

Interim Report

Quarter
2

January 1 - June 30, 2017

As partners in innovation, we power development of the future

Phase 2 of the Johanneberg Science Park construction project incorporates a variety of innovative solutions that enhance our position as partners in innovation along with our customers. Our high ambitions for the building regarding the environment, technology and function will provide experiences from which we can benefit in other investments.

[Read more in the Statement by the President on page 3.](#)

Key events

- Construction of the Valla Student Building is underway at Linköping University. Akademiska Hus has invested SEK 400 million in the project. The student building will provide the campus with a central hub and help to develop Campus Valla into a creative and attractive study environment.
- In May we broke ground for IKSU's new climbing facility on the Umeå Campus, an investment of SEK 53 million. The hall will comply with Olympic standards and the initiative will strengthen the Umeå Campus reputation in sports.
- Akademiska Hus was an arena sponsor for the Science Festival that kicked off in May in Gothenburg. With hundreds of activities, about 70,000 visits and more than 1,000 hours of science, the festival reaches a broad public and raises interest in research and scientific subjects.
- Ground was broken for phase 2 of the Johanneberg Science Park at the southern Chalmers campus in Gothenburg. The 9,500 square metre building is expected to be completed in summer 2019 and is an investment of SEK 380 million.
- The one thousandth "Miljöbyggnad" certification went to Akademiska Hus. Part of the ABE School on the KTH campus in Stockholm has now met the Swedish Miljöbyggnad Gold certification standards.

Financial key figures

JANUARY-JUNE

- Rental revenue was SEK 2,782 million (2,740).
- Net operating income was SEK 1962 million (1,905), an increase of SEK 57 million, and is largely attributable to completion of new buildings.
- Changes in property values with an impact on profit totalled SEK 1,917 million (2,058), corresponding with 2.6 per cent (3.1) of the value of the properties.
- Changes in the value of financial instruments amounted to SEK -199 million (-268).
- Profit before tax for the period amounted to SEK 3,547 million (3,504) and profit for the period was SEK 2,744 million (2,737).
- Investment in redevelopment and new construction during the period totalled SEK 1,536 million (1,237).
- The yield (excluding properties under construction) was 5.5 per cent (6.0) on a rolling 12-month basis. The decline can be explained by an increase in property value while net operating income remained unchanged

SECOND QUARTER

- Rental revenue was SEK 1,373 million (1,358).
- Net operating income was SEK 969 million (958), an increase of SEK 11 million, which is largely attributable to completion of new buildings.
- Changes in property values amounted to SEK 1,015 million (1,750). The change can be explained by a smaller increase in value in the second quarter compared with the same period in 2016, which is attributable to a relatively lower reduction in yield requirements.
- Net interest income improved by SEK 28 million to SEK -43 million.
- Pre-tax profit was SEK 1,809 million (2,513). The decrease mainly relates to a lower increase in the value of the properties.



AKADEMISKA HUS

This is Akademiska Hus

Akademiska Hus' remit is to own, develop and manage properties for colleges and universities. Our operations will be run on a commercial basis and generate a yield that is in line with the market.

Akademiska Hus is wholly owned by the Swedish state and can be found throughout Sweden, primarily in the major university towns, but also in several smaller college towns.

We build and manage sustainable knowledge environments in close cooperation with universities and colleges. We help to strengthen the competitiveness of Swedish centres of education, where student accommodation plays a major role in campus development. There are many property owners in the segment of premises for higher education and research, but with its expertise, Akademiska Hus is the largest with a share of about 60 per cent.

CREDITWORTHY TENANTS AND LONG-TERM CONTRACTS

The majority of Akademiska Hus' revenue, approximately 90 per cent, comes from colleges and universities. Since they are essentially government agencies, this customer group has the highest credit rating. To meet customer needs, we often invest in specially adapted premises, which results in long lease terms. The average lease term during the year was 10 years (11).

The vacancy rate is low, partly as a result of high demand for facilities for higher education and research, and also because new projects do not start until contracts are signed.

LONG-TERM FINANCING

Cash flow from current operations is reinvested in new construction as well as in redevelopment and extensions of existing holdings. When combined with an active debt management policy, Akademiska Hus is able to fund its extensive project portfolio. Akademiska Hus has had an AA rating from Standard & Poor's since 1996. As of January 2017 Akademiska Hus now also holds the highest short-term rating from Moody's. These ratings reflect our strong market and financial position as the leader in knowledge environments for Swedish colleges and universities.

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CREDITRATING

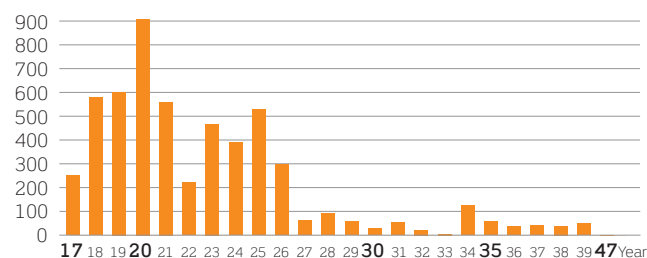
Moody's short term rating, Jan. 17

AA

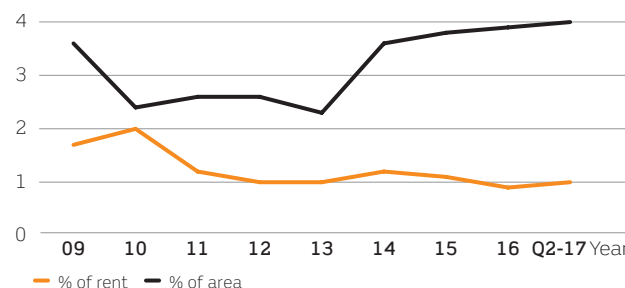
CREDITRATING

Standard & Poor's long term rating, Stable outlook. Feb. 17

MATURITY STRUCTURE ON LEASES, SEK M



LOW VACANCY RATE, %



AKADEMISKA HUS IN BRIEF	2017	2016	2017	2016	Rolling	2016	2015
	April- June	April- June	Jan.- June	Jan.- June	12 mon. July 16- June 17	Full year	Full year
Income from property management, SEK m	1,416	1,400	2,896	2,830	5,732	5,666	5,646
Net operating income, SEK m	969	958	1,962	1,905	3,724	3,667	3,740
Profit before tax, SEK m	1,809	2,513	3,547	3,504	3,217	6,715	6,141
VALUES AS AT 30 JUNE 2017							
Equity ratio	41.3	39.7	41.3	39.7	41.3	41.4	40.7
Return on operating capital, %	*	*	*	*	5.9	6.2	6.9
Return on equity, %	*	*	*	*	15.7	16.3	15.0
Interest coverage ratio, %	*	*	890	730	741	694	743
Loan-to-value ratio, %	36.5	38.8	36.5	38.8	38.6	37.0	36.6
Yield, properties, % ¹	*	*	*	*	5.5	5.7	6.4
Yield, properties, % ²	*	*	*	*	5.7	5.3	5.8
Assessed fair value, properties, SEK m	76,437	69,852	76,437	69,852	76,437	73,013	66,575

* Key figures are calculated only for the twelve-month period

1) Excluding properties under construction 2) Including properties under construction

OWNER'S FINANCIAL OBJECTIVES:

- Return on operating capital should be at least 6.5 per cent (excluding change in value).
- 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.

STRATEGIC SUSTAINABILITY GOALS:

- Energy purchased each year, kWh/m², will decrease at such a rate that there will be a 50 per cent reduction by 2025 compared with 2000.
- Eliminate CO₂ footprint from operations.
- Initiate sustainability initiatives with customers.
- Accident-free workplaces.

As partners in innovation, we power development of the future

AKADEMISKA HUS FEATURED IN REPORT TO UN

At the UN's high-level political forum on sustainable development, the Swedish Government highlighted Akademiska Hus' Campus Plan initiative as a practical example of how to link the 17 global goals to its activities.

The Karolinska Institutet Campus Solna plan has been highlighted in the example, showing how the global goals for sustainable development are linked to the plan and thereby clarifying how the development plan can contribute to the implementation of Agenda 2030.



PRESIDENT KERSTIN LINDBERG GÖRANSSON COMMENTS:

In late May we broke ground for a symbolically important initiative. The investment relates to phase 2 of the expansion of Johanneberg Science Park on the Chalmers campus in Gothenburg. This is the future site of a 9,500 sqm "Working Lab" where an array of innovation projects will be carried out both during and after construction. Based on our innovation strategy and a number of partnerships with RISE, Chalmers, the Johanneberg Science Park, and others, the building project will be a test bed for various innovative solutions as we take the next step in our development as a property company and as a participant in the innovation system. Upon completion of the building in about two years, it will serve as a meeting place for business, academia and other participants in the built environment industry. We will then be able to draw from our experiences of the various innovation projects and apply them to other initiatives.

CREATING A MORE SOCIALLY SUSTAINABLE CAMPUS

As a major participant in the property and the built environment industries we have a major responsibility to actively promote sustainability. We have the opportunity to influence the entire industry and have

already come a long way in meeting many of our stated objectives regarding climate and environmental issues. We are therefore proud that the Swedish Government highlighted Akademiska Hus' Campus Plan initiative as a practical example of how to link the 17 global goals to its activities at the UN's high-level political forum on sustainable development. Akademiska Hus is also mentioned as one of two examples of how Sweden is contributing to Agenda 2030 in the Government's 2016 annual report for state-owned companies.

Moving forward we will focus even more on social sustainability. Careful planning and a methodical approach to accepting our social responsibility is one way to prepare for the future, contribute to positive social developments and create value for our customers, thereby strengthening Sweden as a nation of knowledge.

One example is how, through our campus development, we can hone our ability to take into account social perspectives in urban development. A socially appealing and inclusive campus helps to attract talent – a crucial issue at many universities. We will also strive to achieve a robust value chain by placing clear demands on our suppliers. We are also actively involved in the development of CityLab, a certification method for

entire neighbourhoods or campuses that clearly focuses on social perspectives.

Certification of buildings is one of many tools that we use to ensure the best possible environmental performance in our property holdings. The thousandth certification in the Miljöbyggnad system was awarded to one of our buildings. Part of the ABE School on the KTH campus in Stockholm has now met the Swedish Miljöbyggnad Gold certification standards. Our goal is to obtain Miljöbyggnad certification at a minimum of Miljöbyggnad Silver level for all new construction and major renovation projects.

PROFIT FOR THE QUARTER

Profit for the six-month period was SEK 2,744 million, which is in line with the corresponding period in 2016. Cash flow remains strong. This enables us to have a project portfolio of approved and planned projects of SEK 17,400 million, of which already completed projects in progress amounted to SEK 6,200 million.



**Kerstin
Lindberg Göransson**
President

Business intelligence and market analysis:

Attractive property market

Market conditions for facilities for higher education and research are robust. Population growth and a strong economy with low interest rates are driving demand on the property market.

TRENDS

The election results in Europe have reduced political uncertainty. Support for EU-critical parties was less than expected in both the Netherlands and France, and hopes for the future of the European Union have brightened somewhat following the French election. The UK election resulted in surprisingly low influence for the EU-critical Tories when the party lost its majority in Parliament, which is now expected to lead to smoother Brexit negotiations. The trend is reflected in the fixed income market through lower risk premiums for countries such as France in relation to Germany. However, uncertainties persist in politics in both Europe and the US. To date, President Trump's administration has failed to meet the high expectations of significant stimulatory efforts and the time perspective is somewhat uncertain. The lack of reform plans to deal with economic imbalances was a contributing factor for the IMF when it recently lowered the US growth forecast for both 2017 and 2018. Overall, US long-term rates have fallen as a result of economic and political developments. Although the US economy is relatively strong, it is not really at the level that had previously been expected. The stock market trend has been good, though it is supported by the loose monetary policy and good liquidity availability.

The Swedish economy is performing well and expectations among both companies and households remain high. At the same time, concerns about household indebtedness are growing as a result of rising house prices and new measures, such as further increased requirements for amortization, are being proposed to mitigate the trend and create resilience in the event of a future interest rate hike.

FIXED INCOME MARKET

With the help of low unemployment and inflation approaching target levels, the US Federal Reserve implemented its second interest rate increase this year of 0.25 percentage points at the June meeting. An additional interest rate hike is expected later in the year. At the meeting, a plan was also announced to reduce the Fed's balance sheet, which has grown as a result of the bond purchase programs.

The ECB and the Riksbank continue with their stimulative monetary policy. The ECB, however, reduced its monthly bond

purchases during the quarter in accordance with the decision taken in December 2016. The Riksbank announced an extension of its bond purchase programme, which, like the ECB programme, is now running until the end of the year. The persistent dilemma for both central banks is an inflationary level that has not reached the two percent target for a long time, at the same time that the economic trend is relatively strong. As long as inflation expectations are low, there is a risk that achieving higher inflation will be a prolonged process for the central banks. Swedish long-term interest rates have been in line with the interest rate trend in the rest of the world with somewhat falling interest rates during the quarter.

PROPERTIES

Market conditions in Sweden, including high population growth, public sector investments and major investments in new construction make Swedish properties attractive investments. The transaction volume for the second quarter amounted to about SEK 79 billion, a decrease of 16 per cent compared with the same period last year. Retail properties represented the largest share of the transaction volume, followed by office buildings and residential properties. Completed transactions demonstrate a continued declining yield requirement, especially in urban areas. Interest in the community property sector, of which higher education and research facilities are a sub-segment, remains high among property investors.

HIGH DEMAND FOR PREMISES

Rents across the country are rising in pace with the economy. The long-term trend continues and tenants are demanding modern, space-efficient and environmentally friendly premises that meet high technical standards. Stockholm's office building market is one of the strongest in Europe, with low vacancy levels and record-high rents. The vacancy rates in central Gothenburg and Malmö are largely unchanged compared with the previous quarter. Most property companies expect office rents to rise in major cities, in part because of planned modernisation of property holdings. Demand and international competition are driving the trend towards full-scale campuses with services, housing, public transportation and an integrated business community.

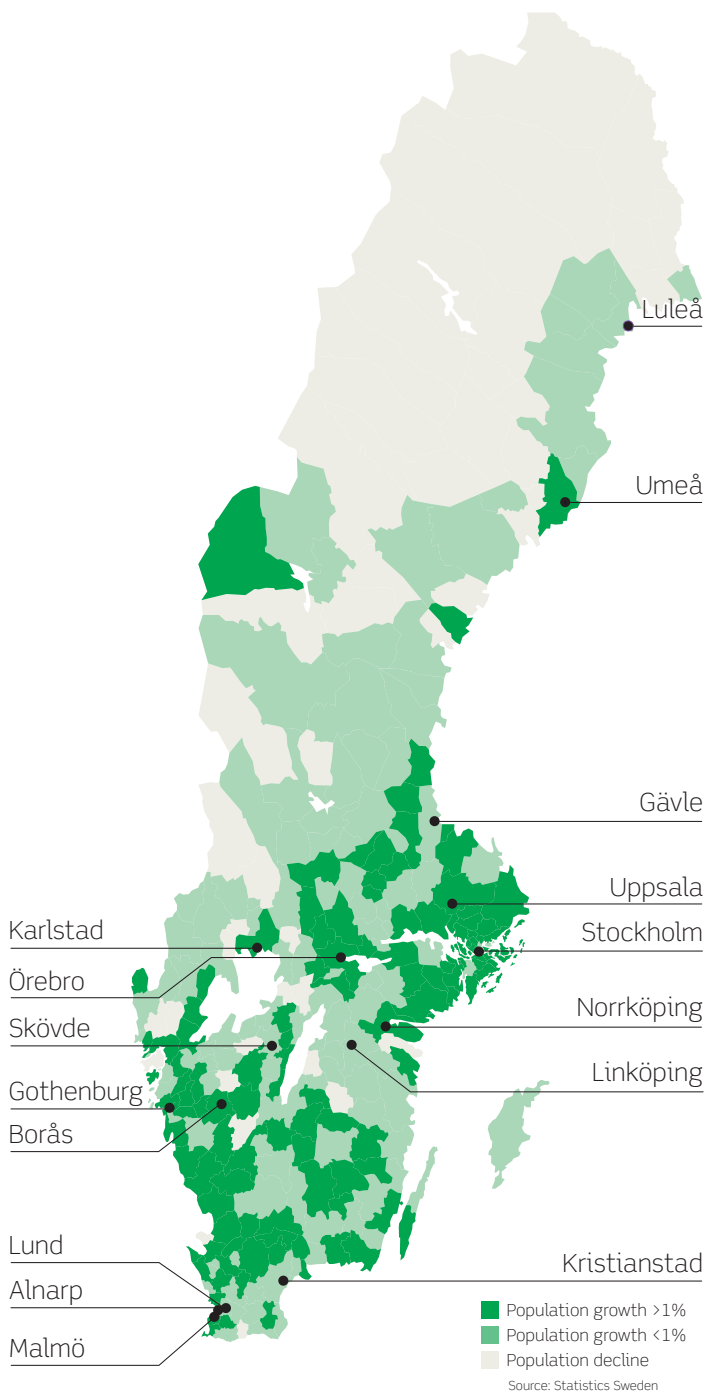
AKADEMISKA HUS CAN BE FOUND IN

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COLLEGE AND UNIVERSITY CITIES

Presence in cities with good growth

Akademiska Hus has a 60 per cent share of premises for higher education and research, which means it is the single largest participant in this segment. The total property value of Akademiska Hus' holdings is SEK 76 billion, with 95 per cent located in university cities and 5 per cent in college towns.



■ Population growth >1%
■ Population growth <1%
■ Population decline
Source: Statistics Sweden

Share, per city/town	Fair value and area	Largest centres of education	Share, per city/town	Fair value and area	Largest centres of education
Stockholm 	SEK 34 billion 888,000 m ²	Stockholm University Karolinska Institutet Royal Institute of Technology	Lund 	SEK 7 billion 359,000 m ²	Lunds University
Gothenburg 	SEK 7 billion 352,000 m ²	University of Gothenburg Chalmers University of Technology	Umeå 	SEK 4 billion 231,000 m ²	Umeå University Swedish University of Agricultural Sciences, Umeå
Uppsala 	SEK 14 billion 611,000 m ²	Uppsala University Swedish University of Agricultural Sciences, Ultuna	Linköping 	SEK 3 billion 221,000 m ²	Linköping University

● Akademiska Hus
 Source, Share 2016: Swedish National Financial Management Authority

Our operations

Akademiska Hus creates value through long-term, resource-efficient property management. During the quarter, the Company decided to invest in order to increase the number of student housing units and introduced a new organisation to increase development capacity.

Akademiska Hus conducts business throughout Sweden. To strengthen our future development capacity and to increase customer value, a new organisational structure was introduced on 1 January 2017. Departing from the previous regional division and using our core processes instead allows us to apply our collective expertise while being more resource efficient and creating value. A collective management organisation is complemented by a project organisation and three geographic units that are responsible for campus and business development.

Efficiency, uniform processes and a strong focus on innovation and development provide a good foundation for further work creating competitive knowledge environments.

PROPERTY MANAGEMENT

Akademiska Hus manages properties that mainly consist of research and education facilities for colleges and universities. Through long-term, resource efficient management in which we continually maintain, repair and customise the properties we increase the value of our property portfolio.

Sustainable property management

The property management division is dedicated to sustainability, where two important elements are operational optimisation and energy efficiency. Akademiska Hus has set high goals – for example, we will cut energy consumption in half by 2025, relation to the baseline in 2000, while at the same time we have the long-term objective of CO₂ free operation. Reducing energy consumption, but also increasing the ability to use energy at the right time are key elements in reducing both environmental impact and

operating costs. To achieve this, we operate proactively to implement improvements in cooperation with both tenants and suppliers. A number of innovation projects are also underway in cooperation with customers in these areas.

High-quality property management

Providing high-quality property management is fundamental for our customers to be able to optimally conduct their business. High digital expertise enables us to develop our processes. For example, our facilities engineers have streamlined their procedures by installing remote control systems in the properties.

CAMPUS AND BUSINESS DEVELOPMENT

Campus development is a key issue for us at Akademiska Hus. In collaboration with Sweden's centres of education we take full responsibility and contribute with our expertise and know-how in the development of tomorrow's attractive and sustainable knowledge environments.

Integrated approach increasingly important

Demand and international competition are driving the trend towards full-scale campuses with services, housing, public transportation and an integrated business community. A vibrant campus adds value for students, colleges and universities as well as the surrounding community. Ultimately, the students and graduate choose where they wish to pursue their studies or research. This choice affects demand and consequently the potential for centres of education and Akademiska Hus to implement important investments.

case

Construction start for Valla Student Building at Linköping University

The student building will serve as a central hub and help to develop Campus Valla into a creative and attractive study environment.

Linköping University and Akademiska Hus are working together to develop Campus Valla into a creative and attractive study environment, with a focus on the students and education.

The student building will be a central meeting place for students, employees and visitors. With its seven floors it will also be the clear entrance to the campus that the university has lacked. A wide range of services will be available, including a library, restaurant, student kitchen, cafe, student services and 900 new study desks.

The new building will meet high energy efficiency requirements and have a clear goal to meet the standards for Miljöbyggnad certification at the gold level. Akademiska Hus will invest about SEK 400 million in the project, which is expected to be completed in the summer of 2019.



Strategic campus development in cooperation

Akademiska Hus' extensive experience and collaboration with customers are key factors for campus development. To ensure that the campus offers a sustainable environment, Akademiska Hus has developed a sustainability model that addresses a series of issues related to vibrant and attractive campuses. Innovative campus development solutions that lead to economically, ecologically and socially sustainable environments are encouraged. The model is designed with a special focus on the needs of centres of education and their activities. Areas included are architectural aspects, energy, diversity, accessibility and security.

Student housing is also a key component that is always included in long-term campus planning.



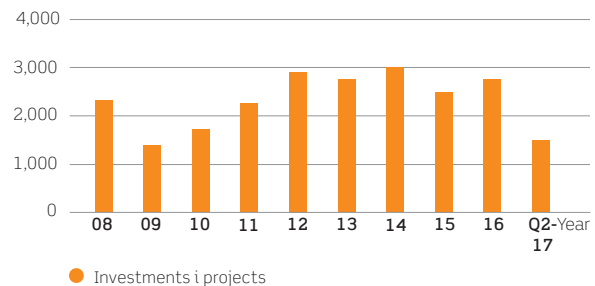
PROJECTS

The ability to coordinate and conduct collaboration processes is the key to success for project operations at Akademiska Hus. The project portfolio with approved and planned projects is valued at approximately SEK 17 billion and projects range from minor renovations to new advanced research facilities. The projects division focuses on improving cost efficiency, expertise and experience transfer in order to leverage the aggregate abilities of the organisation.

Sustainably construction as a competitive advantage

All of our projects are developed to permit long-term management, which provides us with excellent opportunities to invest in sustainable and innovative solutions. By setting clear project requirements for the entire construction process, we can deliver a product of the right quality according to a common vision. The reduction in energy consumption that the property management organisation can achieve depends in part on how the property is built. In new construction projects, and regularly throughout the lifetime of each building, we ensure that it has well-adapted and energy-efficient systems and maintenance solutions. Designing energy-efficient buildings and exploring opportunities to use excess energy between adjacent buildings, are important pieces of the puzzle that help to reduce the need for providing energy.

AKADEMISKA HUS' INVESTMENTS IN PROJECTS 2008-2017, SEK M



The diagram shows annual investments in projects from 2008 to the second quarter of 2017 and on average, Akademiska Hus has had an investment rate of about SEK 2.5 billion per year. The company has invested approximately SEK 40 billion in new construction as well as in redevelopment and extensions since 1993.

Consolidated income statement

CONSOLIDATED INCOME STATEMENT, SUMMARY, SEK M

	2017 April-June	2016 April-June	2017 Jan.-June	2016 Jan.-June	Rolling 12 months July 2016- June 2017	2016 Full year
Rental revenue	1,373	1,358	2,782	2,740	5,524	5,482
Other property management income	43	42	114	90	208	184
Total property management income	1,416	1,400	2,896	2,830	5,732	5,666
Operating costs	-179	-170	-414	-403	-775	-764
Maintenance costs	-125	-124	-248	-255	-679	-686
Property administration	-80	-76	-149	-144	-299	-294
Other property management expenses	-63	-72	-123	-123	-255	-255
Total costs from property management	-447	-442	-934	-925	-2,008	-1,999
NET OPERATING INCOME	969	958	1,962	1,905	3,724	3,667
Central administration costs	-13	-20	-30	-38	-77	-85
Net interest income/expense	-43	-71	-103	-153	-258	-308
PROFIT BEFORE CHANGES IN VALUE AND TAXES¹	913	867	1,829	1,714	3,389	3,274
Change in value, properties	1,015	1,750	1,917	2,058	3,541	3,682
Change in value, financial instruments	-119	-104	-199	-268	-172	-241
PROFIT BEFORE TAX	1,809	2,513	3,547	3,504	3,217	6,715
Tax	-412	-531	-803	-767	-1,602	-1,566
PROFIT FOR THE PERIOD	1,397	1,982	2,744	2,737	1,615	5,149
Of which attributable to the shareholder in the Parent Company	1,397	1,982	2,744	2,737	1,615	5,149

Consolidated statement of comprehensive income

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, SEK M

	2017 April-June	2016 April-June	2017 Jan.-June	2016 Jan.-June	Rolling 12 months July 2016- June 2017	2016 Full year
Profit for the period	1,397	1,982	2,744	2,737	1,615	5,149
Reclassifiable items						
Profit/loss from cash flow hedges	3	25	-7	26	19	52
Tax attributable to cash flow hedges	-1	-6	1	-6	-5	-12
Cash flow hedges, dissolved against profit and loss	1	2	1	1	1	1
Non-reclassifiable items						
Revaluation of defined benefit pensions	—	—	—	—	-24	-24
Tax attributable to pensions	—	—	—	—	5	5
TOTAL, OTHER COMPREHENSIVE INCOME FOR THE PERIOD	3	21	-5	21	-4	22
COMPREHENSIVE INCOME FOR THE PERIOD	1,400	2,003	2,739	2,758	1,611	5,171
Of which attributable to the shareholder in the Parent Company	1,400	2,003	2,739	2,758	1,611	5,171

1) There is a new heading under the income statement. Changes in value are reported separately. See also note 1.

Comment: Operating profit

SECOND QUARTER

Profit before tax for the second quarter amounted to SEK 1,809 million (2,513). The decrease mainly relates to a lower increase in the value of the properties. Rental revenue in the second quarter was SEK 1,373 million (1,358), an increase of SEK 15 million, primarily attributable to completion of the Royal College of Music project in the third quarter of 2016. Operating costs totalled SEK 179 million, which is in line with the previous year. Maintenance costs are essentially unchanged and amounted to SEK 125 million. Administration costs for property and central administration decreased overall by SEK 3 million and totalled SEK 93 million, mainly due to organisational changes implemented on 1 January 2017. Other property management expenses declined by SEK 9 million to SEK 63 million, attributable to a decrease in expenses associated with the sale of land in the second quarter of 2017.

Net interest income improved by SEK 28 million to SEK -43 million. Changes in property values amounted to SEK 1,015 million (1,750). The change can be explained by a smaller increase in value in the second quarter compared with the same period in 2016, which is attributable to a relatively lower reduction in yield requirements.

FIRST HALF OF THE YEAR

Profit for the six-month period was SEK 2,744 million, which is in line with the corresponding period in 2016 (2,737). The change in value of properties was SEK 1,917 million, which is somewhat lower than the corresponding period in 2016 (2,058). The underlying net operating income of the property operations is essentially unchanged.

RENTAL REVENUE

During the first half of the year rental revenue was SEK 2,782 million (2,740), an increase of SEK 42 million. The increase is mainly attributable to completion of new buildings and the single largest item relates to the Royal College of Music, SEK 15 million, which was completed during the third quarter of 2016. Other property management income totalled SEK 114 million (90), which is an increase of SEK 24 million and relates to an additional consideration attributable to a sale dating back to 2010.

LEASING LEVEL

The leasing level is unchanged compared with the last quarter. Vacant space totalled 127,000 m², which is 3.9 per cent (3.9) of our total rentable area of 3.3 million m². The rentable area increased by 25,000 m² since the first quarter and can mainly be explained by the completion of the Segerstedt building in Uppsala (17,000 m²).

The rental value of vacant premises is clearly lower than the average for the holdings. In terms of rent, vacant premises account for 0.9 per cent (0.9) of our total revenue. As previously, the largest individual blocks of vacant space can be found on the Ultuna Campus and amount to about 78,000 m², where Klinikcentrum (the Clinical Centre), approximately 30,000 m², is essentially vacant after the Centre for Veterinary Medicine and Animal Science moved to new premises.

OPERATING AND MAINTENANCE COSTS

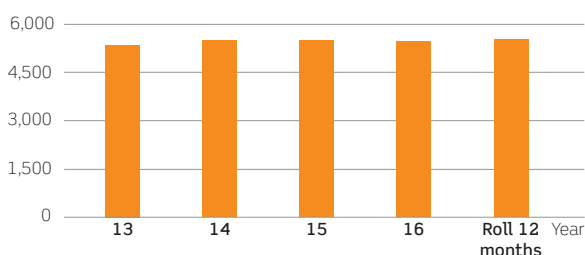
Expenses for operation and maintenance amount to SEK 662 million (658), which is a marginal increase compared with the previous year. Regarding operating costs, the increase relates to costs attributable to supervision and service. Operating costs included media provision of SEK 276 million (279), equivalent to SEK 159/m² (161).

Maintenance costs fell slightly and amounted to SEK 248 million (255). It is primarily maintenance within projects and funded maintenance that vary over time. The results for both 2016 and 2017 include large items such as the renovation of the Stockholm University library in 2016, SEK 59 million, and the renovation of the A house in 2017, SEK 26 million, and the renovation of the EES School in 2017, SEK 25 million. Other maintenance costs have increased marginally.

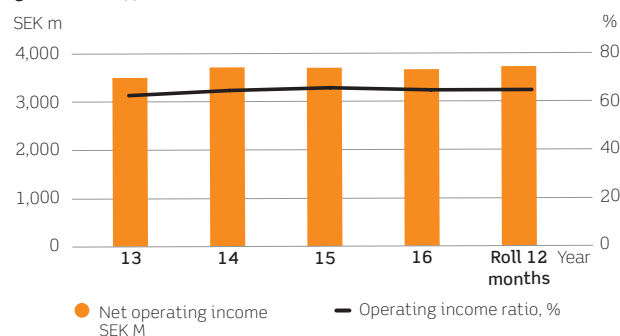
ADMINISTRATION AND PROPERTY MANAGEMENT EXPENSES

Administration costs consist of costs related to property management and central administration. Property administration increased by SEK 5 million to SEK 149 million (144), primarily because the method for reporting project expenses changed beginning in 2017. Central administration decreased by SEK 8 million to SEK 30 million (38), due to lower costs for the new organisation that became effective on 1 January 2017, as well as lower consultant costs. Other property management expenses, SEK 123 million (123), primarily relate to costs for site leasehold charges, tenant services and costs incurred in conjunction with the sale of land and buildings.

RENTAL REVENUE, SEK M



NET OPERATING INCOME AND NET OPERATING INCOME RATIO, SEK M AND %



NET INTEREST INCOME/EXPENSE

Current financing costs consist of interest on underlying loans and interest expense related to interest derivatives. This cost was SEK –103 million (–153) for the period with an interest rate of 0.98 per cent, to be compared with 1.43 per cent. The decrease is partly attributable to lower interest rates. Another factor affecting the cost was the liquidation in 2016 of a significant part of the interest rate swap portfolio, which had negative market values. The cost incurred related to premature redemption of the instruments was reported in its entirety 2016.

The current portfolio of interest rate swaps has made a positive contribution to improve net interest income compared with the same period in 2016. Interest-bearing net loan liability increased by SEK 923 million since the beginning of the year and amounted to SEK 27,885 million. The interest coverage ratio was 741 per cent (738) on a rolling 12-month basis.

CHANGES IN VALUE, PROPERTIES

The fair value of the Group's property holdings was set using an internal property valuation that is compared annually against external value statements. As of 30 June 2017, changes in property values with an impact on profit totalled SEK 1,917 million (2,026), corresponding with 2.6 per cent (3.0) of the value of the properties. Most of this increase (73 per cent) relates to the lower yield requirement on several of the sub-markets. The average yield requirement was 5.4 per cent (5.7). The remaining change in value is attributable to projects in progress, renegotiated leases and other factors affecting value.

The largest increase in value was noted in the Greater Stockholm region and the Central market area, which account for 1.6 percentage points of the change in value, generally because of large reductions of yield requirements compared with smaller sub-markets, as well as a larger proportion of project properties.

CHANGE IN VALUE, FINANCIAL INSTRUMENTS

Derivatives are reported at market value and variations in market value are recognised in net interest income and expense. Instruments are mainly entered into with the aim of extending the fixed

interest period in the liability portfolio, where financing largely relies on variable interest rates. Falling interest rates entail a negative impact on profit and the opposite is true when interest rates rise. Changes in the value of derivatives for the period amounted to SEK –199 million (–268). A significant portion of the fixed interest period consists of derivative instruments, and even minor changes in a continued low-interest rate climate have a negative impact on earnings.

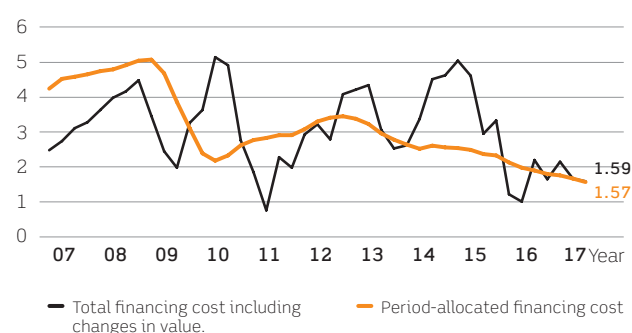
TOTAL FINANCING COST INCLUDING CHANGES IN VALUE

	1 Jan. – 30 June 2017	1 Jan. – 30 June 2016	1 Jan. – 31 Dec. 2016
Loan financing cost, including charges, %	0.74	0.94	0.83
Interest swaps, net interest, %	0.24	0.49	0.47
Financing cost, %	0.98	1.43	1.30
Changes in value, financial derivatives, %	1.36	2.03	0.85
Total financing cost, %	2.34	3.46	2.15

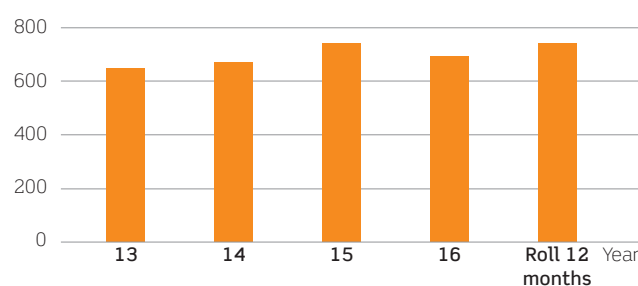
COMPARATIVE CALCULATION, TOTAL FINANCING COST

For some time Akademiska Hus has had a total fixed interest period that has generally been longer than three years. Consequently, underlying and long-term financing costs over time should show good stability. The analysis of the financing cost is complicated because a significant portion of the fixed interest period consists of derivative instruments which, through changes in value, affect the total financing cost during periods of major interest rate fluctuations. To elucidate the underlying cost, a supplementary calculation is made. The diagram at the lower left shows a comparison calculation where the present value of realised changes in value has been levelled out (accrued) over the remaining fixed interest term of the underlying instruments (see the orange curve). Interest rates are expressed as rolling 12-month interest rate (annualised).

COMPARATIVE CALCULATION TOTAL FINANCING COST, ROLLING 12-MONTH BASIS, %



INTEREST COVERAGE RATIO, %



Consolidated balance sheet

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, SUMMARY, SEK M

	30 June 2017	30 June 2016	31 Dec. 2016
ASSETS			
Non-current assets			
Properties	76,437	69,852	73,013
Equipment, fixtures and fittings	10	13	11
Derivatives	2,048	2,137	2,172
Other non-current receivables	126	384	223
Total non-current assets	78,621	72,386	75,419
Current assets			
Current receivables			
Derivatives	128	127	215
Other current receivables	1,088	1,705	1,426
Total current receivables	1,216	1,832	1,641
Cash and cash equivalents			
Cash and cash equivalents	6,213	5,653	5,370
Total cash and cash equivalents	6,213	5,653	5,370
Total current assets	7,429	7,485	7,011
TOTAL ASSETS	86,050	79,871	82,430
EQUITY AND LIABILITIES			
Equity	35,497	31,739	34,152
LIABILITIES			
Non-current liabilities			
Loans	21,936	21,911	22,805
Derivatives	719	839	632
Deferred tax	10,560	9,358	9,982
Other non-current liabilities	543	489	554
Total non-current liabilities	33,758	32,597	33,973
Current liabilities			
Loans	12,436	11,591	9,951
Derivatives	90	129	58
Other current liabilities	4,269	3,815	4,296
Total current liabilities	16,795	15,535	14,305
Total liabilities	50,553	48,132	48,278
TOTAL EQUITY AND LIABILITIES	86,050	79,871	82,430

Comment: Balance sheet

PROPERTIES

As of 30 June 2017 the fair value of Akademiska Hus' property holdings totalled SEK 76,437 million, of which the completed portion of projects in progress accounted for SEK 6,178 million, an increase of SEK 3,424 million (including investments) and 4.7 per cent compared with 31 December 2016. The change in value with an impact on profit was SEK 1,917 million (2,026) and the remaining change relates to net investments.

The fair value was calculated by means of an internal property valuation covering all the Company's properties. The value is affected by property-specific conditions such as net operating income, rent levels, vacancy levels, lease term and type of premises. The general increase in prices on the property market and demand for community properties is reflected in the valuation by

the reductions in yield requirement and cost of capital. The average yield requirement was 5.4 per cent, a decline of 0.2 percentage points since January 1.

Akademiska Hus engages an external rating agency to verify the yield requirement and fixed costs on a quarterly basis to ensure that market rates are applied in the internal valuation. A selection of property portfolio is also valued externally each year. External valuations are used as a benchmark for the internal valuation, thereby strengthening its reliability.

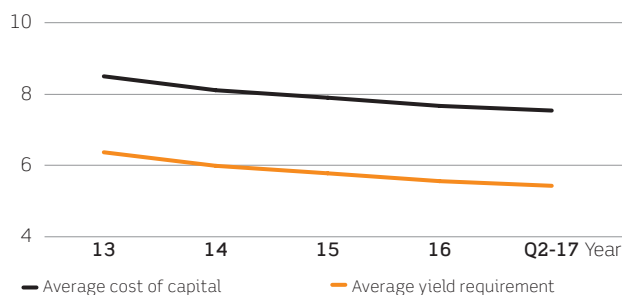
All property valuation includes assessments that are associated with a certain degree of uncertainty. A normal uncertainty range in conjunction with a property valuation is +/- five to ten per cent, which would be equivalent to approximately SEK +/- 3,700–7,600 million in the Akademiska Hus portfolio.

PROPERTIES, 30 JUNE 2017

(incl. new construction in progress and capitalised interest expense)

Change in property holdings, in SEK m	30 June 2017	30 June 2016	31 Dec. 2016
OPENING FAIR VALUE	73,013	66,575	66,575
+ Investment in new construction and redevelopment	1,536	1,277	2,836
+ Acquisitions	—	—	—
- Sales	-30	-26	-46
+/- Change in fair value	1,917	2,026	3,647
Of which change in value due to a change in the cost of capital and yield requirement	1,400	1,089	2,435
Of which other change in value	518	937	1,212
CLOSING FAIR VALUE	76,437	69,852	73,013

YIELD REQUIREMENTS AND COST OF CAPITAL, %



CHANGE IN VALUE BY SEGMENT

including investment in new construction and redevelopment

Segment	Change in value, %	Contribution to change in value, percentage points
South	3.6	0.8
Mid-Sweden	5.9	3.0
North	3.4	0.9
Total		4.7

FINANCING

Risk premiums in the corporate bond market have fallen further during the quarter due to high investor demand for returns.

Akademiska Hus has seen continued interest from investors and a small bond issue was completed. In addition, the debt portfolio was diversified with a 12-year loan of SEK 1,000 million from the Nordic Investment Bank (NIB) in April. Activity in the short-term financial market was robust and liquidity was maintained at a satisfactory level before payment of a dividend of approximately SEK 1,393 million in May.

Capital adequacy of the loan debt has been maintained for more than five years because parts of the new financing had long maturities. The fixed interest period has been extended slightly and remains in the higher part of the mandate range. The risk in the fixed income market is assessed as asymmetric, in the medium term, with increasing probability of rising interest rates based on the current low interest rate environment and relatively strong economy.

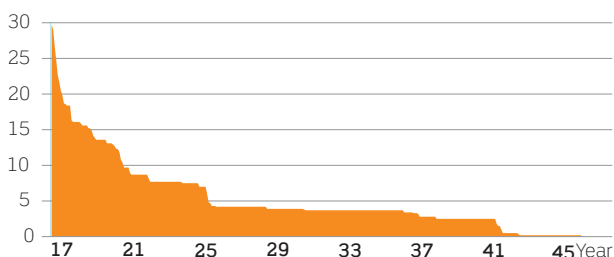
Fixed interest period and maturity

In a normal situation, financial markets price in long-term fixed interest periods and maturities at higher risk premiums. The objective of risk management is therefore to balance the additional costs of long-term fixed interest periods and maturities, and thus limit uncertainty, against savings of more short-term fixed interest periods and maturities, where greater uncertainty is accepted.

- Basic portfolio – ECP, commercial papers, loans, bonds and interest rate derivatives.
- Long-term portfolio – bonds with fixed interest and maturity terms in excess of 15 years.
- Index-linked bond portfolio – bonds linked to the real interest rate.

	Fixed interest, years, June 2017	Fixed interest, years, Dec. 2016	Maturity, years, June 2017	Maturity, years, Dec. 2016
Basic portfolio	4.88	4.69	2.48	2.31
Non-current portfolio	23.19	23.67	23.19	23.67
Index-linked bond portfolio	5.28	5.75	5.28	5.75
Total portfolio	7.11	7.22	5.08	5.23

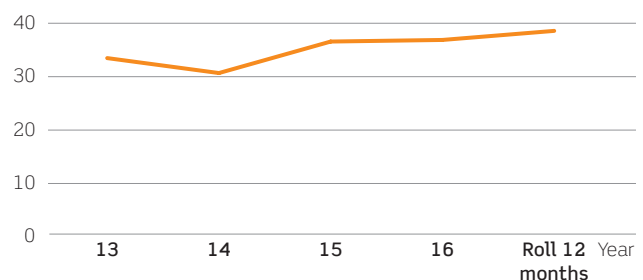
DEBT MATURITY STRUCTURE, SEK BN



NET LOAN LIABILITY

SEK M	1 Jan. 2017-30 June 2017	1 Jan. 2016-30 June 2016	1 Jan. 2016-31 Dec. 2016
Loans	-34,371	-33,502	-32,757
Derivatives - liabilities	-733	-968	-690
Collateral for derivatives	-1,426	-1,354	-1,762
Cash and cash equivalents	6,213	5,653	5,369
Other current receivables	256	794	492
Derivatives receivables	2,176	2,264	2,386
Total net loan liability	-27,885	-27,113	-26,962

LOAN-TO-VALUE RATIO, %



MANAGEMENT PROJECTS

Approved and planned projects totalled SEK 17,400 million, of which SEK 6,200 million relates to costs already incurred and are therefore recognised as projects in progress. In addition, the project portfolio contains a number of concept projects worth SEK 9,300 million. Concept projects refer to projects deemed probable, but that are uncertain in time and scope. Ongoing and future investments mainly relate to Stockholm with several major new construction and renovation projects.

Of the projects with an investment framework greater than SEK 100 million, Biomedicum and Albano are the two largest with planned completion in 2018 and 2021, respectively. In 2017, projects such as the KI student housing project for graduate students and the Johanneberg Science Park innovation project have now been approved.

PROJECT PORTFOLIO

SEK m	30 June 2017	Dec. 31 2016
Decided projects	14,400	13,400
Planned projects	3,000	3,300
DECIDED AND PLANNED PROJECTS	17,400	16,700
of which already invested in current projects	-6,200	-4,800
REMAINDER OF DECIDED AND PLANNED PROJECTS	11,200	11,900
Concept projects	9,300	7,600
TOTAL REMAINING PROJECTS	20,500	19,500
Total excl. previous investments	26,700	24,300

The different investments are categorised as:

- Decided projects.
- Planned projects - have an inquiry or planning framework, where some form of agreement exists between the Company and the tenant.
- Concept projects - projects likely to be carried out within five years.

DECIDED PROJECTS

Location	Property	Investment limits, SEK m	Accrued, SEK m	Percentage accrued, %	Additional floor space, m ²	Expected completion	Customer
Stockholm	Albano	3,302	235	7	41,600	Oct. -21	Stockholm University
Stockholm	Biomedicum	2,822	1,784	63	49,000	Apr. -18	Karolinska Institutet
Stockholm	Biomedicum - Comparative Medicine	886	738	83	11,000	Dec. -17	Karolinska Institutet
Uppsala	Segerstedt Building	725	610	84	17,400	Sept. -17	Uppsala University
Gothenburg	Humanisten	668	140	21	12,100	Dec. -19	University of Gothenburg
Stockholm	KI graduate student housing	434	5	1	15,500	Aug. -19	Karolinska Institutet
Linköping	Valla Student Building	411	53	13	13,500	July -19	Linköping University
Stockholm	Student housing Teknikringen	400	92	23	8,900	March -19	Akademiska Hus
Gothenburg	Johanneberg Science Park 2	381	40	10	9,600	Aug. -19	Akademiska Hus
Gothenburg	Built Environment Project	366	300	82	20,600	Aug. -17	Chalmersfastigheter
Stockholm	Lab of the Future	322	128	40	—	Nov. -18	Karolinska Institutet
Umeå	MBC	306	103	34	1,800	March -20	Umeå University
Stockholm	Police programme, Södertörn	260	167	64	5,400	Dec. -17	Södertörn University
Stockholm	A house	241	143	59	900	Dec. -18	Akademiska Hus
Stockholm	ABE School	185	153	83	4,500	Aug. -17	Royal Institute of Technology
Umeå	Police training programme, Umeå University	165	104	63	5,000	Dec. -17	Umeå University
Stockholm	Education Building	130	122	94	2,800	July -17	Royal Institute of Technology
Stockholm	EES School	125	41	33	—	Oct. -17	Royal Institute of Technology
Stockholm	GIH swimming centre	118	9	8	—	March -19	City of Stockholm
Stockholm	Parking facility, Solna Campus	117	91	78	16,600	Dec. -17	Akademiska Hus
Uppsala	Humanities Theatre	116	121	104	2,300	Sept. -17	Uppsala University
Stockholm	MTC Annex	98	11	11	81	July -18	Karolinska Institutet
Projects under SEK 100 million		1,822	988	54			
TOTAL		14,400	6,178		238,581		

Changes in group equity

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	Retained earnings brought forward	
EQUITY, 1 JAN. 2016	2,135	2,135	-32	40	25,993	30,271
Dividends ¹	—	—	—	—	-1,290	-1,290
Total comprehensive income, Jan.-June 2016	—	—	21	—	2,737	2,758
EQUITY, 30 JUNE 2016	2,135	2,135	-11	40	27,440	31,739
Dividends	—	—	—	—	—	—
Total comprehensive income, July-Dec. 2016	—	—	20	-19	2,411	2,412
EQUITY, 31 DEC. 2016	2,135	2,135	9	21	29,851	34,152
Dividends ²	—	—	—	—	-1,393	-1,393
Total comprehensive income, Jan.-June 2017	—	—	-6	—	2,744	2,739
EQUITY, 30 JUNE 2017	2,135	2,135	3	21	31,202	35,497

1) Dividend of SEK 1,290,000,000 was authorised by the Annual General Meeting on 28 April 2016.

2) Dividend of SEK 1,393,000,000 was authorised by the Annual General Meeting on 28 April 2017.

Consolidated statement of cash flows

CONSOLIDATED STATEMENT OF CASH FLOWS, SUMMARY, SEK M

	2017 Jan.-June	2016 Jan.-June	2016 Full year
CURRENT OPERATIONS			
Profit before tax	3,547	3,504	6,715
Adjustment for items not included in the cash flow	-1,810	-1,889	-4,106
Tax paid	-202	-202	-335
CASH FLOW FROM CURRENT OPERATIONS BEFORE CHANGES IN WORKING CAPITAL	1,535	1,413	2,274
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Increase (-)/decrease (+) in current receivables	335	-393	-156
Increase (+)/decrease (-) in current liabilities	-76	112	603
CASH FLOW FROM CURRENT OPERATIONS	1,794	1,132	2,721
INVESTMENTS			
Investment in properties	-1,536	-1,237	-2,761
Sale of properties	55	57	103
Investment in other non-current assets	-1	-1	-2
Increase in non-current receivables	274	-481	—
Decrease in non-current receivables	—	—	112
CASH FLOW FROM INVESTMENTS	-1,208	-1,662	-2,548
FINANCING ACTIVITIES			
Raising of interest-bearing loans, excluding refinancing	1,650	5,168	4,183
Dividend paid	-1,393	-3,290	-3,290
CASH FLOW FROM FINANCING	257	1,878	893
CASH FLOW FOR THE PERIOD	843	1,348	1,066
Opening cash and cash equivalents	5,370	4,305	4,305
Closing cash and cash equivalents	6,213	5,653	5,370

Comment: Statement of cash flows

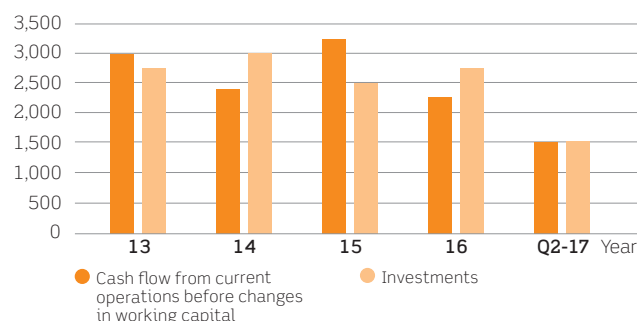
Cash flow from current operations before changes in working capital totalled SEK 1,535 million (1,413). The impact of investment in properties on cash flow was SEK 1,537 million (1,237).

Cash flow related to financing activities declined by SEK 1,621 million to SEK 257 million (1,878). In May 2017 a dividend of SEK 1,393 million (3,290) was paid to the shareholder. Total cash flow for the year amounted to SEK 843 million (1,348).

CASH FLOW AND INVESTMENTS

Total cash flow from current operations before changes in working capital during the period January 2013 to March 2017 was SEK 12,457 million. Investments during the same period totalled SEK 12,570 million. The table shows that cash flow from current operations is reinvested in its entirety in new construction as well as in redevelopment and extensions of existing holdings.

CASH FLOW AND INVESTMENTS, SEK M



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 ongoing basis to the Board of Directors. The Company has not identified any significant risks other than those described on pages 40–43 of the 2016 Annual Report.

SENSITIVITY ANALYSIS, IMPACT ON PROFIT JUNE 30, 2017

Change	Impact on pre-tax profit, SEK m	Impact on fair value, SEK m	Impact on fair value, percentage points
Rental revenue, +/- one per cent	55	394	0.5
Vacant space, +/- one percentage point	62	-433	-0.6
Operating costs, +/- one per cent	8	81	0.1
of which media provision	5	40	0.1
Cost of capital, + one percentage point	-4,552	-4,552	-6.0
Cost of capital, - one percentage point	5,017	5,017	6.6
Yield target, + one percentage point	-6,051	-6,051	-7.9
Yield target, - one percentage point	9,019	9,019	11.8

Consolidated segments

THE GROUP'S GEOGRAPHICAL SEGMENTS IN BRIEF

SEGMENT INFORMATION ¹ 1 JAN. 2017 – 30 JUNE 2017, SEK M	South ²	Central ³	North ⁴	Total, operating segments	Other operations ⁵	Group
Revenue, including other operating revenue	783	1,307	806	2,896	—	2,896
Property management costs, including other operating costs	-230	-417	-218	-865	-69	-934
NET OPERATING INCOME	553	890	588	2,031	-69	1,962
Central administration costs						-30
Net interest income/expense						-103
PROFIT BEFORE CHANGES IN VALUE AND TAXES⁶						1,829
Change in value, properties						1,917
Change in value, financial instruments						-199
PROFIT BEFORE TAX ACCORDING TO THE STATEMENT OF COMPREHENSIVE INCOME						3,547
Total assets include:						
Properties	18,006	39,158	19,273	76,437	—	76,437
of which invested during the period	250	1,036	250	1,536	—	1,536
SEGMENT INFORMATION ¹ 1 JAN. 2016–30 JUNE 2016, SEK M	South ²	Central ³	North ⁴	Total, operating segments	Other operations ⁵	Group
Revenue, including other operating revenue	789	1,277	761	2,827	3	2,830
Property management costs, including other operating costs	-255	-391	-195	-841	-84	-925
NET OPERATING INCOME	534	886	566	1,986	-81	1,905
Central administration costs						-38
Net interest income/expense						-153
PROFIT BEFORE CHANGES IN VALUE AND TAXES⁶						1,714
Change in value, properties						2,058
Change in value, financial instruments						-268
PROFIT BEFORE TAX ACCORDING TO THE STATEMENT OF COMPREHENSIVE INCOME						3,504
Total assets include:						
Properties	16,664	35,199	17,989	69,852	—	69,852
of which invested during the period	143	705	389	1,237	—	1,237
SEGMENT INFORMATION ¹ 1 JAN. 2016–31 DEC. 2016, SEK M	South ²	Central ³	North ⁴	Total, operating segments	Other operations ⁵	Group
Revenue, including other operating revenue	1,587	2,568	1,511	5,666	—	5,666
Property management costs, including other operating costs	-516	-875	-421	-1,812	-187	-1,999
NET OPERATING INCOME	1,071	1,693	1,090	3,854	-187	3,667
Central administration costs						-85
Net interest income/expense						-308
PROFIT BEFORE CHANGES IN VALUE AND TAXES⁶						3,274
Change in value, properties						3,682
Change in value, financial instruments						-241
PROFIT BEFORE TAX ACCORDING TO THE STATEMENT OF COMPREHENSIVE INCOME						6,715
Total assets include:						
Properties	17,379	36,988	18,646	73,013	—	73,013
of which invested during the year	362	1,615	784	2,761	—	2,761

1) Commencing on 1 January 2017, Akademiska Hus' operating segments are divided into North, Central and South for reporting purposes. They were previously divided into six regions.

2) South: Lund, Alnarp, Malmö, Kristianstad, Karlstad, Skövde, Gothenburg, Borås

3) Central: Stockholm, Linköping, Norrköping, Örebro

4) North: Uppsala, Gävle, Umeå, Luleå

5) 'Other operations' refer to operations that are not attributable to the respective segment.

6) There is a new heading. Changes in value are reported separately. See also Note 1.

Parent Company income statement

PARENT COMPANY INCOME STATEMENT, SUMMARY, SEK M

	2017 April-June	2016 April-June	2017 Jan.-June	2016 Jan.-June	2016 Full year
Income from property management	1,446	1,422	2,926	2,852	5,702
Property management expenses	-442	-422	-927	-907	-1 977
NET OPERATING INCOME	1,004	1,000	1,999	1,945	3,725
Central administration costs	-13	-20	-30	-38	-85
Depreciation and impairments as well as reversed Impairments in property management	-284	-149	-573	-474	-1,040
PROFIT BEFORE FINANCIAL ITEMS	707	831	1,396	1,433	2,600
Net financial income/expense	-184	-196	-346	-461	-625
Appropriations	—	—	—	—	-175
PROFIT BEFORE TAX	523	635	1,050	972	1,800
Tax	-122	-118	-247	-210	-485
PROFIT FOR THE PERIOD	401	517	803	762	1,315

Parent Company statement of comprehensive income, summary

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME, SUMMARY SEK M

	2017 April-June	2016 April-June	2017 Jan.-June	2016 Jan.-June	2016 Full year
Profit for the period	401	517	803	762	1,315
Reclassifiable items					
Profit/loss from cash flow hedges	1	-4	-7	26	52
Tax attributable to cash flow hedges	1	0	1	-6	-12
Cash flow hedges, reclassified to the income statement	1	2	1	1	1
TOTAL, OTHER COMPREHENSIVE INCOME FOR THE PERIOD	3	-2	5	21	41
COMPREHENSIVE INCOME FOR THE PERIOD	404	515	798	783	1,356

Parent Company – balance sheet

PARENT COMPANY BALANCE SHEET, SUMMARY, SEK M

	30 June 2017	30 June 2016	31 Dec. 2016
ASSETS			
Non-current assets			
Properties	42,512	40,641	41,591
Equipment, fixtures and fittings	10	13	11
Shares in Group companies	1	1	1
Derivatives	2,048	2,137	2,172
Other non-current receivables	126	384	223
Total non-current assets	44,697	43,176	43,998
Current assets			
Derivatives	128	127	215
Other current receivables	1,088	1,705	1,426
Cash and bank balances	6,213	5,653	5,369
Total current assets	7,429	7,485	7,010
TOTAL ASSETS	52,126	50,661	51,008
EQUITY AND LIABILITIES			
Equity	6,029	6,053	6,626
Untaxed reserves	4,025	3,850	4,025
LIABILITIES			
Non-current liabilities			
Loans	21,935	21,911	22,805
Derivatives	719	839	632
Deferred tax	2,241	2,114	2,219
Other non-current liabilities	378	356	393
Total non-current liabilities	25,273	25,220	26,049
Current liabilities			
Loans	12,437	11,591	9,951
Derivatives	90	129	58
Other current liabilities	4,272	3,818	4,299
Total current liabilities	16,799	15,538	14,308
Total liabilities	42,072	40,758	40,357
TOTAL EQUITY AND LIABILITIES	52,126	50,661	51,008

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. Essentially the entire Group's operations are conducted in the Parent Company, which means that the description of risks and uncertainties is the same in both the Group and the Parent Company.

Revenue and profit/loss

The Company's sales for the period amounted to SEK 2,926 million (2,852). Of this amount, revenue from subsidiaries accounted for SEK 0 million (0). The profit before financial items was SEK 1,396 million (1,433) and net financial income/expense was SEK -364 million (-461). Profit after tax was SEK 803 million (762).

Depreciation

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 (1) and in properties to SEK 1 537 million (1 237).

Equity

Equity totalled SEK 6,029 million compared with SEK 6,053 million at year-end. In May 2017 a dividend of SEK 1,393 million was paid to the shareholder.

Events after the end of the reporting period

No events of a material nature occurred after the end of the reporting period in either the Parent Company or the Group.

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, 14 July 2017

Anitra Steen
Chairman

Caroline Arehult
Board member

Britta Burreau
Board member

Kristina Ekengren
Board member

Peter Gudmundson
Board member

Thomas Jennlinger
Employee representative

Anders Larsson
Employee representative

Christer Nerlich
Board member

Gunnar Svedberg
Board member

Örjan Wikforss
Board member

Ingemar Ziegler
Board member

Kerstin Lindberg Göransson
President

Notes

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 2017

The accounting policies are unchanged compared with the most recent annual report, with the exception of changes in headings in the income statement and segment reporting. Profit through net operating income is unchanged. Reporting was adapted to conform with current industry practice by reporting changes in the value of properties and financial instruments under separate headings. The comparative figures are restated.

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 guidelines entail additional disclosures regarding financial measures that are not defined in IFRS. The performance measures presented below are reported in the interim report. They are used for 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. Since not all companies calculate financial measures in the same way, these are not always comparable to measures used by other companies.

RETURN ON EQUITY

Profit before tax after 22 per cent tax rate in relation to average equity $(IB+UB)/2$.

RETURN ON OPERATING CAPITAL

Earnings before changes in value and tax, excluding net interest income/expense in relation to average operating capital $(IB+UB)/2$.

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. This performance measure shows the return from operations in relation to the value of the properties.

NET OPERATING INCOME RATIO

Net operating income in relation to property management income.

The net operating income ratio shows how much the Company gets to keep from each krona earned from business operations. It is a type of efficiency measure that is comparable over time.

TOTAL FINANCING COST INCLUDING CHANGES IN VALUE

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. (See table below.)

INTEREST COVERAGE RATIO

Net operating income with the addition for central administration in relation to net financial income/expense, including period allocation of realised profits from derivatives and including capitalised interest in projects.

The interest coverage ratio is a financial measure that shows how many times the Company is able to pay its interest with adjusted earnings before financial items.

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	1 Jan. 2017- 30 June 2017	1 Jan. 2016- 30 June 2016	1 Jan. 2016- 31 Dec. 2016
Loans	-34,371	-33,502	-32,757
Derivatives - liabilities	-733	-968	-690
Collateral for derivatives	-1,426	-1,354	-1,762
Cash and cash equivalents	6,213	5,653	5,369
Other current receivables	256	794	492
Derivatives receivables	2,176	2,264	2,386
Total net loan liability	-27,885	-27,113	-26,962
Fixed income funds - asset (full-year basis)	-28,035	-26,376	-28,104

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.

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.

The information in this interim report is such that Akademiska Hus (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act.

REPORT CALENDAR

Interim Report January–September 2017	27 October 2017
Year-end report	February 2018
Annual Report 2017	March 2018

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