

Financial information

MAY 2020



AKADEMISKA HUS



AKADEMISKA HUS IN BRIEF

Akademiska Hus

- Sweden's leading property company for higher education and research
- Rentable floor space of about 3.3 million square metres
- Property portfolio totalling SEK 91 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 a decision made in the Swedish parliament in 2013

Long-term leases with highly creditworthy customers

- 90 per cent rental revenue from universities and colleges
- 60 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 extensive experience and a broad geographic presence, we develop sustainable and efficient environments, while harnessing 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. In 2019, Akademiska Hus expanded its

offering of services by launching A Working Lab (AWL), which is a nationwide co-working concept with flexible meeting places and contracts.

MANAGEMENT AND INVESTMENTS

The project portfolio with approved and planned projects at year-end totalled SEK 13.4 billion, of which SEK 4.6 billion has already been invested in projects in progress. The portfolio includes investments in new construction, extension and redevelopment. New construction projects with long lease terms, usually between 10 and 25 years, account for the majority of our project portfolio. Demand for new premises is strongest in the major centres of education that focus on research. In 2019, Akademiska Hus had net investments of about SEK 3.2 billion in its own projects. The financial vacancy rate is extremely low, just 2.2 per cent at year-end. The average term of a newly signed lease is 10.5 years and at year-end the average remaining maturity was 6.5 years.

FINANCING

Demand for Akademiska Hus' bonds has been robust in 2019. However, very good liquidity has meant a limited need for funding and activity in the bond market has therefore been somewhat lower during the year. Three issuances for a total of about SEK 2.7 billion were completed with investors in Sweden and Central Europe. In the spring of 2019 Akademiska Hus completed a green bond framework, which resulted in the issuance of its first green bond amounting to SEK 1.5 billion with a term of 5 years. All issues were carried out under the well-established ETMN programme.

The ECP programme is the most important source of short-term financing. Since January 2017 the ECP programme has had a short-term P-1 rating from Moody's, which complements the long-term AA rating that it has had from S&P since 1996. The level of utilization has increased somewhat during the year.

The net liability portfolio increased by about SEK 2.5 billion during the year and totalled SEK 32.9 billion at year-end. The average maturity in the total debt portfolio was 10.7 years and the proportion of loans that fall due within 12 months was 18 per cent.

The confirmed banking facilities amount to SEK 5.5 billion. All credit facilities were unutilised at year-end.

The fixed interest period has been adjusted downwards somewhat because of uncertain economic prospects for the future, as well as the continued expansionary monetary policy

in Sweden and Europe. Interest rate derivatives continued to serve as an important means to maintain the fixed interest period. Net interest income and expense was SEK -965 million, including site leasehold fees and changes in the value of financial derivatives. The total financing cost was 2.6 per cent in 2019.

The general terms and conditions of the EMTN and MTN-programmes contain 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 Dec. 2019	Utilised, nominal 31 Dec. 2019	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 344 m	
EMTN	AA/A-1+		EUR 4,000 m	EUR 2,729 m	owner clause
MTN*	AA		SEK 8,000 m	SEK 650 m	owner clause
Bank, confirmed			SEK 5,500 m	SEK 0 m	

*) Not updated since 2009.

	2019	2018	2017
INCOME STATEMENT AND BALANCE SHEET, KEY FIGURES			
Property management income, SEK m	6,217	6,117	5,806
Net operating income, SEK m	4,121	3,938	3,829
Change in value, properties, SEK m	3,872	2,585	4,979
Profit before tax, SEK m	6,957	5,818	8,311
Assessed market value, properties, SEK m	91,424	85,865	80,444
of which transferred from new construction in progress	4,610	4,404	5,717
Net investment in properties, SEK m	1,694	2,836	2,453

PROPERTY-RELATED KEY FIGURES

Total yield, properties, %	9.5	8.5	12.5
of which direct yield, %	4.9	5.1	5.5
of which change in value, %	4.7	3.4	7.0
Return on equity after standard tax, %	12.2	11.2	17.6
Return on operating capital, % *	10.3	9.2	13.7
Equity ratio, %	45.7	45.8	43.3
Loan-to-value ratio properties, %	36.0	35.4	34.3
Level of vacant space, rent, %	2.2	1.7	1.0
Level of vacant space, area, %	3.8	5.2	4.2

FINANCIAL KEY FIGURES

Gross loan debt, SEK m	34,948	33,521	34,741
Net loan debt, SEK m	32,902	30,416	27,976
Interest coverage ratio, %	665	736	871
Fixed interest, basic portfolio, years	3.6	4.1	4.5
Fixed interest period, total portfolio, years	6.8	7.3	7.6
Maturity, years	10.7	10.8	7.6

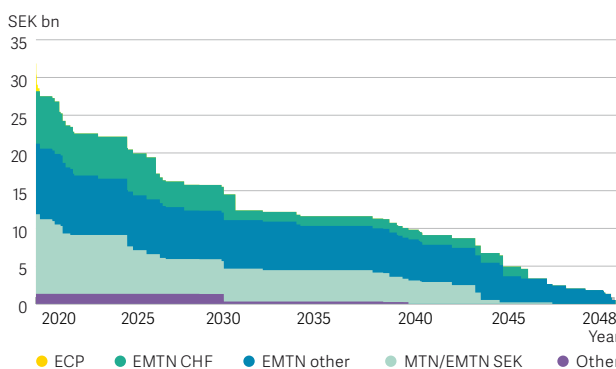
* New definition beginning in 2019. Historical values were adjusted to the new definition.

For further information, please contact:

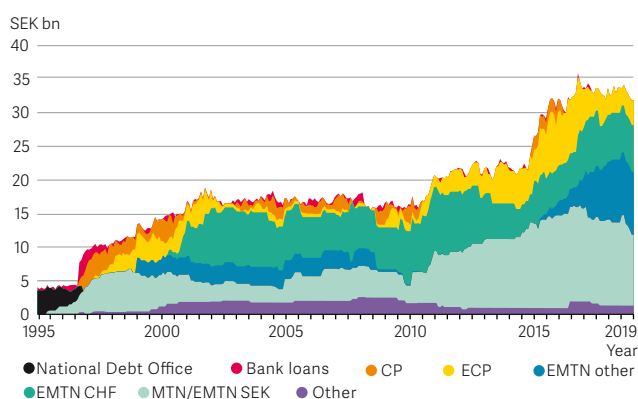
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DEBT MATURITY STRUCTURE, SEK BN



FINANCING SOURCES, SEK BN



COMPARISONS, DIFFERENT CALCULATIONS OF FINANCING COST

