska Hus AB is the Parent Company in the Akademiska Hus Group and is wholly owned by the Swedish state. Operations comprise mainly owning and managing university and college properties. The majority of the Group's revenue is derived from education under government auspices.

**Revenue and profit/loss**

The Company's revenue totalled SEK 5,805 million (7,227). Of this amount, revenue from subsidiaries accounted for SEK 0 million (0). The profit before financial items was SEK 2,192 million (4,044) and net financial income/expense was SEK -290 million (-1,073). The profit after financial items was SEK 1,902 million (2,971).

**Investments**

Investment in machinery and equipment amounted to SEK 7 million (3) and in properties to SEK 2,499 million (3,004).

**Equity**

Equity totalled SEK 6,560 million compared with SEK 8,167 million for the previous year. On 28 April 2015 the Annual General Meeting resolved on a dividend of SEK 676.81 (643.56) per share, a total of SEK 1,445 million (1,374) that was paid during the second quarter.

In order to adjust the Group's capital structure to the owner's objective for the equity ratio, in April 2015 the Annual General Meeting resolved to reduce share capital by a total of SEK 5,000 million for allocation to non-restricted equity. In addition, the

Meeting resolved on bonus issues to restore share capital to its original level. The bonus issues were carried out through revaluations of investment properties.

On 19 October Akademiska Hus held an Extraordinary General Meeting, which resolved to pay an additional distribution of SEK 6,500 million to its owner, the Swedish state. The additional distribution will be paid in several installments, of which SEK 4,500 million in 2015 and the remaining SEK 2,000 million before the Annual General Meeting in 2016. On 31 December 2015 (after 2015 dividends) the Parent Company's equity ratio was 20.0 per cent.

**ACCOUNTING PRINCIPLES**

Akademiska Hus complies with the EU-endorsed International Financial Reporting Standards (IFRS). This Interim Report for the Group has been prepared according to IAS 34 Interim Financial Reporting, and for the Parent Company in accordance with the Annual Accounts Act and the recommendation of the Financial Reporting Board, RFR 2 Accounting for Legal Entities.

Unless stated otherwise below, the accounting principles and computation methods are the same as the accounting principles used in the most recent Annual Report.

**NEW ACCOUNTING PRINCIPLES 2015**

No new accounting policies applicable from 2015 have significantly affected the Akademiska Hus Group.

This year-end report has not been the subject of an examination by the auditors.

The President hereby certifies that this year-end 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 that form part of the Group.

Gothenburg, 12 February 2016

Kerstin Lindberg Göransson  
*President*



**DEFINITIONS****Return on equity after standard tax**

Earnings after financial items with a deduction for full tax in relation to average equity.

**Return on operating capital**

Earnings before financial items, excluding changes in value in relation to average operating capital.

**Return on total assets**

Earnings before financial items plus financial income in relation to the average total assets.

**Loan-to-value ratio**

Interest-bearing net loan debt in relation to the closing value of properties.

**Yield**

Operating surplus in relation to the average fair value, excluding buildings under construction.

**Operating costs**

Operating costs are costs incurred to keep a property, installation or similar facility functioning. Operating costs are divided into media provision, monitoring and service.

**Net operating income ratio**

Net operating income in relation to management income.

**Additional distribution**

Distribution authorised by the Extraordinary General Meeting

**Property administration**

Cost of management, day-to-day accounting administration, leasing, contact with tenants, handling of registers, contracts and drawings, technical planning and follow-up and human resource administration.

**Financing cost according to IFRS**

Net financial income/expense in the form of the financing cost for loans, net interest for financial derivatives and the change in fair value of financial derivatives, in relation to average interest-bearing capital.

**Rental revenue**

The basic rent, index-linked, and estimated rent for vacant rentable floor space and supplements, with a deduction for vacancies and rent reductions.

**FLOOR SPACE, M<sup>2</sup>, GFS**

Gross floor space of building. Comprises rentable floor space as well as common areas and the areas surrounding the building.

**FLOOR SPACE, M<sup>2</sup>**

Rentable floor space in square metres.

**Net investments**

Closing balance minus the opening balance for non-current assets plus depreciation and impairments minus revaluations.

**Operating capital**

Equity plus interest-bearing net loan liability.

**Period-allocated financing cost**

Net interest income and expense in the form of the financing cost for loans, net interest for financial derivatives and period allocation of realised profits on financial derivatives over the remaining term of the underlying instrument, in relation to average, interest-bearing capital.

**Interest-bearing net loan liability**

Interest-bearing loans, financial derivatives and current 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 the value of properties in relation to net financial income/expense, excluding changes in value, financial derivatives, including period allocation of realised profits from derivatives and including capitalised interest in projects.

**Internal financing ratio**

The part of the tangible, non-current assets procured during the year that could be financed using funds earned internally during the year.

**Equity ratio**

Reported equity (for Parent Company including equity share in untaxed reserves) in relation to total assets carried forward.

**Total yield**

Direct yield from properties and their change in value, expressed in per cent.

**Maintenance costs**

Costs for measures taken aimed at reinstating the original standard and function of worn or damaged parts of a building. Costs for tenant adaptations are also recognised here.

**Rental and vacancy levels**

Leased or vacant floor space in relation to the total floor space. Financial leasing or vacant space levels are rental revenue for space leased and estimated rental revenue for vacant space in relation to the total rental revenue.

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**REPORT CALENDAR**

Annual Report 2015	31 March 2016
Annual General Meeting	28 April 2016
Interim Report, 1st Quarter 2016	28 April 2016
Interim Report, 2nd Quarter 2016	15 July 2016
Interim Report, 3rd Quarter 2016	27 October 2016

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