

Financial information

March 2018



AKADEMISKA HUS



Akademiska Hus in brief

- Sweden's leading property company for higher education and research
- Rentable floor space of more than three million square metres
- Property portfolio totalling SEK 80 billion

WHOLLY OWNED BY THE SWEDISH STATE THROUGH THE MINISTRY OF EDUCATION AND RESEARCH

- Owner clause in bond programmes
- Will remain wholly owned by the Swedish state according to 2013 Riksdag decision

LONG-TERM LEASES WITH HIGHLY CREDITWORTHY CUSTOMERS

- 87 per cent rental revenue from universities and colleges
- 61 per cent market share for the entire country

RATING

- Rating AA/A-1+/K1 (stable outlook) from Standard & Poor's (since 1996)
- Short-term rating Prime-1 (P-1) from Moody's (since January 2017)

MARKET

Akademiska Hus owns, develops and manages knowledge environments for education and research in Sweden. With our extensive experience and broad geographic presence, we develop sustainable and efficient environments, while achieving economies of scale. The focus of the core business on long-term leases with creditworthy customers ensures a stable cash flow. With overall responsibility for developing campuses at colleges and universities, student housing investments will also contribute to growth.

MANAGEMENT AND INVESTMENTS

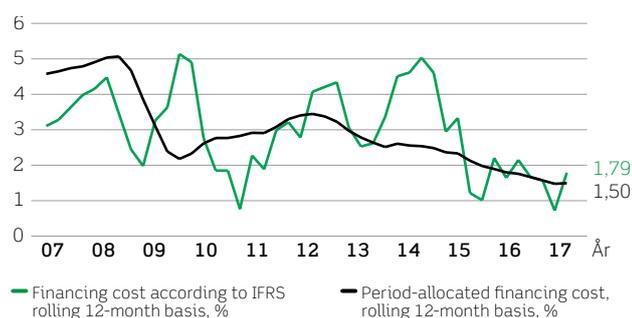
The project portfolio with approved and planned projects at year-end totalled SEK 16,700 million, of which SEK 5,700 million has already been invested in projects in progress. The portfolio includes investments in both new construction and redevelopment. Demand for new premises is strongest in the major centres of education that focus on research. In 2017 Akademiska Hus had net investments of about SEK 2,500 million in its own projects. Projects do not begin until a signed lease agreement is in place, which limits the risk of vacant space. The financial vacancy rate is extremely low, just 1.0 per cent as of year-end. The average term of a newly signed lease is 10 years and at year-end the average remaining maturity was 6 years.

FINANCING

Financing activities have focused on extended maturity and increased diversification. Investors from both Asia and Central Europe have shown great interest in Akademiska Hus' long-term bonds. During the year 16 issuances were carried out for a value of about SEK 7,100 million. All issuances were under the EMTN programme.

The ECP programme is the most important source of short-term financing. Since January 2017 the ECP programme has a short-term P-1 rating from Moody's, which complements the long-term AA rating from S&P since 1996. The programme continued to be used at a relatively high level, though because of high activity in the bond market, the level is slightly lower than the previous year. The Swedish commercial paper programme has not been used since the second quarter.

COMPARISONS, DIFFERENT CALCULATIONS OF FINANCING COST, %



The net liability portfolio increased by about SEK 600 million during the year and totalled SEK 27,600 million at year-end. Because of the high activity in the bond market, where the focus has been on long-term maturities, the average maturity increased by 2.4 years to 7.6 years. The proportion of loans that fall due within 12 months was 27 per cent, which is a decline of about 10 percentage points.

In addition to the public financing programmes, there are committed bank facilities of SEK 3,000 million.

The fixed interest period remained relatively stable during the year. Interest rate derivatives continued to serve as an important means to maintain the fixed interest period. Net interest income and expense was SEK -431 million, including changes in the value of financial derivatives, and the total financing cost was 1.8 per cent during 2017.

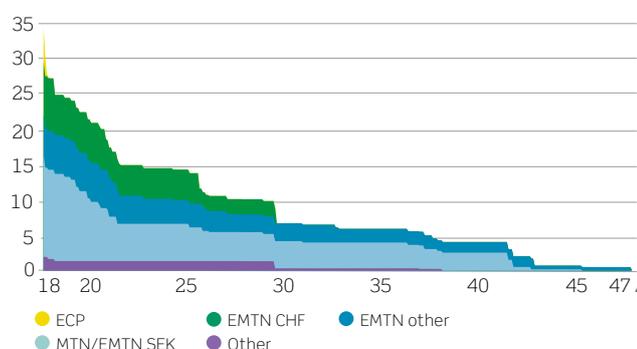
Under the general terms and conditions of the EMTN and MTN-programmes is an owner clause stating that if the Swedish state, directly or indirectly, ceases to be the majority owner, the loans immediately fall due for payment.

FINANCING, PROGRAMMES AND RATING	Rating S&P	Rating Moody's	Framework 31-12-2017	Utilised nom. 31-12-2017	Material contractual terms and conditions
Commercial paper	A-1+/K1		SEK 4,000 m	SEK 0 m	
ECP	A-1+	P-1	EUR 1,200 m	EUR 496 m	
EMTN ¹	AA/A-1+		EUR 4,000 m	EUR 2,811 m	owner clause
MTN ²	AA		SEK 8,000 m	SEK 770 m	owner clause
Bank, confirmed			SEK 3,000 m	SEK 0 m	

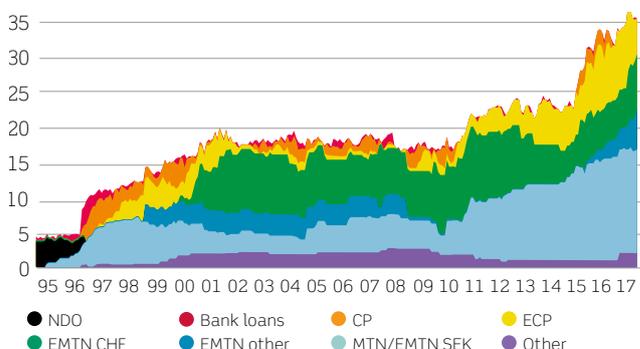
1) Expanded framework beginning 16 February 2018
2) Not updated since 2009

	2017	2016	2015
INCOME STATEMENT AND BALANCE SHEET, KEY FIGURES			
Property management income, SEK m	5,806	5,666	5,701
Net operating income, SEK m	3,829	3,667	3,740
Change in value, properties, SEK m	4,979	3,682	2,655
Profit after financial items (incl. changes in value of properties), SEK m	8,310	6,714	6,141
Assessed fair value, properties, SEK m	80,444	73,013	66,575
of which transferred from new construction in progress	5,717	4,802	3,484
Net investments, SEK m	2,453	2,717	2,473
PROPERTY-RELATED KEY FIGURES			
Total yield, properties, %	12.5	11.4	11.0
of which direct yield, %	5.5	5.7	6.4
of which change in value, %	7.0	5.7	4.6
Return on equity, %	17.6	16.3	15.0
Return on operating capital, %	5.9	6.2	6.9
Equity ratio, %	43.3	41.4	40.7
Loan-to-value ratio properties, %	34.3	37.0	35.9
Level of vacant space, rent, %	1.0	0.9	1.1
Level of vacant space, area, %	4.2	3.9	3.8
FINANCIAL KEY FIGURES			
Gross loan debt, SEK m	34,741	32,757	28,399
Net loan debt, SEK m	27,569	26,962	23,924
Interest coverage ratio, %	871	694	743
Fixed interest, basic portfolio, year	4.5	4.7	3.6
Fixed interest, long-term portfolio, year	23.0	23.7	24.7
Maturity, years	7.6	5.2	6.1

DEBT MATURITY STRUCTURE, SEK bn



FINANCING SOURCES, SEK bn



FOR FURTHER INFORMATION, PLEASE CONTACT:

Agneta Rodosi, treasurer
Mikael Risberg
Emil Rundell
Viktor Nerdal
Anna Aspenberg
Tel: +46 31 63 26 00

Akademiska Hus AB
Box 483
Stampgatan 14
SE-401 27 Gothenburg
Tel: +46 31 63 24 00
akademiskahus.se