

Interim Report

January 1 – June 30, 2016

“We contribute to Sweden as a nation of knowledge”

Akademiska Hus is installing our largest solar park in terms of surface area on the Ultuna Campus. The initiative is part of the effort to achieve a sustainable campus that we and the Swedish University of Agricultural Sciences are pursuing together.

PHOTO COPYRIGHT HOLDER: AKADEMISKA HUS

We develop, build and manage for a wiser Sweden

We take a long-term strategic approach to continually create attractive and sustainable knowledge campus plans with our customers. We take full responsibility for the development of campuses at colleges and universities, where student accommodation plays an important role.

JANUARY–JUNE

- Rental revenue was SEK 2,740 million (2,722). The increase is mainly attributable to completion of new buildings.
- Net operating income totalled SEK 1,905 million (1,893), an increase of SEK 12 million, primarily attributable to revenue.
- Net changes in property values had an impact on profit of SEK 2,058 million (1,116).
- Net financial income and expense for the period amounted to SEK –421 million (–96). This figure includes changes in the value of financial derivatives totalling SEK –268 million (66), of which SEK –170 million (123) is unrealised.
- Profit before tax for the period amounted to SEK 3,504 million (2,880) and profit for the period was SEK 2,737 million (2,246). The increase can be attributed to positive changes in the value of the properties.
- Investment in redevelopment and new construction during the period totalled SEK 1,237 million (1,284).
- The yield (excluding properties under construction) was 6.0 per cent (6.6) on a rolling 12-month basis. The decline can be explained by an increase in property value while net operating income remained essentially unchanged.
- Return on operating capital was 6.5 per cent (7.0) on a rolling 12-month basis.
- The equity ratio at the end of the period was 39.7 per cent (47.7).

SECOND QUARTER

- Rental revenue was SEK 1,358 million (1,381), a reduction of SEK 23 million mainly attributable to one-off revenue of SEK 38 million during the second quarter of 2015.
- Net operating income decreased by SEK 24 million to SEK 958 million (982) due to a decline in revenue.
- Changes in property values totalled SEK 1,750 million (575), corresponding with 2.6 per cent (0.9) of the value of the properties.
- Net financial income and expense for the reporting period amounted to SEK –175 million (128). Changes in the value of financial derivative instruments amounted to SEK –104 million (197).

Albano - scientific hub with focus on sustainability

PRESIDENT KERSTIN LINDBERG GÖRANSSON COMMENTS:

In May, we took one of our largest investment decisions, SEK 2.9 billion, for the first phase of the Albano campus. The area will become a scientific hub connecting Stockholm, the capital of Sweden, with its many universities, forming a sustainable campus with research and education environments for more than 15,000 students and researchers. Approximately 1,000 student housing units and premises for commercial services will also be built here. Planned initial occupancy for both commercial and residential premises is 2020. Albano is a unique construction project in which sustainability in every aspect has played a key role in the planning process. The value for Stockholm as a student town will be high and we are pleased to report that the project was also named “Stockholm’s student friend 2016” by the Stockholm Federation of Student Unions. Part of the explanation for the award was the careful and inclusive planning process.

In Umeå, a photovoltaic system has been deployed at the Marine Sciences Centre as the final piece of the puzzle of an energy-saving project, where the combined measures have now resulted in a reduction of energy consumption by an impressive 80 per cent, and an environmentally friendly energy supply is guaranteed for at least the next 30 years. We also installed solar panels on the Ultuna Campus, our largest facility to date, with an estimated production of 170,000 kWh per year. The initiative is part of the strategic initiative to achieve a sustainable campus that Akademiska Hus and the Swedish University of Agricultural Sciences are pursuing together.

Our construction project portfolio continues to be large and amounts to about SEK 17 billion at mid-year. An exciting investment of SEK 320 million that was approved during the period is “Laboratory of the Future” for Karolinska Institutet on the Flemingsberg Campus, which will be ready for occupancy in 2018. The idea is to create



Akademiska Hus is investing SEK 2.9 billion in the continued development of the Albano Campus. As Stockholm University and KTH grow, new premises are needed for both the short and long term, where the universities can act and interact - with each other and with the community.

new research environments governed by the common interests of the researchers, regardless of department. The laboratory will therefore be divided by theme and researchers will also be able to benefit from common access to expensive laboratory equipment. We have also broken ground for a new Medical Biology Centre (MBC) at Umeå University. With the renovation and expansion of the Biology Building, which was built in 1961 and is the oldest building on the campus, the Faculty of Medicine will be able to co-locate some of the cutting-edge medical research under one roof.

Student accommodation continues to be one of the most important issues for us, the centres of education and the students. This topic was therefore the theme of the seminar we held in conjunction with our Annual General Meeting. The issue of the day was “Attractive campuses and more housing for students and researchers – what role can Akademiska Hus play?” and focused on the student accommodation issue from the perspective that focused on internationalisation and admission of new students and researchers. Helene Hellmark Knutsson, Minister for Higher Education and Research, was one of those who discussed the issue with us and with representatives of the centres of education and student organisations to determine how we can work together to find solutions in this

important area. The result was an exciting exchange of knowledge that gave new perspectives for the future.

The Supreme Administrative Court recently confirmed that Akademiska Hus is considered to be a contracting authority that is covered by the Public Procurement Act (LOU). As a result of the decision from now on our purchases must be procured in compliance with the Public Procurement Act (LOU), a decision that we welcome because it finally provides long-awaited clarity on the issue which was first raised in 2011. We continuously work with our purchasing process to ensure high-quality procurement and the transition to the new regulatory framework will therefore go smoothly.

Net operating income for the second quarter is SEK 958 million, which is a reduction of SEK 24 million compared with the same period last year and is attributable to a decline in revenue. The positive changes in the value of properties is substantial and totals SEK 1,750 million, to be compared with SEK 575 million for the second quarter of 2015. Profit after taxes for the reporting period rose by SEK 680 million compared with corresponding quarter of the previous year, mainly due to the positive changes in value.

Kerstin Lindberg Göransson
President

AKADEMISKA HUS IN BRIEF

	2016 April- June	2015 April- June	2016 Jan-June	2015 Jan-June	Rolling 12 months Jul 2015- Jun 2016	2015 full-year	2014 full-year
Income from property management, SEK m	1,400	1,423	2,830	2,815	5,661	5,646	5,630
Net operating income, SEK m	958	982	1,905	1,893	3,752	3,740	3,717
Changes in value, properties, SEK m	1,750	575	2,058	1,116	3,597	2,655	3,529
Profit before tax, SEK m	2,513	1,669	3,504	2,880	6,765	6,141	6,261
Vacant space, rent, %	1.0	1.1	0.9	1.1	1.2	1.1	1.2
Vacant space, area, %	3.6	3.7	3.6	3.7	3.8	3.8	3.6
Fair value, properties, SEK m	69,852	63,809	69,852	63,809	69,852	66,575	61,437
of which properties under construction, SEK m	4,508	4,870	4,508	4,870	4,508	3,484	5,407
Yield, % (excluding properties under construction)	—	—	—	—	6.0	6.4	6.8
Yield, % (including properties under construction)	—	—	—	—	5.6	5.8	6.2
Net operating income, SEK/m ²	—	—	—	—	1,179	1,174	1,160
Return on operating capital, %	—	—	—	—	6.5	6.9	7.3
Return on equity, %	—	—	—	—	16.0	15	15.5
Equity ratio, %	39.7	47.7	39.7	47.7	39.7	40.7	48.0
Interest coverage ratio, % ¹	730	861	741	746	738	743	671
Loan-to-value ratio, %	38.8	31.2	38.8	31.2	38.8	36.6	30.7

1) Excluding changes in the value of properties and financial derivatives.

COMMENTS ON INCOME STATEMENT AND BALANCE SHEET ITEMS

Second quarter

Rental revenue during the second quarter amounted to SEK 1,358 million (1,381), a reduction of SEK 23 million mainly attributable to tenant improvements reflected in a one-off post of SEK 38 million during the second quarter of 2015. Operating costs fell slightly and amounted to SEK 170 million (180), whilst maintenance costs declined by SEK 16 million to SEK 124 million. Property administration remained essentially unchanged at SEK 76 million (80). Other property management expenses increased by SEK 31 million to SEK 72 million, related to development costs associated with sales of land. Net operating income decreased by SEK 24 million to SEK 958 million. The decline can be explained by lower revenue, since total property management expenses were unchanged. The changes in property values amount to SEK 1,750 million (575) and are largely the result of reduced yield requirements and cost of capital, changes in cash flow due to ongoing projects approaching completion, and renegotiated leases. Net interest income and expense

worsened by SEK 175 million to SEK -175 million. The changes in value can be explained by continued falling market interest rates and flatter return curves. Profit before tax for the second quarter amounted to SEK 2,513 million (1,669). The increase can mainly be attributed to changes in property values.

First half of the year

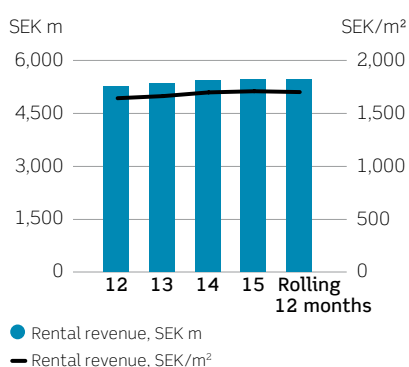
Rental revenue

Rental revenue was SEK 2,740 million (2,722), which is an increase of SEK 18 million. The increase is mainly attributable to completion of new buildings. The completion of new buildings that have had the greatest impact on revenue are the Ull Building in Uppsala, Malmö University and Arrhenius at Stockholm University.

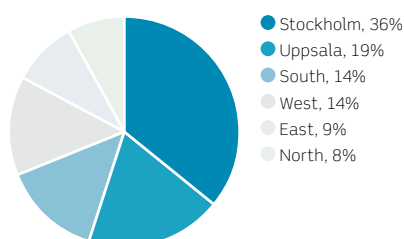
Rental and vacancy levels

Property holdings at the close of the second quarter of 2016 amounted to 3.23 million square metres (3.19) of rentable area. In all, 116,000 square metres (118,000) of this space was vacant, for a

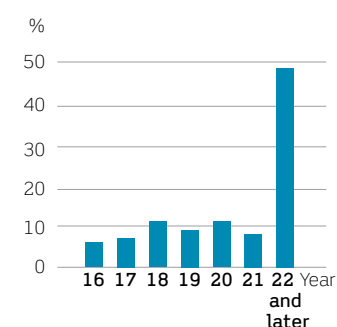
RENTAL REVENUE



RENTAL REVENUE PER REGION



LEASE RENEWAL STRUCTURE



vacancy rate of 3.6 per cent (3.7). The vacancy rate remained essentially unchanged compared with year-end. 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 26.3 million (29.6) or just 0.9 per cent (1.1) of rental value. The largest individual blocks of vacant space can be found on the Ultuna Campus and amount to about 78,000 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 approximately 30,000 square metres.

Leases

A characteristic feature of Akademiska Hus is long leases with colleges and universities. The average term of a newly signed lease is eleven years. At the end of the period, the average remaining lease term was 5.9 years (5.9). 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.

Akademiska Hus' predominant customer group, colleges and universities, accounts for approximately 90 per cent of total rental revenue. 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 period amounted to SEK 403 million (411), equivalent to SEK 239/m² (246), calculated on a rolling 12-month basis. Of the operating costs, media provision amounted to SEK 279 million (284), equivalent to SEK 161/m² (171). The reduction in SEK per square metre can be explained by the essentially unchanged cost that is distributed over a larger managed space and our systematic work with energy efficiency.

Maintenance costs amounted to SEK 255 million (225). The increase is primarily attributable to maintenance initiatives at the library at Frescati in the Stockholm Region. The cost amounts to SEK 203/m² (191), calculated on a rolling 12-month basis. We continue to invest in maintenance in order to maintain the standard of our property holdings.

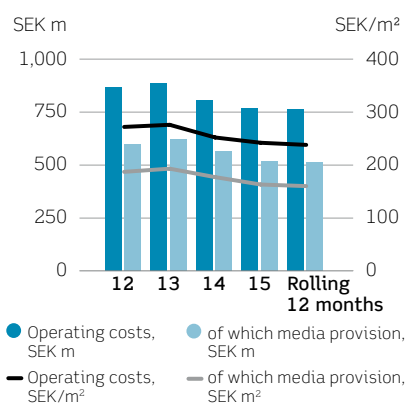
Property administration

Costs for property administration for the period amounted to SEK 144 million (188). The decrease is attributable to our decision last year to co-finance SEK 40 million for an expansion of the underground from Odenplan to Arenastaden. The project will be carried out with others, including the City of Stockholm and the City of Solna over the next five years.

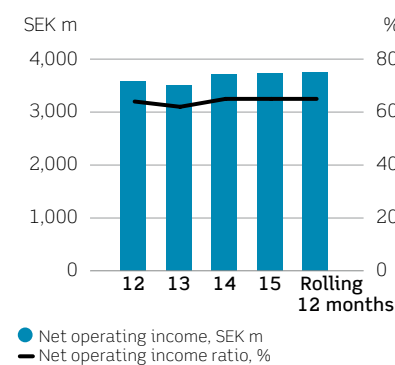
PROPERTIES

	30-06-2016 Group	30-06-2015 Group	31-12-2015 Group
Change in property holdings, in SEK m			
Opening fair value	66,575	61,437	61,437
+ Investment in new construction and redevelopment	1,237	1,284	2,497
+ Acquisitions	—	—	2
+ Capitalised interest expense	40	70	108
- Sales	-26	-18	-33
+/- Change in value, unrealised, for remaining properties	2,026	1,036	2,564
of which change in value due to a change in the cost of capital and yield requirement	1,089	674	1,245
of which change in value due to adjusted value index (valuation status, average remaining term, property type)	-94	49	256
of which capitalised interest expense	-40	-70	-108
of which other change in value (changed cash flows for ongoing projects, renegotiated leases)	1,071	383	1,171
CLOSING FAIR VALUE	69,852	63,809	66,575

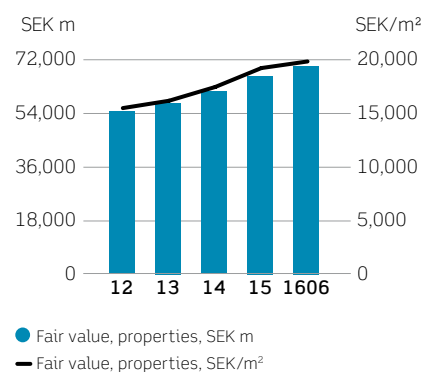
OPERATING COSTS



NET OPERATING INCOME



FAIR VALUE, PROPERTIES



case

Gothenburg's electric buses celebrate a successful first year



Expectations have clearly been exceeded after a year of electric bus service on Line 55 in Gothenburg. Buses and bus stops receive high scores from both passengers and drivers, and the number of completed journeys is now up at about 1.2 million. The quiet and emission-free bus route is one of the most modern in the world and Akademiska Hus is one of the project partners. This commitment is part of our mission to strengthen Sweden as a nation of knowledge, which we are doing by promoting sustainable communications to and from the Chalmers Johanneberg campus and the Chalmers Lindholmen campus.

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Other property management expenses

Other property management expenses increased by SEK 25 million during the first half of the year compared with the same period last year due to fewer land and property sales.

Changes in value, properties

The changes in property values for the period in the income statement amount to SEK 2,058 million (1,116), including changes in value for properties sold during the period of SEK 32 million (80). The changes in value are largely the result of reduced yield requirements and cost of capital, changes in cash flow due to ongoing projects approaching completion, and renegotiated leases.

Equity ratio

The Akademiska Hus Group's equity ratio at the end of the period was 39.7 per cent (47.7). The reduction is due to an adjustment of Akademiska Hus' capital structure to the owner's objective (equity ratio between 30 and 40 per cent).

On 19 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 additional distribution was disbursed on several occasions, including SEK 4,500 million was paid in 2015. The remaining SEK 2,000 million was paid on 1 April 2016.

PROPERTY MARKET

Activity in the Swedish property market remained high and properties represent an attractive investment opportunity for both Swedish and foreign buyers. When alternative asset classes provide low risk-adjusted return and the gap is growing between yield and financing costs with declining loan rates, favourable conditions for business deals are created. Accumulated transaction volumes as of June 30 totalled approximately SEK 86 billion, which is far above normal levels.

Different types of properties attract different buyers. Larger commercial properties and prime inner city office buildings mainly attract foreign investors, while residential properties mainly attract Swedish investors. The market for community properties is dominated by Swedish property companies and institutions, and is con-

sidered to be a low-risk investment because of the low tenant risk.

Sweden has experienced strong employment growth in recent years. Employment is increasing in office-intensive industries, which supports demand for premises and pushes rents upwards. Tenants who demand premises that meet high standards are willing to pay for modern, flexible design in the best location. This trend has the greatest impact on the most central parts of metropolitan areas where vacancy rates are extremely low and prime rents are rising. Similar trends are also noted in Swedish regional cities and the demand for office space is high in virtually all locations that show growth.

Akademiska Hus' portfolio benefits from such trends on the Swedish property market. The number of players in our community property segment is growing and demand is strong. Large portions of our portfolio can be found in prime locations in regional centres as well as in major cities. Akademiska Hus has a large proportion of premises that are specially adapted to a specific customer segment, which entails an elevated risk – especially in small communities with fewer potential customers. However, this risk is limited by the contract structure with stable customers and by the Government's continued willingness to invest in research and higher education. Akademiska Hus works continually to build more flexible solutions and to develop both existing properties and campuses, which causes the areas to become more attractive in the long term.

PROPERTY VALUATION

The fair value of Akademiska Hus properties as of June 2016 was SEK 69,852 million, compared with 66,575 at year-end. Extensive investments, totalling SEK 1,277 million during the reporting period, combined with a continued favourable position in the property market, have led to an increase in the fair value of SEK 3,277 million compared with the beginning of the year, corresponding to an increase of 4.9 per cent. The total fair value of properties includes current new construction totalling SEK 4,508 million (3,484). The fair value has been calculated by means of an internal property valuation covering all the Company's properties. Akademiska Hus' internal valuation model is described in greater detail in the 2015 annual report.

The average yield requirement was 5.7 per cent (5.8) and the average cost of capital was 7.8 per cent (7.9). Yield requirements and cost of capital declined during the second quarter by between 0.05 and 0.30 percentage points due to general price-driving factors in the property market for community properties. Overall, the positive change in value attributable to changes in yield requirements and cost of capital during the quarter amounted to SEK 1,089 million. Each quarter Akademiska Hus engages two independent valuation institutes, NAI Svefa and Cushman & Wakefield, to verify the valuation conditions.

Properties worth SEK 26 million on the balance sheet were sold during the year. The divestments relate to land in Stockholm as well as property in Lund.

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 change in value attributable to such business transactions as at the end of June amounts to SEK 937 million (308). 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 authorised by the Swedish Society of Real Estate Economics. External valuations are used as a benchmark for the internal valuation, thereby confirming its reliability.

All property valuation includes assessments that are associated with a certain degree of uncertainty. A normal uncertainty range in conjunction with a property valuation is +/- five to ten per cent, which would be equivalent to approximately SEK +/- 3,500–7,000 million in the Akademiska Hus portfolio.

PROJECT OPERATIONS, INVESTMENTS AND SALES

The project portfolio with decided and planned projects totalled SEK 17,165 million, of which SEK 4,508 million has already been invested in ongoing projects. We also have a series of concept projects worth SEK 7,714 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. For further information about the large projects, reference can be made to the 2015 Annual Report.

PROJECT PORTFOLIO (SEK M)	30-06-2016	31-12-2015
Decided projects	14,370	9,610
Planned projects	2,795	7,865
DECIDED AND PLANNED PROJECTS	17,165	17,475
of which already invested in current projects	-4,508	-3,484
REMAINDER OF DECIDED AND PLANNED PROJECTS	12,657	13,991
Concept projects	7,714	5,301
TOTAL REMAINING PROJECTS	20,371	19,292

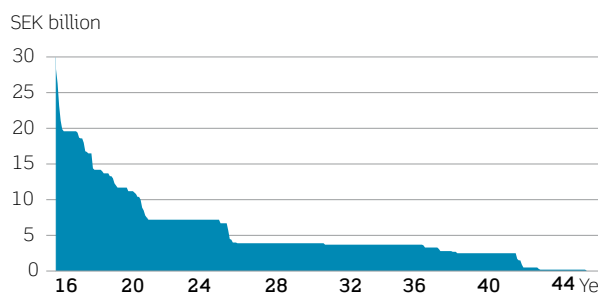
Net investments in properties during the period amounted to SEK 1,211 million (1,266). During the second quarter land was sold in Stockholm and a property was sold in Lund. The total sales price was SEK 57 million. On 1 July 2015 contracts were signed for the sale of land in Ultuna, Uppsala. The buyer is expected to take possession in 2016 and 2017.

FINANCING

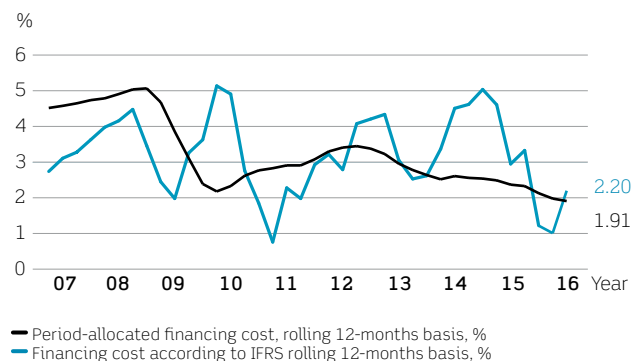
The first half of the year was characterised by uncertainty. Admittedly the global economy continued to demonstrate growth, and as usual, the central banks declared that it was vigilantly monitoring the incoming economic data and that the risk scenario would be assessed as needed. Earlier expectations of decisive monetary tightening by the Federal Reserve have not been met, and the ECB continues with its systematic bond purchases, which now also include corporate bonds. Some slowdown in economic activity is expected for the coming year.

The UK voted by a small margin to withdraw from the EU in an advisory referendum, which was unexpected for the market. What was previously considered to be an element of uncertainty proved to encompass great drama. Analysing the consequences, which are mainly political, is a delicate task, but they are also crucial to continued economic developments. Pricing the future risks associated with the new conditions is an even greater challenge for the financial markets. There is great uncertainty regarding the domestic political situation, the government situation, the time perspective and the outcome of future negotiations between the UK and the

DEBT MATURITY



COMPARISONS, DIFFERENT CALCULATIONS OF FINANCING COST



EU. For now, the uncertainty will probably put a damper on economic activity, while investors will be less willing to invest

In the short term, some risk premiums have increased and as usual, financial flows have moved towards asset classes that are perceived as relatively safe, in the form of bond markets. The property market will also probably be noted. Although interest rates have been low for some time, a further decline in interest rates has been seen in recent times. Swedish government bonds are now listed for negative figures with maturity of up to nine years.

Looking back to just over a year ago, the conclusion is that the mood and outlook of financial markets was reassessed on several occasions; market rates in Europe reached “all-time lows” last spring, after which they demonstrated an unusually dramatic and powerful rebound. Now, interest rates are falling once again, reaching even lower levels than last spring.

Akademiska Hus has had a frequent presence on the bond market since early 2015 due to the increased need for financing. Thanks to a high degree of flexibility and sensitivity to investor demand, issues of approximately SEK 10,800 million were completed. During the second quarter we had the opportunity to issue a bond for HKD 562 million (SEK 600 million) with a maturity of five years. The issuance was an acknowledgement of Akademiska Hus’ good prospects for diversifying financing through foreign financial markets. In addition to this bond, Akademiska Hus also raised SEK 500 million by issuing a bond with a maturity of four years in the Swedish market.

Given the uncertainty and risk situation that has existed in the market prior to summer, good liquidity has been secured through issues in the short-term market with ECPs and corporate certificates. The aim has been to secure payment capacity for a period that could be highly uncertain in terms of conditions in the financial markets. In addition to payment of the dividend of SEK 1,290 million, the final instalment of the additional distribution of SEK 2,000 million was paid in April.

Fixed interest period and maturity are somewhat shorter than at year-end.

Net loan liability

The table on the top right shows the fixed interest period and maturity structure for the net liability portfolio.

FIXED INTEREST PERIOD AND MATURITY

	SEK m	Fixed interest, years, June 2016	Fixed interest, years, Dec 2015	Maturity, years, June 2016	Maturity, years, Dec 2015
Non-current portfolio	3,617	24.2	24.7	24.2	24.7
Basic	24,624	3.8	3.6	2.7	2.6
Index-linked bond portfolio	900	6.3	6.8	6.3	6.8
Total portfolio		6.4	6.9	5.5	6.1

Net financial income/expense

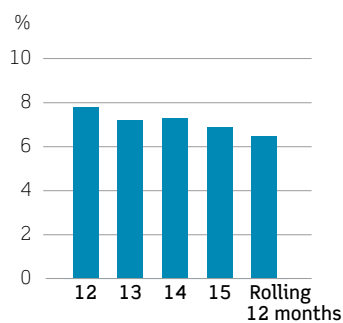
Net interest income and expense totalled SEK –421 million (–96), of which SEK –268 (66) relates to changes in value of financial derivatives.

SEK –170 million (123) of the change in value is unrealised and SEK –98 million is realised (–57). The changes in value can be explained by continued falling market interest rates and flatter return curves. Net interest income and expense is equivalent to an interest cost of 3.46 per cent (1.5) during the period in which the changes in value correspond to an increase in interest expense of 2.03 percentage points (–0.65). Interest-bearing net loan liability increased by SEK 3,189 million since year-end and amounted to SEK 27,113 million at the end of the period. The interest coverage ratio, calculated on the cash flow impact of net interest income and expense, amounted to 738 per cent (717), calculated on a rolling 12-month basis.

NET INTEREST INCOME AND EXPENSE, BREAKDOWN, SEK M

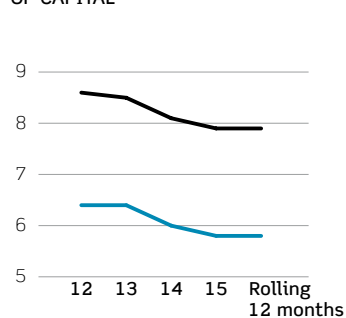
	01-01-2016-06-30-2016	01-01-2015-30-06-2015	01-01-2015-31-12-2015
Interest cost, net loans and financial assets	-124	-162	-309
Net interest derivatives	-64	-57	-129
Change in value, independent financial derivatives			
-unrealised	-206	64	256
-realised	-98	-57	-132
Changes in value, fair value hedges	36	59	41
Other interest costs	-5	-13	-17
Capitalised interest expense, projects	40	70	108
Reported net interest income and expense	-421	-96	-182

RETURN ON OPERATING CAPITAL



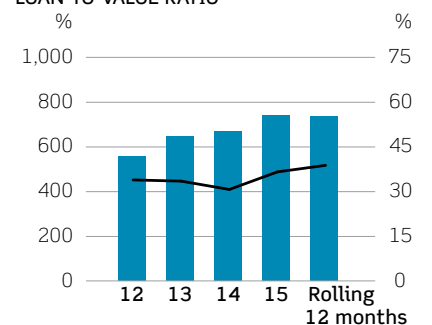
● Return on operating capital, %

YIELD REQUIREMENT AND COST OF CAPITAL



— Yield target, %
— Cost of capital, %

INTEREST COVERAGE RATIO AND LOAN-TO-VALUE RATIO



● Interest coverage, % — Loan-to-value ratio, %

FINANCING COST, BREAKDOWN

	01-01-2016- 30-06-2016	01-01-2015- 30-06-2015	01-01-2015- 31-12-2015
Loan financing cost, including charges, %	0.94	1.59	1.38
Interest swaps, net interest, %	0.49	0.56	0.58
Financing cost, %	1.43	2.15	1.96
Changes in value, financial derivatives, %	2.03	-0.65	-0.74
Total financing cost, %	3.46	1.50	1.22

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 current 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 used when refinancing and with sales of fixed interest at a later date. Over time no surplus or deficit values of interest rate derivatives will remain at maturity.

The currency and interest risks that arise in conjunction with long-term financing, usually bonds in foreign currency, are hedged with 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.

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 opera-

tions. 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, availability and demand on the property market as well as specific circumstances related to the properties.

Rental revenue is assured through long leases. The average term for a newly signed lease with Akademiska Hus is 11 years and the average remaining lease term is 5.9 years. Follow up of vacant space is a top priority and special measures are prepared. Vacant space for the period was 3.6 per cent of the floor space and 0.9 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 risk in the liability portfolio is handled within a separate fixed interest mandate.

For a more detailed description of Akademiska Hus' risk management, please see the 2015 Annual Report.

EVENTS AFTER THE END OF THE REPORTING PERIOD

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

SENSITIVITY ANALYSIS, IMPACT ON PROFIT

Change	Impact on pre-tax profit, SEK m	Impact on return on operating capital, percentage points	Impact on fair value, SEK m	Impact on fair value, percentage points
Rental revenue, +/- one per cent	55	0.1	392	0.6
Vacant space, +/- one percentage point	57	0.1	-408	-0.6
Operating costs, +/- one per cent	8	0.0	-78	-0.1
of which media provision	5	0.0	-39	-0.1
Cost of capital, + one percentage point	-4,283	0.3	-4,283	-6.1
Cost of capital, - one percentage point	4,713	-0.3	4,713	6.7
Yield target, + one percentage point	-5,386	0.3	-5,386	-7.7
Yield target, - one percentage point	7,835	-0.4	7,835	11.2

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT,
SUMMARY, SEK M

	2016 April-June	2015 April-June ¹	2016 Jan-June	2015 Jan-June ¹	Rolling 12 months July 2015- June 2016	2015 Full-year ¹
Rental revenue	1,358	1,381	2,740	2,722	5,468	5,450
Other property management income	42	42	90	93	193	196
Total property management income	1,400	1,423	2,830	2,815	5,661	5,646
Operating costs	-170	-180	-403	-411	-763	-771
Maintenance costs	-124	-140	-255	-225	-648	-618
Property administration	-76	-80	-144	-188	-272	-316
Other property management expenses	-72	-41	-123	-98	-226	-201
Total costs from property management	-442	-441	-925	-922	-1,909	-1,906
NET OPERATING INCOME	958	982	1,905	1,893	3,752	3,740
Central administration costs	-20	-16	-38	-33	-77	-72
Changes in value, properties	1,750	575	2,058	1,116	3,597	2,655
PROFIT BEFORE FINANCIAL ITEMS	2,688	1,541	3,925	2,976	7,272	6,323
Net financial income/expense	-175	128	-421	-96	-507	-182
PROFIT BEFORE TAX	2,513	1,669	3,504	2,880	6,765	6,141
Tax	-531	-367	-767	-634	-1,494	-1,361
PROFIT FOR THE PERIOD	1,982	1,302	2,737	2,246	5,271	4,780
Of which attributable to the shareholder in the Parent Company	1,982	1,302	2,737	2,246	5,271	4,780
PROFIT PER SHARE						
Profit per share, SEK	928	610	1,282	1,052		
Profit per share after dilution, SEK	928	610	1,282	1,052		
Number of shares, average and at the period-end	2,135,000	2,135,000	2,135,000	2,135,000		

CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME, SUMMARY, SEK M

	2016 April-June	2015 April-June ¹	2016 Jan-June	2015 Jan-June ¹	Rolling 12 months July 2015- June 2016	2015 Full-year ¹
Profit for the period	1,982	1,302	2,737	2,246	5,271	4,780
Items that have been reclassified or can be reclassified to profit for the period						
Profit/loss from cash flow hedges	25	-2	26	-3	8	-21
Tax attributable to cash flow hedges	-6	—	-6	—	-3	3
Cash flow hedges, dissolved against profit and loss	1	1	1	2	4	5
Items that cannot be reclassified to profit for the period						
Revaluation of defined benefit pensions	—	—	—	—	22	22
Tax attributable to pensions	—	—	—	—	-5	-5
TOTAL, OTHER COMPREHENSIVE INCOME FOR THE PERIOD	20	-1	21	-1	26	4
COMPREHENSIVE INCOME FOR THE PERIOD	2,002	1,301	2,758	2,245	5,297	4,784
Of which attributable to the shareholder in the Parent Company	2,002	1,301	2,758	2,245	5,297	4,784

1) 2015 figures have been adjusted to facilitate comparison. The reason is the change in accounting of tenant improvements. In addition, the distribution between property administration costs and central administration has changed.

CONSOLIDATED BALANCE SHEETS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, SUMMARY, SEK M

	30-06-2016	30-06-2015	31-12-2015
ASSETS			
Non-current assets			
Tangible non-current assets			
Properties	69,852	63,809	66,575
Equipment, fixtures and fittings	13	16	14
Total tangible, non-current assets	69,865	63,825	66,589
Financial assets			
Derivatives	2,137	1,809	1,658
Other non-current receivables	384	308	343
Total financial assets	2,521	2,117	2,001
Total non-current assets	72,386	65,942	68,590
Current assets			
Current receivables			
Derivatives	127	532	251
Other current receivables	1,705	1,053	1,287
Total current receivables	1,832	1,585	1,538
Cash and cash equivalents			
Cash and cash equivalents	5,653	4,171	4,305
Total cash and cash equivalents	5,653	4,171	4,305
Total current assets	7,485	5,756	5,843
TOTAL ASSETS	79,871	71,698	74,433
EQUITY AND LIABILITIES			
Equity	31,739	34,232	30,271
LIABILITIES			
Non-current liabilities			
Loans	21,911	13,124	18,622
Derivatives	839	591	602
Deferred tax	9,358	8,174	8,761
Other non-current liabilities	489	467	452
Total non-current liabilities	32,597	22,356	28,437
Current liabilities			
Loans	11,591	10,766	9,777
Derivatives	129	166	217
Other current liabilities	3,815	4,178	5,731
Total current liabilities	15,535	15,110	15,725
Total liabilities	48,132	37,466	44,162
TOTAL EQUITY AND LIABILITIES	79,871	71,698	74,433
NOTE			
Pledged assets	552	469	589
Contingent liabilities	4	4	4

GROUP EQUITY AND STATEMENTS OF CASH FLOWS

CHANGES IN GROUP EQUITY IN BRIEF, SEK M	Attributable to the Parent Company's shareholder					Total equity
	Share capital	Other contributed capital	Hedge reserve	Actuarial profit and loss	Profit for the year brought forward	
EQUITY, 01-01-2015	2,135	2,135	-19	23	29,158	33,432
Dividends ¹	—	—	—	—	-1,445	-1,445
Reductions in share capital ²	-5,000	—	—	—	5,000	0
Bonus issues ²	5,000	—	—	—	-5,000	0
Total comprehensive income, Jan.-June 2015	—	—	-1	—	2,246	2,245
EQUITY, 30-06-2015	2,135	2,135	-20	23	29,959	34,232
Additional distribution ¹	—	—	—	—	-6,500	-6,500
Total comprehensive income, July-Dec. 2015	—	—	-12	17	2,534	2,539
EQUITY, 31-12-2015	2,135	2,135	-32	40	25,993	30,271
Dividend	—	—	—	—	-1,290	-1,290
Total comprehensive income, Jan.-June 2016	—	—	21	—	2,737	2,758
EQUITY, 30-06-2016	2,135	2,135	-11	40	27,440	31,739

1) Dividend of SEK 1,445,000,000 at the Annual General Meeting on 28 April 2015 and additional distribution of SEK 6,500,000,000 at 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

	2016 Jan-June	2015 Jan-June	2015 Jan-Dec
CURRENT OPERATIONS			
Profit before tax	3,504	2,880	6,141
Adjustment for items not included in the cash flow	-1,889	-1,299	-3,054
Tax paid	-202	-185	-296
CASH FLOW FROM CURRENT OPERATIONS BEFORE CHANGES IN WORKING CAPITAL	1,413	1,396	2,791
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Increase (-)/decrease (+) in current receivables	-393	-109	-373
Increase (+)/decrease (-) in current liabilities	112	71	-394
CASH FLOW FROM CURRENT OPERATIONS	1,132	1,358	2,024
INVESTMENTS			
Investment in properties	-1,237	-1,284	-2,499
Sale of properties	57	82	124
Investment in other non-current assets	-1	-6	-7
Increase in non-current receivables	-481	—	—
Decrease in non-current receivables	—	167	651
CASH FLOW FROM INVESTMENTS	-1,662	-1,041	-1,731
FINANCING ACTIVITIES			
Raising of interest-bearing loans, excluding refinancing	5,168	741	5,399
Dividend paid	-3,290	-1,445	-5,945
CASH FLOW FROM FINANCING	1,878	-704	-546
CASH FLOW FOR THE PERIOD	1,348	-387	-253
Opening cash and cash equivalents	4,305	4,558	4,558
Closing cash and cash equivalents	5,653	4,171	4,305

SEGMENT INFORMATION

THE GROUP'S GEOGRAPHICAL SEGMENTS IN BRIEF

SEGMENT INFORMATION

01-01-2016-30-06-2016, SEK M

	South	West	East	Uppsala	Stockholm	North	Total, operating segments	Other opera- tions ¹	Group
Revenue, including other operating revenue	399	390	262	531	1,018	230	2,830	—	2,830
Property management costs, including other operating costs	-133	-126	-68	-131	-329	-69	-856	-69	-925
NET OPERATING INCOME	266	264	194	400	689	161	1 974	-69	1,905
Central administration costs									-38
Changes in value, properties									2,058
PROFIT BEFORE FINANCIAL ITEMS									3,925
Net financial income/expense									-421
PROFIT BEFORE TAX ACCORDING TO THE STATEMENT OF COMPREHENSIVE INCOME									3,504
Total assets include:									
Properties	8,227	8,437	4,995	13,420	30,204	4,569	69,852	—	69,852
of which invested during the year	40	103	1	270	704	119	1,237	—	1,237

SEGMENT INFORMATION

01-01-2015-30-06-2015, SEK M

	South	West	East	Uppsala	Stockholm	North	Total, operating segments	Other opera- tions ¹	Group
Revenue, including other operating revenue	398	394	274	532	974	243	2,815	—	2,815
Property management costs, including other operating costs	-131	-116	-73	-140	-298	-90	-848	-74	-922
NET OPERATING INCOME	267	278	201	392	676	153	1,967	-74	1,893
Central administration costs									-33
Changes in value, properties									1,116
PROFIT BEFORE FINANCIAL ITEMS									2,976
Net financial income/expense									-96
PROFIT BEFORE TAX ACCORDING TO THE STATEMENT OF COMPREHENSIVE INCOME									2,880
Total assets include:									
Properties	8,260	7,664	4,991	12,513	26,116	4,265	63,809	—	63,809
of which invested during the year	133	63	9	152	873	54	1,284	—	1,284

SEGMENT INFORMATION

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

	South	West	East	Uppsala	Stockholm	North	Total, operating segments	Other opera- tions ¹	Group
Revenue, including other operating revenue	801	780	536	1,060	1,986	482	5,645	1	5,646
Property management costs, including other operating costs	-272	-259	-148	-271	-631	-188	-1,769	-137	-1,906
NET OPERATING INCOME	529	521	388	789	1,355	294	3,876	-136	3,740
Central administration costs									-72
Changes in value, properties									2,655
PROFIT BEFORE FINANCIAL ITEMS									6,323
Net financial income/expense									-182
PROFIT BEFORE TAX ACCORDING TO THE STATEMENT OF COMPREHENSIVE INCOME									6,141
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

1) Other operations' refer to operations that are not attributable to the regions.

PARENT COMPANY INCOME STATEMENTS

PARENT COMPANY INCOME STATEMENT,
SUMMARY, SEK M

	2016 April-June	2015 April-June ¹	2016 Jan-Juni	2015 Jan-June ¹	2015 Full-year ¹
Rental revenue	1,358	1,381	2,740	2,722	5,450
Other property management income	64	80	112	175	300
Total property management income	1,422	1,461	2,852	2,897	5,750
Operating costs	-170	-180	-402	-410	-769
Maintenance costs	-124	-140	-255	-225	-618
Property administration	-68	-76	-138	-177	-297
Other property management expenses	-60	-41	-112	-99	-204
Total costs from property management	-422	-437	-907	-911	-1,888
NET OPERATING INCOME	1,000	1,024	1,945	1,986	3,862
Central administration costs	-20	-16	-38	-33	-72
Depreciation and impairments as well as reversed impairments in property management	-149	-406	-474	-735	-1,598
PROFIT BEFORE FINANCIAL ITEMS	831	602	1,433	1,218	2,192
Net financial income/expense	-196	92	-461	-166	-290
PROFIT AFTER FINANCIAL ITEMS	635	694	972	1,052	1,902
Appropriations	—	—	—	—	-158
PROFIT BEFORE TAX	635	694	972	1,052	1,744
Tax	-118	-153	-210	-232	-394
PROFIT FOR THE PERIOD	517	541	762	820	1,350

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME,
SUMMARY SEK M

	2016 April-June	2015 April-June ¹	2016 Jan-Juni	2015 Jan-June ¹	2015 Full-year ¹
Profit for the period	517	541	762	820	1,350
Items that have been reclassified or can be reclassified to profit for the period					
Profit/loss from cash flow hedges	25	-2	26	-3	-21
Tax attributable to cash flow hedges	-6	—	-6	—	4
Cash flow hedges, dissolved against profit and loss	1	1	1	2	5
TOTAL, OTHER COMPREHENSIVE INCOME FOR THE PERIOD	20	-1	21	-1	-12
COMPREHENSIVE INCOME FOR THE PERIOD	537	540	783	819	1,338
PROFIT PER SHARE					
Profit per share, SEK	252	253	367	384	627
Profit per share after dilution, SEK	252	253	367	384	627
Number of shares, average and at the period-end	2,135,000	2,135,000	2,135,000	2,135,000	2,135,000

1) 2015 figures have been adjusted to facilitate comparison. The reason is the change in accounting of tenant improvements. In addition, the distribution between property administration costs and central administration has changed.

PARENT COMPANY BALANCE SHEETS

PARENT COMPANY BALANCE SHEET, SUMMARY, SEK M

	30-06-2016	30-06-2015	31-12-2015
ASSETS			
Non-current assets			
Tangible non-current assets			
Properties	40,641	39,551	39,900
Equipment, fixtures and fittings	13	16	14
Total tangible, non-current assets	40,654	39,567	39,914
Financial assets			
Shares in Group companies	1	1	1
Derivatives	2,137	1,809	1,658
Other non-current receivables	384	308	343
Total financial assets	2,522	2,118	2,002
Total non-current assets	43,176	41,685	41,916
Current assets			
Current receivables			
Derivatives	127	532	251
Other current receivables	1,705	1,053	1,287
Total current receivables	1,832	1,585	1,538
Cash and bank balances			
Cash and bank balances	5,653	4,171	4,304
Total cash and bank balances	5,653	4,171	4,304
Total current assets	7,485	5,756	5,842
TOTAL ASSETS	50,661	47,441	47,758
EQUITY AND LIABILITIES			
Equity	6,053	12,541	6,560
Untaxed reserves	3,850	3,693	3,850
Non-current liabilities			
Loans	21,911	13,124	18,622
Derivatives	839	591	602
Deferred tax	2,114	2,057	2,074
Other non-current liabilities	356	321	323
Total non-current liabilities	25,220	16,093	21,621
Current liabilities			
Loans	11,591	10,766	9,777
Derivatives	129	166	217
Other current liabilities	3,818	4,182	5,733
Total current liabilities	15,538	15,114	15,727
Total liabilities	40,758	31,207	37,348
TOTAL EQUITY AND LIABILITIES	50,661	47,441	47,758
NOTE			
Pledged assets	552	469	589
Contingent liabilities	4	4	4

PARENT COMPANY BALANCE SHEETS

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	
EQUITY, 01-01-2015	2,135	2,135	-19	3,917	8,168
Dividends ¹	—	—	—	-1,445	-1,445
Reductions in share capital ²	-5,000	—	—	5,000	0
Bonus issues ²	5,000	—	—	—	5,000
Total comprehensive income, Jan.-June 2015	—	—	-1	820	819
EQUITY, 30-06-2015	2,135	2,135	-20	8,292	12,541
Additional distribution ¹	—	—	—	-6,500	-6,500
Total comprehensive income, June-Dec. 2015	—	—	-11	530	519
EQUITY, 31-12-2015	2,135	2,135	-31	2,322	6,560
Dividend	—	—	—	-1,290	-1,290
Total comprehensive income, Jan.-June 2016	—	—	21	762	783
EQUITY, 30-06-2016	2,135	2,135	-10	1,794	6,053

1) Dividend of SEK 1,445,000,000 at the Annual General Meeting on 28 April 2015 and additional distribution of SEK 6,500,000,000 at 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.

NOTE 1 ACCOUNTING POLICIES

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 Swedish Financial Reporting Board, RFR 2 Accounting for Legal Entities.

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

Disclosures under IAS 34.16A are presented except in the financial statements and the related notes in other parts of the interim report.

New accounting policies 2016

No new accounting policies applicable from 2016 have significantly affected the Akademiska Hus Group.

NOTE 2 ALTERNATIVE PERFORMANCE MEASURES

In accordance with European Securities and Markets Authority guidelines (ESMA) on reporting of alternative performance measures, the definition and reconciliation of alternative performance measures for Akademiska Hus are presented here. The performance measures presented below are reported in the interim report. They are used in internal governance and follow-up and are generally accepted in the property industry. Owner objectives have also been set for return on operating capital and the equity ratio.

Return on equity

Earnings after financial items after 22 per cent tax in relation to average equity (IB+UB)/2.

Return on operating capital

Earnings before financial items, excluding changes in value in relation to average operating capital (IB+UB)/2.

Return on total assets

Earnings before financial items plus financial income in relation to the average total equity and liabilities (IB+UB)/2.

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.

Net operating income ratio

Net operating income in relation to property management income.

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. (Please see the table on the top right.)

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. (Please see the table on the top right.)

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. (Please see the table on the top right.)

NET INTEREST INCOME AND EXPENSE, BREAKDOWN, SEK M

	01-01-2016- 30-06-2016	01-01-2015- 30-06-2015	01-01-2015- 31-12-2015
Interest cost, net loans and financial assets	-124	-162	-309
Net interest derivatives	-64	-57	-129
Change in value, independent financial derivatives			
-unrealised	-206	64	256
-realised	-98	-57	-132
Changes in value, fair value hedges	36	59	41
Other interest costs	-5	-13	-17
Capitalised interest expense, projects	40	70	108
Reported net interest income and expense	-421	-96	-182
Fixed income funds asset (full-year basis)	-26,376	-20,422	-22,397

Net investments

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

Net loan liability

Loans, derivatives, portion of current receivables and liabilities as well as cash and cash equivalents. Pension provisions and similar items are not included.

SEK M	01-01-2016- 30-06-2016	01-01-2015- 30-06-2015	01-01-2015- 31-12-2015
Loans	-33,502	-23,890	-28,399
Derivatives - liabilities	-968	-757	-819
Collateral for derivatives	-1,354	-1,782	-1,380
Cash and cash equivalents	5,653	4,170	4,304
Other current receivables	794	—	461
Derivatives receivables	2,264	2,341	1,909
Total net loan liability	-27,113	-19,918	-23,924

Operating capital

Equity plus net loan liabilities.

Equity ratio

Equity in relation to Total equity and liabilities.

Total yield

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

NOTE 3 FINANCIAL OBJECTIVES

The owner's financial objectives are as follows:

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

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 leasing property for education purposes under government auspices.

Revenue and profit/loss

The Company's sales for the period amounted to SEK 2,852 million (2,897). Of this amount, revenue from subsidiaries accounted for SEK 0 million (0). The profit before financial items was SEK 1,433 million (1,218) and net financial income/expense was SEK -461 million (-166). Profit after tax was SEK 762 million (820).

Depreciation

The depreciation schedule for the Company's buildings changed with effect from 2016. The buildings are now depreciated over 60 years (previously 40 years), which better reflects the economic life of the buildings. The new schedule is applied prospectively. No retroactive restatement has been made.

The revaluations of investment properties made in 2014 and 2015 are depreciated at a rate such that the revaluation is fully written off when the rest of the building is fully depreciated.

Investments

Investment in machinery and equipment amounted to SEK 1 million (6) and in properties to SEK 1,237 million (1,284).

Equity

Equity totalled SEK 6,053 million compared with SEK 6,560 million at year-end. On 28 April 2016 the Annual General Meeting resolved on a dividend of SEK 604.22 (676.81) per share, for a total of SEK 1,290 million.

This Interim Report has not been the subject of an examination by the auditors.

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 that form part of the Group.

Gothenburg, 15 July 2016

Anitra Steen
Chairman

Britta Burreau
Board member

Olof Ehrlén
Board member

Kristina Ekengren
Board member

Thomas Jennlinger
Employee representative

Anders Larsson
Employee representative

Ingela Lindh
Board member

Gunnar Svedberg
Board member

Ingemar Ziegler
Board member

Kerstin Lindberg Göransson
President

DEFINITIONS

DEFINITIONS/GLOSSARY

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.

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.

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, m², GFS

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

Floor space, m²

Rentable floor space in square metres.

Maintenance costs

Costs for measures taken aimed at reinstating the original standard and function of worn or damaged parts of a building.

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

Interim Report January–September 2016	25 October 2016
Year-end report 2016	February 2017
Annual Report 2016	March 2017



AKADEMISKA HUS