



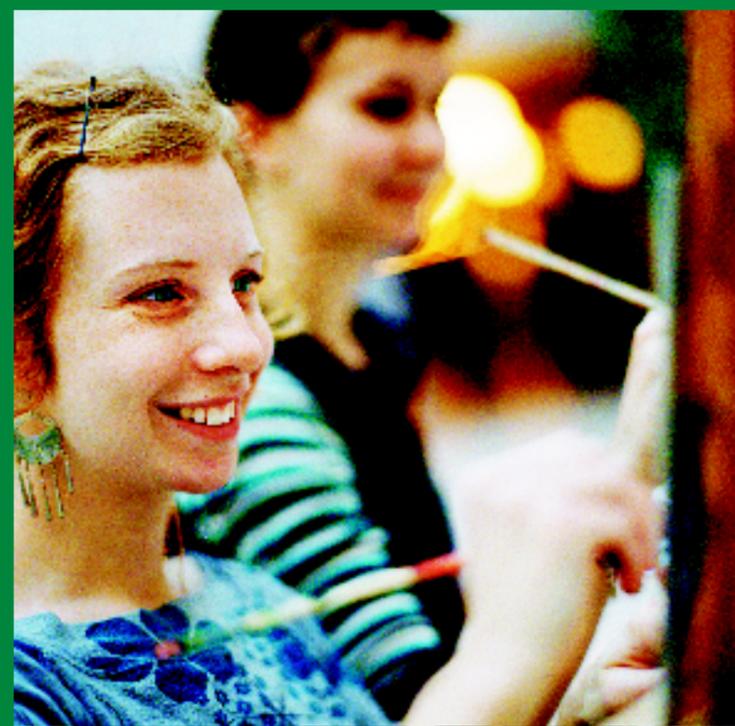
Report Schedule 2005

Interim Report January – March 2005, April 26, 2005
Interim Report January – June 2005, July 15, 2005
Interim Report January – September 2005, October 27, 2005
Year-end report 2005, February 2006
Annual Report 2005, March 2006

For up to date information about Akademiska Hus, see
www.akademiskahus.se

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Key events in 2004

Tenants

A number of new tenants were added during the year:

- Redevelopment of part of the Tre Vapen II property at Gärdet in Stockholm is taking place on behalf of Sida.
- The National Defence College and the Swedish Institute of International Affairs are both moving to the Valhallavägen Campus in Stockholm. The same applies to the Swedish Environmental Research Institute.
- The former Medical Products Agency premises in Uppsala are being converted for Rosendal High School.
- The National Institute for Working Life was added through the acquisition of the Mimer property.

An agreement was reached during the year with Chalmers University of Technology resulting in Akademiska Hus, in January 2005, selling an area with four large buildings and 63,000 square metres of floor space. The Group has been assigned the task of managing all the buildings on the Chalmers campus. Following the transfer, Akademiska Hus and Chalmers Properties will have approximately the same level of ownership of premises used by Chalmers. The purchase sum was SEK 990 million.

Construction projects

A large number of major projects were completed during 2004. Large construction projects included the Tre Vapen II property in

Stockholm, which was built for the University College of Film, Radio, Television and Theatre, the T Building at the Stockholm Institute of Education, the Örebro School of Music and the Language and Literature Centre in Lund.

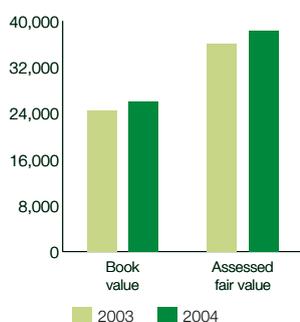
Major redevelopment and expansion projects now completed include the Kemikum block in Uppsala and the Berzelius Laboratory in Stockholm. Net investments for the year totalled SEK 1,866 million (1,877). The investments mainly comprised new construction and redevelopment.

Results and other information

- **The profit after financial items for the year was SEK 821 million (710).** The increase in profit compared with the preceding year can be attributed mainly to an increase in rental income of SEK 118 million and lower net interest income and expense of SEK 100 million. Management costs have increased by SEK 44 million.
- **The book value of the property holdings** was SEK 26,021 million (24,412) and the assessed fair value was SEK 38,230 million (36,118). The change in the fair value can be attributed mainly to investments.
- **The level of vacant space** was 2.8 per cent, an increase of 1.0 percentage points compared with the previous year.



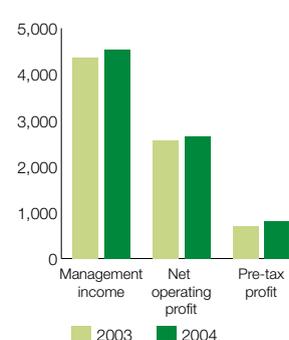
Investment properties, SEK m



Profit and key figures

| | 2004 | 2003 |
|--|--------|--------|
| Management income, SEK m | 4,530 | 4,413 |
| Net operating profit, SEK m | 2,647 | 2,573 |
| Pre-tax profit, SEK m | 821 | 710 |
| Managed properties, SEK m | 26,021 | 24,412 |
| Assessed fair value, properties, SEK m | 38,230 | 36,118 |
| Direct yield, % | 10.5 | 10.7 |
| Return on equity after standard tax, % | 7.7 | 6.9 |
| Return on total capital, % | 5.8 | 5.9 |
| Equity ratio, % | 27.5 | 27.4 |
| Internal financing level, % | 90 | 85 |
| Interest coverage level, % | 202 | 177 |

Income and profit, SEK m



Business concept, visions and objectives

AkaVision 2010 – an examination of the vision and overall strategies

AkaVision 2010

A major examination of the vision and overall strategies within the Group commenced during 2004. During the year, all employees were involved in the vision process, which took the form of an extensive discussion about the future orientation and values of Akademiska Hus. The AkaVision process has resulted in a business concept, vision and strategies.

Mission

The owner's mission and the primary task of Akademiska Hus is "to offer universities and colleges suitable buildings for education and research".

Business concept and vision

Akademiska Hus shall be Sweden's leading property company in creative environments for higher education and research.

Akademiska Hus shall

- create inspirational environments for our tenants that attract attention and in doing so contribute to reinforcing Sweden as a nation of knowledge.
- be the most attractive property company for both tenants and employees by focusing on ongoing improvements.
- through long-term thinking in our ownership create property management that is forward thinking, flexible and gives the tenants the service they are seeking.
- create growth in value through good profitability and long-term property development.
- offer the most cost-effective solutions and act in a businesslike manner in open competition.

Strategies

Our tenants are:

- Universities and colleges.
- Companies, authorities and other organisations that have a strategic link to our campuses or other closely connected areas and which contribute to creating an attractive totality.

We operate throughout the country at a number of larger towns and cities. We are endeavouring to be the leading player in a competitive market. Through a local presence and external monitoring we are developing our knowledge of existing and potential tenants and present competitive solutions that include both premises and service.

We carry on cost-effective operations with ongoing improvements so that we can offer competitive rents and other services.

We construct buildings and make acquisitions with the aim of long-term ownership and in-house management of properties.

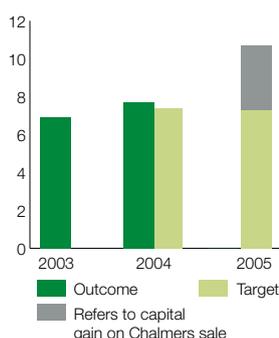
Improving energy efficiency and developing alternative energy production are of high priority. We are endeavouring to find the most effective energy solution for each property, to the benefit our tenants and ourselves.

We develop campuses and buildings that are competitive in the long term and we manage these in an effective, environmentally friendly way, with due consideration given to the tenant's operations.

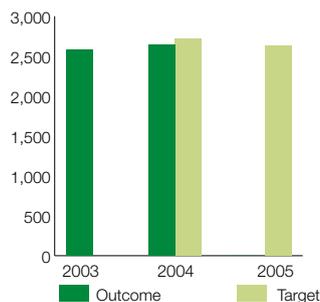
We work actively to co-ordinate work within the Group in order to achieve a higher level of efficiency and to be able to profile Akademiska Hus as a closely-knit company.

Our actions should be on business terms and with a focus on the tenant. The demand for business thinking is just as important as ensuring in our relationships with tenants and personnel that we live up to the demand for ethics, morals and openness that ensue from our position as a public company. We run active equality and diversity programmes.

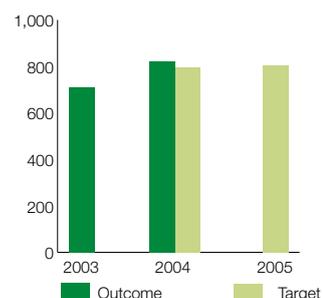
Return on equity, %



Net operating profit, SEK m



Profit after net interest income/expense, SEK m



Objectives and fulfilment of objectives

Operations at Akademiska Hus should be run in line with well-defined objectives. The owner's mission includes maintaining the value of the properties in the long term and guaranteeing that the management of property and assets is handled in a competent, efficient manner.

Financial objectives

The owner's overall financial objectives are that the return on adjusted equity over a business cycle shall be the equivalent of the five-year government bond interest rate plus 2.5 percentage points. For 2004 the return on adjusted equity was 7.7 per cent compared with the target of 7.4 per cent. The advantageous trend in 2004 has meant that the five-year government bond interest rate has on average fallen to 3.8 per cent. The return requirement has thus fallen to 6.3 per cent. In addition, the dividend shall be 50 per cent of the profit for the year after tax. The equity ratio shall be 25 per cent. Other financial objectives for 2004 are that the net operating profit shall be SEK 2,719 million and the profit after net interest income and expense SEK 798 million. The outcome for 2004 resulted in a net operating profit of SEK 2,647 million and a profit after net interest income/expense of SEK 821 million.

Tenant objectives

From 2004 there will be a measurement of customer satisfaction through two major surveys. Akademiska Hus took part for the first time in Fastighetsbarometern, the property industry's Satisfied Customer Index (NKI) survey for commercial properties. The industry's NKI was 69 and the outcome for the eighteen participating companies was between 59 and 78. Akademiska Hus had a rating of 73, which is a very good rating. In this survey one or two people responsible for non-residential leases per tenant were interviewed. The factors that had the greatest impact on the Fastighetsbarometern index are image, service, adaptation, reporting of faults and the actual premises.

In Akademiska Hus's own customer survey, decision-makers and operational representatives were interviewed, following a weighting with regard to the number of square metres. For the ten largest tenants this means that between 40 and 80 people were interviewed. The survey for 2004 produced a customer tenant index of 67, the same result as in 2003 when a sharp increase of four units was noted. The factors that have the greatest impact on Akademiska Hus's own satisfied customer index are property management (keeping promises with regard to service quality, good co-operation regarding operation and maintenance, good maintenance and ongoing supervision) and construction operations (good co-operation regarding interior fittings/equipment and planning in conjunction with moving in, keeping within cost frameworks and good co-operation in conjunction with new construction or redevelopment).

Environmental objectives

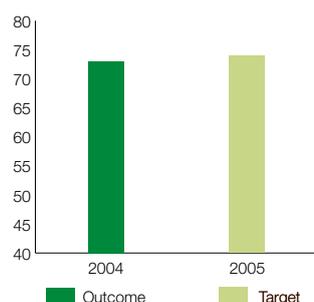
The overall environmental objectives within energy management, material management, phasing out of dangerous substances and the indoor environment have been established for the coming year and in the long term, in the case of energy management through to 2025. The environmental objectives are reported in more detail in the environmental section, page 61.

Employee and leadership objectives

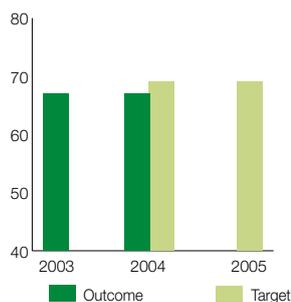
A satisfied employee index (NMI) describes how satisfied the employees are with their working situation. The 2004 survey showed that the Group has stabilised on a clearly acceptable level following the upturn of the previous year. The outcome was an NMI of 66 (67). The outcome is in line with the target.

The factors that have the greatest impact on the NMI are the employer (organisation/working method, the company's objectives, a high level of tolerance, physical working environment and confidence in the president and immediate superior) and the duties assigned. Reasonable demands, the volume of work, colleagues, the use of know-how and the salaries also affect the NMI.

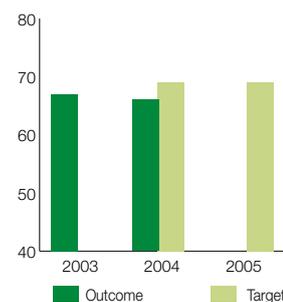
NKI Fastighetsbarometern



NKI



NMI



Statement by the President

Akademiska Hus is moving forward



Two lines of development in particular have characterised the past year for Akademiska Hus.

Externally, we are developing our operations in a way that presents potential in what is a perceptibly changed market situation.

Internally, there is a stronger emphasis on the advantages of

interacting within the Group to discharge our obligations optimally. These powers of change have resulted in concrete activities and a long-term process that has led to a vision and strategy programme, AkaVision 2010.

Allow me to revert to Akademiska Hus's long-term development. First I would like to state that in times of change, handling current operations well, both in terms of results and with regard to customer satisfaction and inner harmony within the company, is always a challenge.

Strong profit level in times of change

The profit of SEK 821 million after net interest income/expense is just over SEK 100 million more than the profit for the preceding year and in line with the forecast that we made since the second quarter. We are clearly satisfied with the profit for the year, which reflects the low financing cost coupled with a high degree of efficiency and a good capacity to let our premises and offer complementary services.

Akademiska Hus is different from a number of other companies in the property industry as our primary driving force is not to achieve capital gains through divestment. Instead, we generate income by developing our holdings in the long term, which is made possible by good tenant relations and a high level of efficiency. My assessment is that the new Group accounting rules we will be applying from 2005 will create a sound basis for more adequate reporting of results, both for us and for the industry in general, and this should in itself be positive for the profit trend in the future.

Satisfied tenants can be even more satisfied

A tangible improvement in our own tenant satisfaction survey was something that we derived great pleasure from in 2003. During 2004, the figure did not rise further, which is a disappointment, but above all is a challenge for 2005. What we can derive satisfaction from, however, is that 51 per cent of our tenants have stated that they feel Akademiska Hus has improved during 2004 whilst only 6 per cent were of the opposite opinion. For the first time we have also compared ourselves with other property companies through

the Fastighetsbarometern survey, where we came joint fifth among 18 participating companies. This is a good result although not something we are entirely satisfied with.

Tenant co-operation establishes market rent

In Göteborg constructive co-operation has commenced with Chalmers University of Technology, one of our most important tenants. It is very positive that we are now able to reach an agreement in principle as well as agree on a transaction that incorporates a number of constructive elements.

In the agreement it is particularly important that we decide together that rents should be set according to market conditions.

The setting of rents is a regular subject of debate as the cost of premises is so high for universities it is important to utilise the driving forces that competition generates. The fact that one of the country's leading centres of education, with expertise within property management, is now contributing to confirming the market economy's superiority as a tool for the provision of premises is naturally of strategic significance.

Campus development with new tenants

As regards other events during the year, we can count Sida as one of our tenants. It was decided in September that they would lease a new head office from us in the Tre Vapen property on Valhallavägen in Stockholm.

At the very end of the year we also commenced collaboration with BioVitrum, which will now be a new tenant at the Karolinska Institute campus in Stockholm.

In these times of considerable economic pressure on universities and colleges it is vital that we can help to rationalise premises and at the same time we have the expertise and capacity to bring in other tenants who fit into our property cluster. In doing so, both our operations and the long-term value of our property holdings will be reinforced.

Co-ordination benefits

Internally, intensive work is taking place to co-ordinate our activities throughout the country and create co-ordination benefits. We have very high ambitions with regard to developing our properties so that we can provide the services our tenants are seeking. We are therefore mindful of being at the forefront with regard to creating information systems that result in rapid, efficient service to our customers. This requires investments that are quite simply more profitable the larger the company.

It is obvious for us to use our size in the interests of our tenants and Akademiska Hus. It is from this perspective that one can

see our investments in efficient and environmentally friendly energy solutions. Through investments in large-scale geothermal heating facilities and very competitive procurement of electricity and heating/cooling we are achieving a significant competitive advantage.

New opportunities are also being created for our employees through a more cohesive Akademiska Hus. Working across regional boundaries and involvement in national projects and investments offers a new dimension and is one of the many ways of contributing to creating a company that is highly attractive as an employer. Since the board, in line with the wishes of the owner, decided to do away with our bonus system we are now working to find individual challenges and objectives, which will also contribute to attracting the best employees in the industry.

Environmental certification and award-winning buildings

In line with our plans but more quickly than expected, we have succeeded in securing environmental certification according to the ISO 14000 standard for the whole Group. I would also like to mention that we received the prestigious Helgo award for the new library at the Royal Institute of Technology. The award is only presented every four years. Our new constructions for the Department of Linguistics in Lund, the School of Music in Örebro and the Department of Humanities in the English Park in Uppsala have received prizes and have attracted a great deal of attention.

Considerable market potential

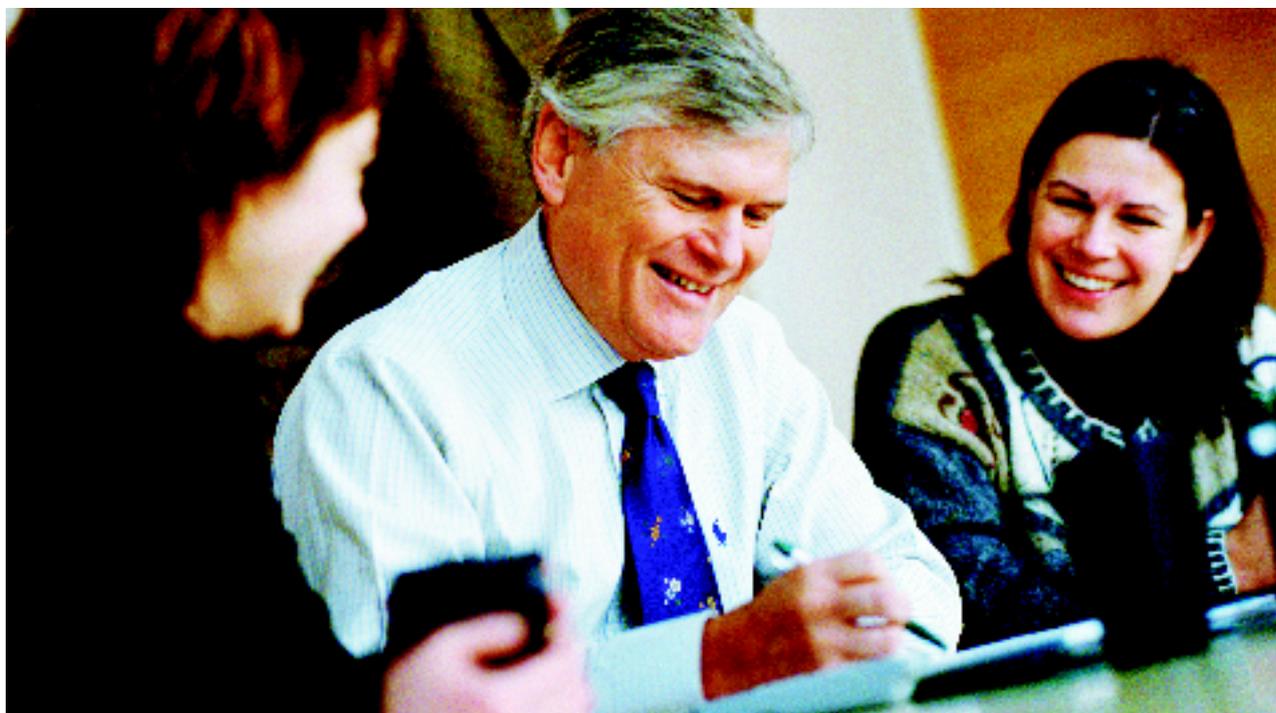
My assessment is that 2005 will be a good year for Akademiska Hus. We believe that the development of the commercial premises market will be stable, particularly with continued low interest rates and without any "bubble tendencies".

The market for non-residential property is now on the rise on the majority of our local markets even if there are also parts of our holdings that will generate lower income as a result of a gradual adaptation to the market situation. At the same time we are encountering stronger competition from other property companies. This is something we view positively as it benefits both our customers and us. They can benefit from the competitive pressure and we are reminded of the need to make constant improvements. At the same time, a market that functions efficiently results in a more objective pricing structure.

We are now facing the major challenge of helping several of our larger tenants to find rational solutions for their premises in a way that fits into our tenant structure. This presents, as I have touched on previously, the opportunity for us to contribute to creating more living and multi-faceted property clusters. In doing so, we can also contribute to developing our country as a nation of knowledge. We believe that we are ready to meet both the growing demands of the tenants and the stiff competition.

Göteborg, February 24, 2005

Joakim Ollén



Joakim Ollén talking to Lena Liljefors and Yvonne Sackemark at Akademiska Hus in Stockholm.

Campus

Akademiska Hus campus concept

A campus is made up of closely linked property holdings in an attractive setting. On the campus there are communal buildings for research, education, library facilities, restaurants, physical activities etc. An integrated campus creates the conditions for innovative encounters and is to an increasing extent an important prerequisite for internationally recognised education and research.

Student housing located nearby and access to accommodation for researchers are also important factors. Akademiska Hus does not build student accommodation or premises to satisfy the needs of industry. However, Akademiska Hus co-operates with municipalities to ensure that these needs are satisfied close to the campus. Co-operation with the municipalities is also important in order to co-ordinate internal and external infrastructures in the form of communications, cycle paths, parking facilities and proximity to various service facilities.

The campus concept under development

Örebro is an example of a well-integrated campus where buildings for research, teaching, the library and physical activities all interact. Integrated campuses are important from a management point of view. The concentration means that Akademiska Hus can maintain a broader contact interface with the tenant. This makes it easier to pick up on a tenant's needs over time and provide the service required to ensure that a tenant's operations fit in as well as possible with the property. Property holdings that are gathered in one location also allow more efficient management.

By far the biggest tenant group on Akademiska Hus campuses comprises universities and colleges. In line with improvements in efficiency in their use of premises, the scope is created to bring other tenants into the area. It is Akademiska Hus's ambition that the new tenants that are offered premises on a campus should complement existing operations in a way that makes the area as a whole even better.

A good example of this is the development of the Valhallavägen Campus in Stockholm. At the end of the 1990s the Royal Institute of Technology and Akademiska Hus signed an agreement under the heading "A living campus". The results have already exceeded expectations. The area has acquired increased diversity by, among other things, the University College of Opera and the Red Cross College moving in and in summer 2005 the Swedish Defence College and the Swedish Institute of International Affairs will follow suit. Other premises which the Royal Institute of Technology previously leased are in the process of being redeveloped for the Swedish Institute of Environmental Research and the University College of Dance. The Red Cross moved its college to the area in autumn 2004. Restaurants and other services are being reviewed alongside this work.

ÖREBRO CAMPUS

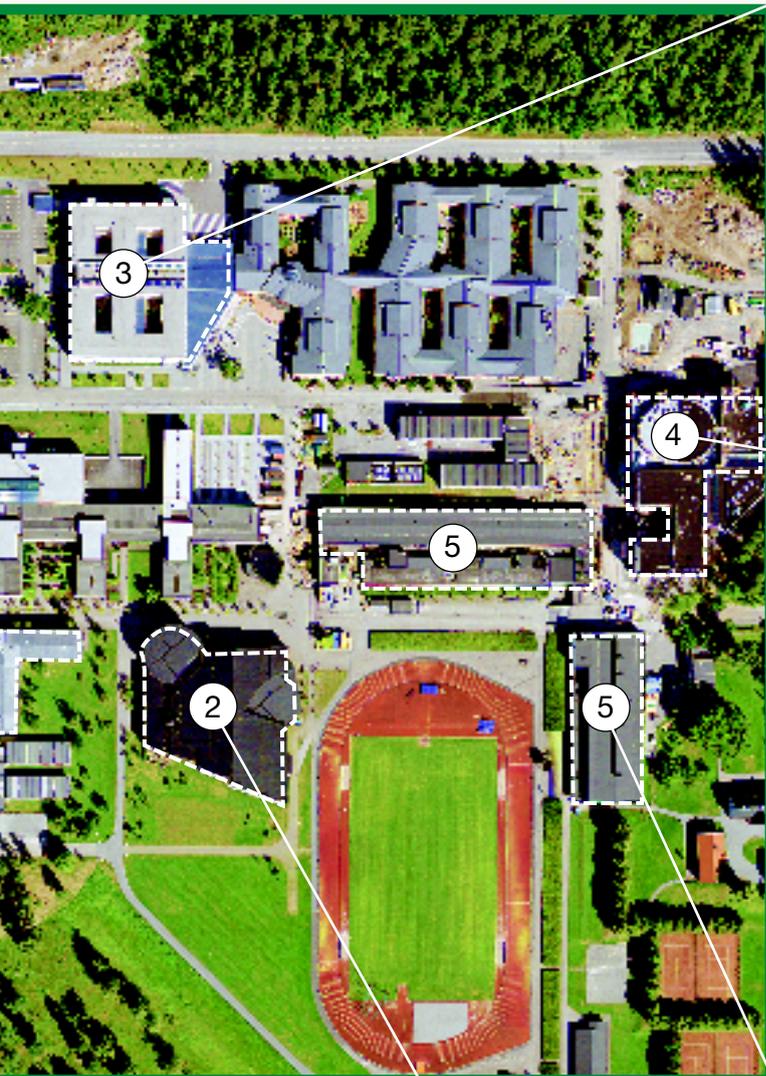
Örebro is an example of a well-integrated campus where buildings for research, teaching, the library and physical activities all interact.



1

Teknikhuset – built for flexibility

Since Teknikhuset came into being in 1993 the Department of Technology has expanded rapidly. The building was therefore extended in 2002. There is a lecture theatre adapted for teaching in technical subjects as well as technical laboratories, classrooms, offices, group rooms and a cafe. As the technical sector is developing rapidly the building has been built as flexibly as possible. The lift, for example, has been made extra wide in order to move bulky technical equipment.



3 Forumhuset – where the human being is in focus
 Humanities are usually described as “the studies that make people more human”. Forumhuset has housed the Humanities and Education Departments since 2001 and since then they have had the opportunity to further “humanise” the human being. The building has computer rooms, teaching rooms, language laboratories, a sign language laboratory and several seminar rooms. The building also includes large areas for exhibitions, a lecture theatre/cinema and a special room for silence and reflection.



4 The School of Music – a place for creativity
 When the School of Music was built on the campus in 2004 a magnificent opportunity for creation came into being. The building is used by Sweden’s future music teachers and musicians although there is also teaching in art and drama. Apart from a spectacular concert hall, the building houses a library, music studios, art and ceramics rooms and 48 individual practice rooms – all designed to raise culture to new heights.



2 Library – the natural meeting point
 The library is much more than simply a place to store books. In this light and airy building, constructed in 1996, thousands of years of knowledge have been gathered. This and the central location makes the library a common meeting point for the whole campus. New, exciting ideas come to life across subject boundaries and if you do not want to discuss or study you can always relax in the cafe.



5 The Department of Physical Education and Health – a place for body and soul
 The IOH building was one of the first to be built on the campus and is the venue for activities at the Department of Physical Education and Health. The students here are trained, among other things, as football coaches, health developers, sport and health teachers as well as spa consultants. The IOH building comprises a gymnastics building, a sports hall and a sports ground with football pitches.

Higher education and research

Lower rate of expansion in higher education and research

The general trend within undergraduate and doctoral programmes, coupled with the forecast for the financial outcome for universities and colleges, indicates that expansion in higher education is slowing down. The demand for new premises has fallen and universities and colleges are focusing more and more on the efficient use of premises.

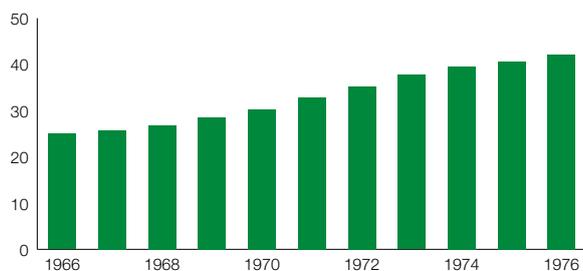
Akademiska Hus is the leader in creative environments for higher education and research. Universities and colleges account for almost ninety per cent of the Group's income and the Group is the lessor for approximately sixty per cent of the premises used by universities and colleges. It is therefore important to follow their development.

Swedish investment in education and research

During the last decade Sweden invested considerable resources in higher education and research. The total income for universities and colleges for the 1994/95 academic year was SEK 27.5 billion and in 2003 the figure was SEK 43.5 billion. This investment in higher education and research has also resulted in a focus on new and improved premises, which has had a strong impact on Akademiska Hus's operations ever since the company was founded in 1993.

Operations at universities and colleges can be divided into undergraduate programmes and research. Undergraduate programmes account for just over 46 per cent and research for the remaining 54 per cent. The majority of the funding for undergraduate programmes is through state grants. The grants are based primarily on the number of full-time students and the number of full-year performances and are maximised to one fixed ceiling amount for each centre of education. The payment per student and the performance differ greatly between the disciplines. Humanities, theology, law and social sciences receive the lowest payment per student although at the same time they account for over 45 per cent of the number of students.

Proportion in per cent of persons born in a particular year who commenced higher education by the age of 25, % *



In the space of ten years the figure has increased from 25 to 43 per cent and the proportion is 10 percentage points higher for women than for men.

* National Agency for Higher Education report 2004

Research and doctoral programmes have several financing sources. Direct state grants account for 45 per cent of the funding and the remainder is external. A large proportion of the external financing, however, is from public funds.

In fifteen years the number of students has doubled. One of the government's targets is that half of the young people born each year shall have commenced higher education by the age of 25. Of those who reached the age of 25 in 2003, 43 per cent carried on into higher education.

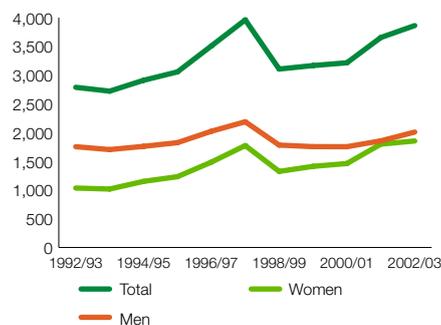
Break in the trend in 2004

In autumn 2003, the number of full-time students was approximately 340,000 and the total number of registered students almost 400,000. Preliminary figures for the autumn term 2004, however, show a break in this trend. For the first time in eight years the number of new students fell slightly although the fall is not due to a drop in interest in higher education. On the contrary, the pressure on places has increased by several percentage points since last autumn, which has led to increased competition for places. The explanation is to be found in the fact that the previously strong expansion in higher education is now levelling out. The maximum funding amount is no longer being increased, which is resulting in universities and colleges not admitting as many new students. There are, however, major difference between the various centres in how the number of new students has changed.

The focus on research has also shown a break in the trend. In 2003, the increase in total research resources that has been noted in recent years was broken and has fallen, in the light of the price trend, by 0.5 per cent. Although the government gave assurances in autumn 2004 that further investments would be made in basic research and doctoral programmes, no significant increase in research resources can be expected in the next few years.

The forecasts reported by universities and colleges for 2004 indicate that three-quarters of them expect to make a loss. The

New doctoral students, number *



During the 2002/2003 academic year, almost 3,900 persons began a doctoral programme.



Operations at universities and colleges can be divided into undergraduate programmes and doctoral programmes. Undergraduate programmes account for just over 46 per cent of operations, research for the remaining 54 per cent.

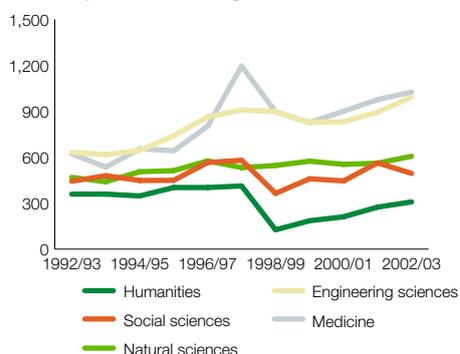
total loss for all universities and colleges could be just over SEK 800 million. One explanation for the negative results is said to be that although more students are being educated this is not matched by the payments received. This 'over-production' is estimated at around SEK 750 million, of which around SEK 170 million can be financed through unused grants from previous years.

Fall in demand

The general trend within undergraduate and doctoral programmes and the forecast for the financial outcome for universi-

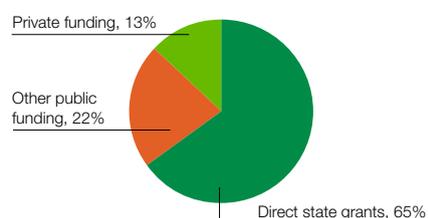
ties and colleges indicate that expansion in higher education is decreasing. Akademiska Hus has noted a fall in the demand for new premises in recent years and universities and colleges are focusing increasingly on more efficient use of premises. This trend was reinforced during 2004. For Akademiska Hus this could lead to premises being released and the centres concerned exerting pressure on rents. The fact that a large number of leases are for three years or more, however, means that such a change will take place gradually in line with the leases coming to an end.

New doctoral students according to subject area, five largest, number *



During the past ten years, medicine and engineering science have had the highest number of new students. In these two disciplines the number of new students has increased significantly more during the period compared with other areas and account for just over half of all new students during the 2002/2003 academic year.

Funding of university and college operations 2003*



In total, the public sector accounts for 87 per cent of the universities' income, which totalled SEK 43.3 billion in 2003.

* National Agency for Higher Education report 2004

The national and local markets

Recent years marked by increasing competition and falling rent levels

THE PROPERTY MARKET

The Swedish property market generally follows the trend in the national economy albeit with some displacement in time.

The low rate of economic development we have experienced in Sweden in recent years is no exception. The result has been an increasing level of vacant space and falling rent levels, although with significant regional differences.

The economy improved in 2004. As with other upturns in the economy, the level of employment is improving although with a slight time gap. This is an important factor with regard to the demand for office premises. In certain parts of the country the turnaround has already begun to have a positive impact on the letting of office premises. In other parts of the country this effect will become noticeable during 2005 although it will have its full effect in 2006.

The turnaround in the economy also indicates how inflation and interest rates are developing, both of which are key factors in a property company's finances. In November, inflation, measured as

the annual change in the Consumer Price Index, was 0.5 per cent and the key rate was 2 per cent for the majority of 2004. Both these figures are expected to rise slightly during the coming years as a result of the general turnaround in the economy.

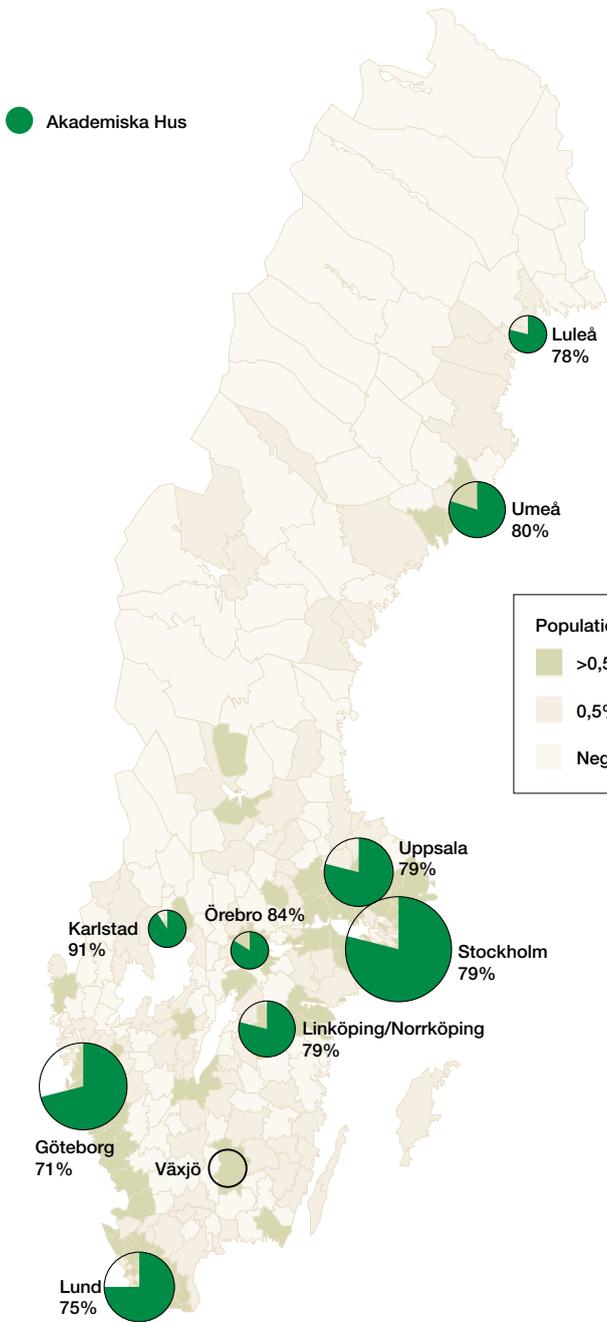
The optimism that was reflected in the market at the end of the 1990s meant that many property projects for the commercial market commenced before they were rented out. These have been gradually completed in a falling market, which has had a negative impact on the market generally. Today very few commercial property projects in the country are being started and this trend looks set to continue for the next few years. A high rental level will be sought before new projects can be started.

There has been considerable interest in properties and property companies in recent years. The total value of properties sold during 2004 reached record levels. The price level of the objects offered for sale has also been forced upwards thanks to the considerable interest in acquiring properties. It is felt that the interest in investing in properties will continue to be high during 2005.

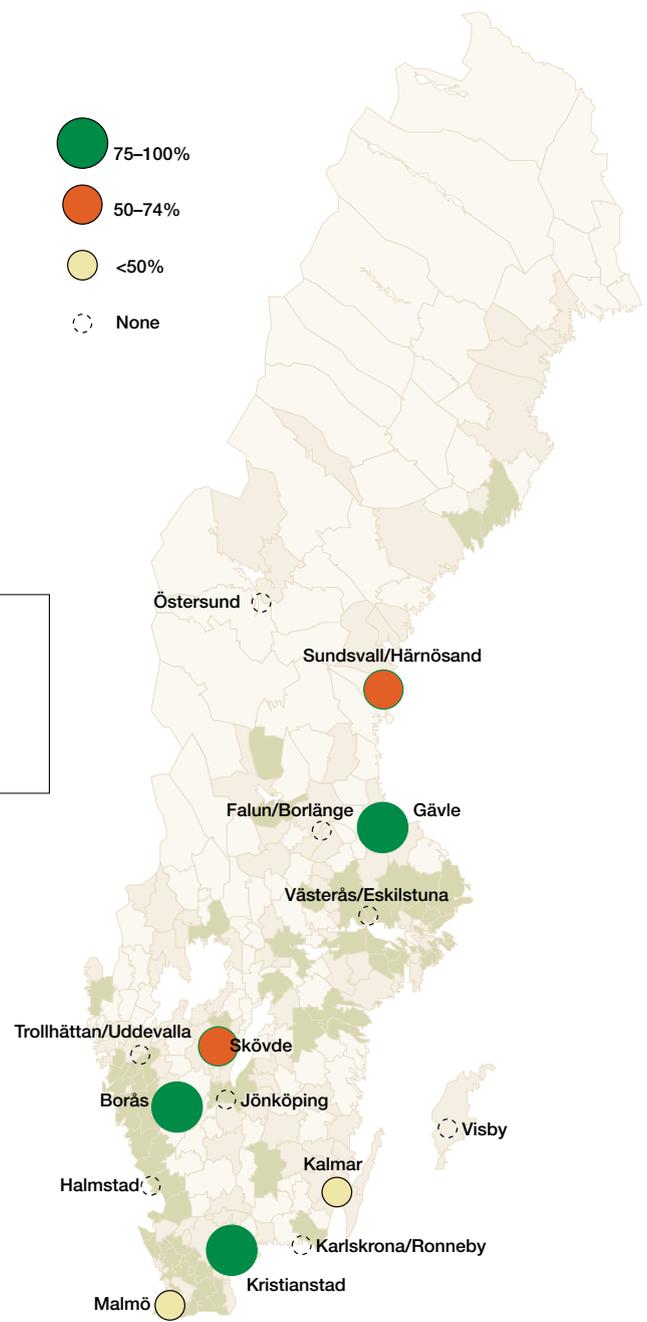


Borggården at the Royal Institute of Technology in Stockholm.

Proportion of university and college premises owned by Akademiska Hus in university towns and cities



Proportion of college premises owned by Akademiska Hus in locations other than university towns and cities



AKADEMISKA HUS MARKETS

Northern Region

Around 13 per cent of the country's population live in northern Sweden, where there is the same proportion of the total Akademiska Hus property holdings. There are considerable regional differences in Norrland, particularly between the region's interior and the larger urban centres along the coast. The majority of the Akademiska Hus property holdings in Norrland are in the expanding areas along the coast.

Umeå

Umeå has for a long time had a strong rate of growth and the municipality's growth target speaks in favour of a continued high level of expansion. At present, with just over 108,000 inhabitants, Umeå is one of the largest towns in Norrland. The labour market is dominated by the public sector although commerce and industry in Umeå is differentiated, with around 10,000 companies. Unemployment is slightly below the national average. Umeå University is a major contributing factor in the strong expansion of the municipality and this is also the location of the Swedish University of Agriculture Science, SLU. Today there are 27,000 students in Umeå and the town has a very distinct university town atmosphere.

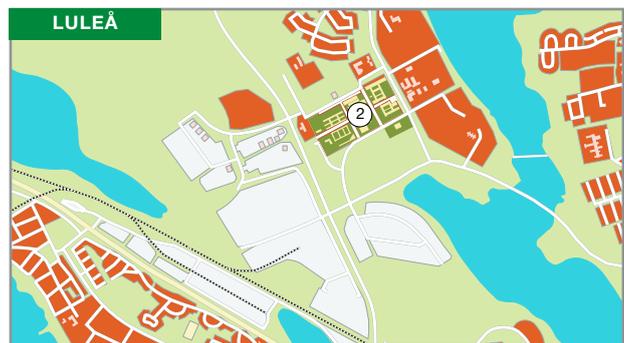
The growth of the town has resulted in a housing shortage, which is now being rectified through a significant increase in the level of residential property construction. The non-residential market is relatively stable, with a level of vacant space of around 6 per

cent. Akademiska Hus has over 200,000 square metres of non-residential premises in Umeå, the majority of which are leased by Umeå University and SLU. There is no vacant space at present.

Luleå

Luleå is often cited as being a city of the future with huge potential. The population has increased during the past 20 years and is now over 72,000. Including the surrounding area, the population is 150,000. Although the rate of growth has decreased in recent years forecasts indicate that it is still set to continue. Business and industry are dominated by the public sector, industry and commerce. Today there are as many people employed in IT, data and telecommunications as in the steel industry, which was so dominant in the past. LTU, Luleå University of Technology, with its 10,000 students, is an important factor in the city's development, both today and in the future.

The market for non-residential premises is relatively stable and has fared well during the recession. The demand for non-residential premises fell slightly during the year although the level of vacant space in the central areas is low. The construction of residential property is low, which has consequently led to a shortage of housing in Luleå. Akademiska Hus has just over 100,000 square metres of non-residential premises in Luleå and the majority is leased by LTU. Half are on long-term leases and the other half will be renegotiated.



Property specification

| Property designation | Map reference | Principal tenant | Proportion of rentable floor space, % | Location | Rental floor space, total, m ² | Vacant | Rental income plus supplements, KSEK | Land area, m ² | Expansion reserves, m ² |
|---|---------------|---|---------------------------------------|-----------|---|---------------|--------------------------------------|---------------------------|------------------------------------|
| Skatan 9:12 | | Umeå University | 100 | Hällnäs | 2,577 | | 1,176 | 641,200 | |
| Seminarieriet 16 | | Kastellskolan | 17 | Härnösand | 4,749 | 2,666 | 3,083 | 28,337 | |
| Ädelstenen 6 | | Mid Sweden University | | | | | | | |
| | | Municipality of Härnösand | 77 | Härnösand | 33,588 | 7,186 | 32,158 | 43,567 | |
| STG 388+ ** | | Swedish Institute of Space Physics | 100 | Lycksele | 208 | | 80 | | |
| Norrbyn 2:122 | | Umeå University | 100 | Norrbyn | 2,240 | | 5,616 | 9,504 | |
| Västhagen 1 | | Mid Sweden University | 100 | Sundsvall | 6,177 | | 6,114 | 17,789 | 5,000 |
| Åkroken 1 | | Mid Sweden University | 98 | Sundsvall | 22,903 | 196 | 36,187 | 32,900 | 20,000 |
| Stadsliden 6:6 | 1 | Umeå University, | | | | | | | |
| | | Swedish University of Agricultural Sciences | 96 | Umeå | 207,387 | | 232,432 | 899,902 | 80,000 |
| Röbäcksdalen 1:6 | | Swedish University of Agricultural Sciences | 100 | Umeå | 3,202 | | 2,781 | 14,964 | |
| Kiruna 1:304-1:309 | | Swedish Institute of Space Physics | 87 | Kiruna | 8,305 | | 14,247 | 204,343 | |
| Porsön 1:405 | 2 | Luleå University of Technology | 97 | Luleå | 102,864 | 771 | 114,503 | 281,924 | 60,000 |
| Total | | | | | 394,200 | 10,819 | 448,377 | 2,174,430 | 165,000 |
| Minus: rent reductions and vacant space | | | | | | | -10,875 | | |
| Rental income, net | | | | | | | 437,502 | | |

ated during the next few years in line with adaptation of the premises to current operations. The level of vacant space is 0.7 per cent.

Härnösand

Härnösand has had a fall in population since the beginning of the 1990s although in 2003 the trend was broken with an increase of almost 100. There are now just over 25,000 inhabitants in the municipality. The labour market is dominated by the public sector. There is a growing level of employment at call centres and in the energy and environment sectors. Härnösand is also a distinct education centre, with 2,500 students at Mid Sweden University.

The downturn in the economy that has taken place in recent years has also left its mark on the property market, which has resulted in a surplus of non-residential premises and a fall in letting levels. Akademiska Hus has over 38,000 square metres in Härnösand, of which around 10,000 square metres are vacant. Even if the economy turns around the property market in Härnösand will still be marked by a continued high level of vacant space.

Sundsvall

Sundsvall, Timrå, Härnösand and Ånge together make up the largest labour market in Norrland with 150,000 inhabitants within commuting distance. Sundsvall has a population of over 93,000 and the municipality is growing slightly. The labour market is dominated by the public sector. Other key sectors are cellulose fibre technology, IT/telecom-

munications and banking and insurance. Mid Sweden University, with around 12,500 students in Sundsvall, has had a strong impact on the town and is an important factor in future growth in the region.

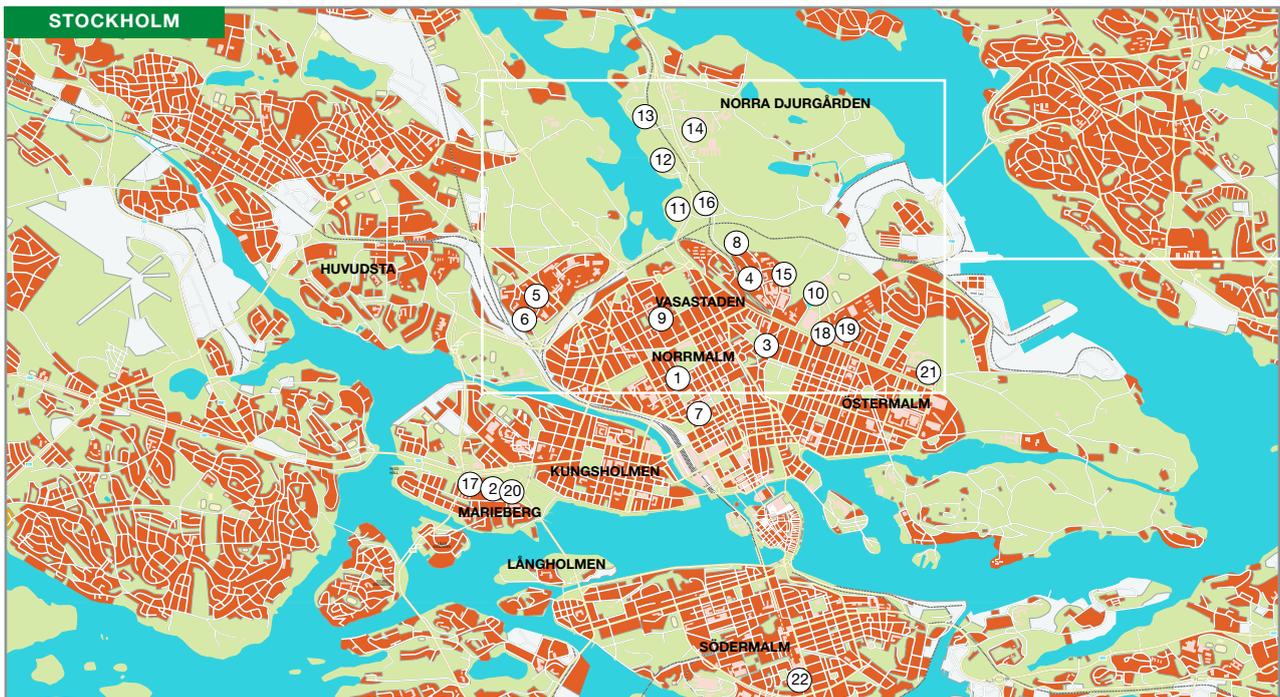
Sundsvall's property market has been stable for many years and has weathered the downturn in the economy relatively well, although it will probably not notice any rapid effects of the current upturn in the economy. Akademiska Hus has almost 29,000 square metres of non-residential premises in Sundsvall and there is virtually no vacant space. The majority of the non-residential premises are let on a long-term basis to Mid Sweden University.

Kiruna

Kiruna is Sweden's most northerly municipality with just over 23,000 inhabitants. There is a negative growth in the population and unemployment is higher than the average for the country. Business and industry is dominated by mining although space research also gives the town a profile. Prospects for the future for the municipality are brighter, with the discovery of new ore deposits. University operations in Kiruna are run on the space and environment campus and at the Kiruna Study Centre. The construction and property market in Kiruna has many lean years behind it and no improvement can be expected in the next few years. Akademiska Hus has just over 8,000 square metres of non-residential premises in the municipality. These are let to the Swedish Institute of Space Physics on long leases.



Mid Sweden University College became Mid Sweden University at the beginning of 2005. The Åkroken block in Sundsvall is the heart of the campus.



Stockholm region

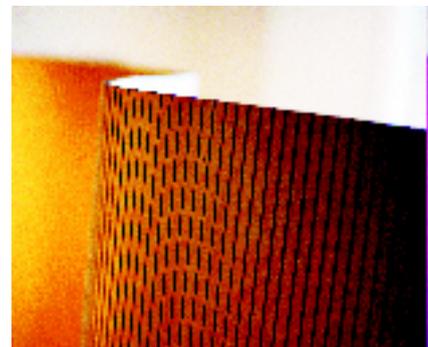
Business and industry in Stockholm and Mälardalen differ from the rest of the country in that the proportion of employment attributable to industry is the lowest in this area. The service and finance sectors are big in the region, as are IT and telecommunications. This is also the reason why the recession hit Stockholm harder than it did in other parts of the country. The recovery that is now taking place is also more rapid here and the region is well on the way to regaining its role as the driving force of Sweden.

Stockholm

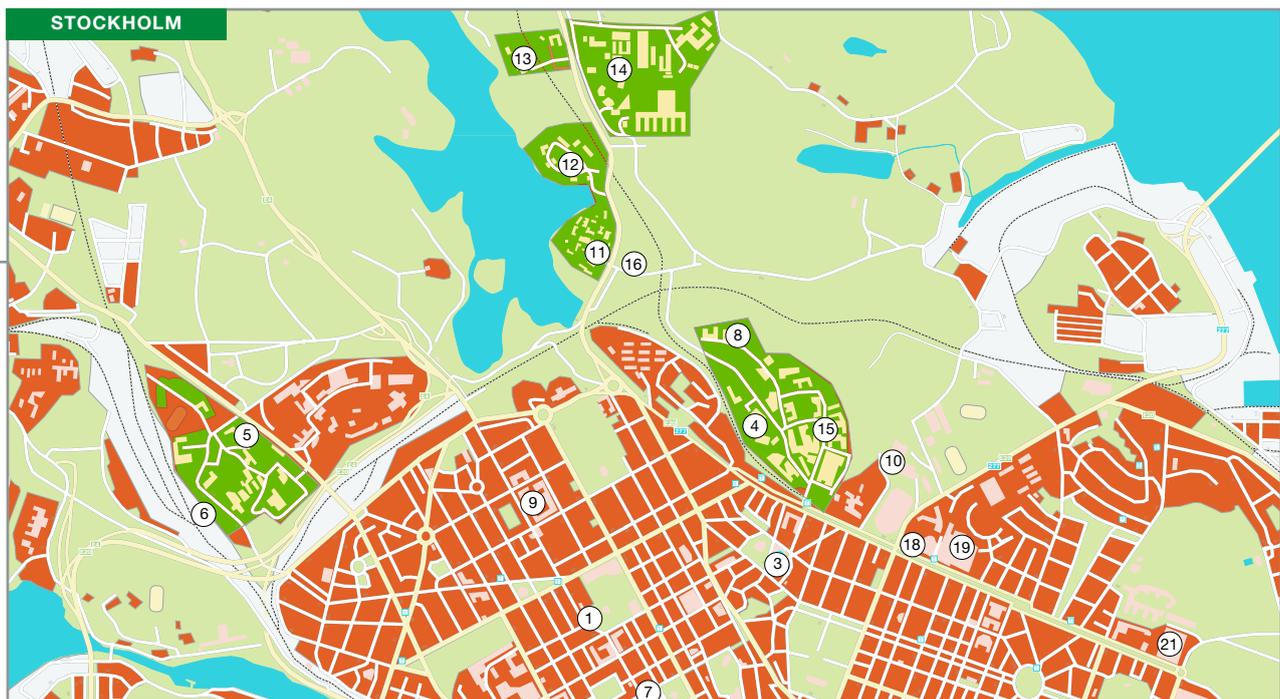
The City of Stockholm has around 764,000 inhabitants and there are around 1,870,000 people living in the county. The population is increasing steadily although the shortage of housing is holding back growth. During autumn 2004, the number of people employed increased at the same time. This is the area in which most new companies in the country are being started although the level is well below what it was in 2000. Despite the fact that

there are twenty-two universities and colleges with around 75,000 students, Stockholm is not a distinct university town. The focus on the Norra Station area, however, is an indication of the ambition to bring research and higher education to the fore.

The property market was affected negatively by the very high level of new production commenced during the latter half of the 1990s and the recent recession. There is an abundance of empty office space and it will take a long time for the market to achieve a balance. The fall in rent levels has been slowed down and rents have stabilised and in some cases even increased. Kista has shown a clear break in the trend and the level of vacant space has fallen from 30 to 20 per cent. Akademiska Hus has just over 940,000 square metres and a level of vacant space of 5 per cent. Universities and colleges are the dominant customer group with one-fifth comprising other customers. The lease portfolio has a good spread and three-quarters are three years or longer. Akademiska Hus has a good level of demand for vacant premises and has acquired several new customers.



The Karolinska Institute Huddinge Campus in Flemingsberg south of Stockholm. The largest tenants are the Department of Nursing and the Department of Odontology.



Property specification

| Property designation | Map reference | Principal tenant | Proportion of rentable floor space, % | Location | Rentable floor space total, m ² | Vacant | Rental income plus supplements, KSEK | Land area, m ² | Expansion reserves, m ² |
|---|---------------|--|---------------------------------------|-----------|--|---------------|--------------------------------------|---------------------------|------------------------------------|
| Askö 1:4 | | Stockholm University | 98 | Trosa | 2,500 | | 112 | 324,270 | |
| Bergmannen Större 8 | 1 | Stockholm University | 100 | Stockholm | 3,175 | | 4,607 | 1,232 | |
| Centauren 1 | 2 | Stockholm Institute of Education | 100 | Stockholm | 10,415 | | 19,931 | 17,281 | |
| Domherren 1 | 3 | Royal Institute of Technology | 100 | Stockholm | 12,913 | | 13,586 | 5,294 | |
| Embryot 1 | | Karolinska Institute | 100 | Huddinge | 16,614 | | 34,229 | 36,119 | 42,000 |
| Forsknigen 1 | 4 | Royal Institute of Technology | 43 | Stockholm | 45,015 | 1,293 | 60,193 | 63,747 | 25,000 |
| Haga 4:35 | 5 | Karolinska Institute | 81 | Solna | 155,680 | 126 | 400,773 | 392,648 | 57,000 |
| Haga 4:43 | 6 | No tenant, land only | | Solna | 0 | | 0 | 8,218 | |
| Keflavik 2 | | Royal Institute of Technology | 50 | Stockholm | 60,041 | 4,857 | 72,570 | 22,929 | |
| Kungsstenen 4 | 7 | Stockholm University | 100 | Stockholm | 1,433 | | 2,545 | 1,211 | |
| Maskiningenjören 1 | 8 | Royal Institute of Technology | 96 | Stockholm | 23,644 | | 43,789 | 24,383 | |
| Medicinaren 4 | | Karolinska Institute | 100 | Huddinge | 48,291 | | 85,714 | 26,941 | 13,000 |
| Mimer 5 | 9 | The National Institute for Working Life | 64 | Stockholm | 12,439 | | 8,792 | 5,174 | |
| Norra Djurgården 1:43 | 10 | College of Physical Education and Sports | 85 | Stockholm | 12,404 | | 13,725 | 32,030 | |
| Norra Djurgården 1:44 | 11 | Stockholm University | 70 | Stockholm | 26,925 | 2,566 | 37,510 | 70,540 | |
| Norra Djurgården 1:45 | 12 | Stockholm University | 92 | Stockholm | 15,290 | 666 | 14,716 | 53,364 | |
| Norra Djurgården 1:46 | 13 | Stockholm University | 90 | Stockholm | 8,965 | | 11,347 | 18,255 | |
| Norra Djurgården 1:48 | 14 | Stockholm University | 96 | Stockholm | 177,535 | 134 | 298,963 | 290,695 | 2,000 |
| Norra Djurgården 1:49 | 15 | Royal Institute of Technology | 87 | Stockholm | 146,683 | 5,447 | 249,752 | 161,507 | 4,000 |
| Norra Djurgården 2:2 | 16 | No tenant, land only | | Stockholm | 0 | | 0 | 48,692 | |
| Nynäs 5:1 | | Stockholm University | 100 | Nyköping | 52 | | 3,228 | | |
| Ornbäraren 3 | 17 | Stockholm Institute of Education | 81 | Stockholm | 39,022 | | 67,507 | 35,002 | 1,000 |
| Reykjanes 1 | | Royal Institute of Technology | 46 | Stockholm | 47,263 | 1,734 | 52,927 | 20,078 | 10,000 |
| Svea Artilleri 12 | 18 | Swarthing Riding School | | Stockholm | 1,656 | | 0 | 9,515 | 5,000 |
| Svea Artilleri 13 | 19 | Royal School of Music | 94 | Stockholm | 16,265 | | 16,329 | 24,441 | 5,000 |
| Taffelberget 7 | 20 | Stockholm Institute of Education | 100 | Stockholm | 557 | | 531 | 1,162 | |
| Tre Vapen 2 | 21 | College of Arts, Crafts and Design | 25 | Stockholm | 53,194 | 32,284 | 35,464 | 29,614 | 7,000 |
| Van Der Huff 8 | 22 | National Academy of Mime and Acting | 100 | Stockholm | 5,634 | | 7,368 | 8,600 | 10,000 |
| Total | | | | | 943,605 | 49,107 | 1,556,210 | 1,732,942 | 181,000 |
| Minus: rent reductions and vacant space | | | | | | | -82,087 | | |
| Rental income, net | | | | | | | | 1,474,123 | |

Uppsala region

Uppsala University and the Swedish University of Agricultural Sciences, SLU, with their employees and just over 40,000 students, have made a strong academic mark on the town.

Uppsala

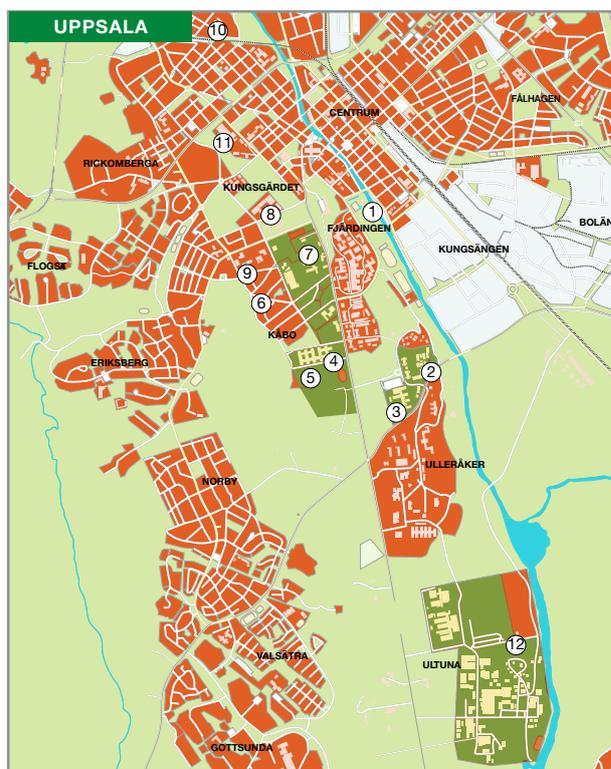
Uppsala, with its 182,000 inhabitants, is the country's fourth largest municipality in terms of population. Over the past fifty years the population has grown gradually, resulting in a significant shortage of housing. The public sector is the largest employer and employs around 30,000 people. Industry is represented in many areas, including the service sector, the engineering, pharmaceutical, food and graphic industries as well as trade and distribution. In line with a large biotech company vacating its premises, a significant amount of vacant manufacturing floor space and laboratories has become available. Otherwise there is no major imbalance on the property market. The turnaround in the economy, however, ought to suppress this trend even if an improvement could take a few years to materialise. Akademiska Hus has around 517,000 square metres in Uppsala and Ultuna, which are let to around forty different tenants. The dominant tenants are Uppsala University and SLU, which rent around 274,000 square metres and 166,000 square metres respectively. The majority of leases with the university are long and of SLU's leases approximately one-third are long. The company's level of vacant space in Uppsala is below 4 per cent although this figure is expected to increase in line with SLU vacating premises in Ultuna during the next few years.

Gävle

Gävle's population has increased, with the exception of a period in the middle of the 1990s, and forecasts indicate continued growth. Almost 92,000 people now live in Gävle. The labour market is diversified, with a mix of public sector, industry, electronics

and IT. Gävle University College is growing and today has around 13,000 students. It has had a very tangible impact on daily life in the municipality and is of major significance to future growth.

The property market in Gävle has been relatively stable for many years but is being affected negatively by cutbacks in the municipality. Akademiska Hus has just over 40,000 square metres of non-residential premises in Gävle. The majority of these are let to Gävle University College on long leases. Akademiska Hus has four per cent vacant premises in Gävle.



Property specification

| Property designation | Map reference | Principal tenant | Proportion of rentable floor space, % | Location | Rentable floor space, total, m ² | Vacant | Rental income plus supplements, KSEK | Land area, m ² | Expansion reserves, m ² |
|---|---------------|---|---------------------------------------|-----------------|---|---------------|--------------------------------------|---------------------------|------------------------------------|
| Kungsbäck 2:8 | | Gävle University College | 90 | Gävle | 41,046 | 1,634 | 56,122 | 110,746 | 0 |
| Hånö Säteri 1:9 | | Uppsala University | 100 | Tystberga | 2,641 | 0 | 1,930 | 1,455 | 0 |
| Fjerdings 34:1 | 1 | Uppsala University | 100 | Uppsala | 1,962 | 0 | 2,513 | 960 | 0 |
| Kronåsen 1:15 | 2 | Uppsala University | 90 | Uppsala | 29,569 | 125 | 37,416 | 68,661 | 20,000 |
| Kronåsen 7:1 | 3 | Uppsala University | 100 | Uppsala | 45,439 | 0 | 91,260 | 82,454 | 20,000 |
| Kåbo 1:10 | 4 | Uppsala University | 98 | Uppsala | 83,483 | 1,560 | 140,820 | 98,721 | 24,000 |
| Kåbo 1:20 | 5 | Uppsala University | 100 | Uppsala | 9,908 | 9,908 | 14,790 | 164,115 | 191,000 |
| Kåbo 38:9 | 6 | SCASSS | 100 | Uppsala | 610 | 0 | 628 | 2,732 | 0 |
| Kåbo 5:1 | 7 | Uppsala University | 50 | Uppsala | 38,073 | | 41,863 | 163,485 | 130,000 |
| Kåbo 14:3 | 8 | Uppsala University | 100 | Uppsala | 43,097 | 458 | 54,430 | | |
| Kåbo 34:12 | 9 | Uppsala University | 100 | Uppsala | 30,935 | 492 | 41,533 | | 0 |
| Luthagen 13:1 | 10 | Uppsala University | 98 | Uppsala | 10,786 | 0 | 10,345 | 42,035 | 0 |
| Luthagen 62:7 | 11 | Uppsala University | 100 | Uppsala | 21,839 | 0 | 28,212 | 58,496 | 0 |
| Ultuna 2:23 and other | 12 | Swedish University of Agricultural Sciences | 75 | Uppsala | 201,530 | 6,015 | 203,679 | 1,288,182 | 0 |
| Skinnskatteberg-Eriksbo 1:12 | | Swedish University of Agricultural Sciences | 100 | Skinnskatteberg | 4 634 | 0 | 2 063 | 31,344 | 0 |
| Prästgården 1:4 | | Swedish University of Agricultural Sciences | | Skinnskatteberg | 0 | 0 | 0 | 19,728 | 0 |
| Total | | | | | 565,552 | 20,192 | 727,604 | 2,133,114 | 385,000 |
| Minus: rent reductions and vacant space | | | | | | | -18,852 | | |
| Plus: income from properties sold | | | | | | | 854 | | |
| Rental income, net | | | | | | | 709,606 | | |

Linköping region

Central Sweden has had a relatively stable process of development, even if the downturn in the economy has not hit this part of the country as hard. The continuing strengthening of the economy is benefiting the region although there will not be any perceptible upturn over the next year.

Linköping

Linköping has for a number of years been a very expansive city with strong population growth and has over 137,000 inhabitants. During the 1990s Linköping was affected strongly by newly started IT companies. When the IT sector crashed, Linköping was hit harder than many other parts of the country. The industrial and commercial base is diversified and the major employers are to be found in the public sector, industry and commerce. Unemployment has increased in line with the deterioration in the labour market. The approximately 21,000 students studying on the two Linköping University campuses in the town are contributing strongly to the development of the town.

The property market in Linköping was, together with Stockholm hit hardest by the economic downturn, mainly within IT. Several new construction projects were concluded at around the same time the market worsened. This means that the level of vacant space is high and rents are being forced down. The recent upturn in certain sectors, including IT, is improving the situation although it will probably take several years before the situation is normalised. Akademiska Hus has just under 207,000 square metres of non-residential premises in Linköping. Three-quarters are leased by Linköping University and just over half the leases are long leases. The remainder are leased by, among others, state research institutes. There is at present 8,000 square metres of vacant space.

Norrköping

Norrköping has around 125,000 inhabitants. The increase in the population has been weak over a very long period but it has taken off in recent years in conjunction with the expansion of the university. Linköping University has around 5,500 students on the Norrköping Campus.

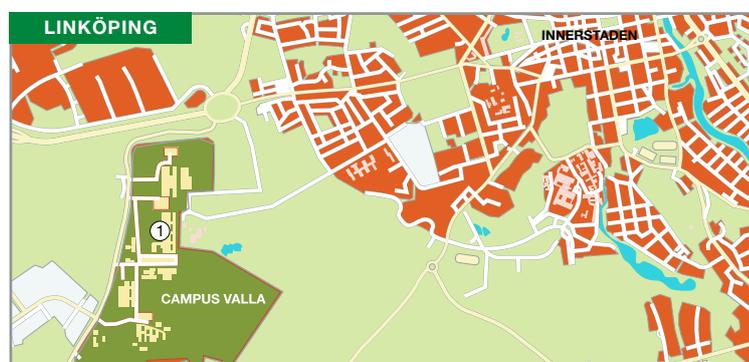
It is a distinctly industrial town with a relatively small public sector. The weak economy, rationalisation and outsourcing have hit industry in Östergötland hard. Employment in industry is falling and unemployment is on the increase.

The weak rate of growth has contributed to keeping down production of new non-residential premises in Norrköping. This has been positive for the property market, which as a result has not been hit particularly hard by the economic downturn. A warning signal, however, is that demand for residential property fell at the end of the year. Akademiska Hus has around 29,000 square metres in Norrköping and these are leased by Linköping University on very long leases. Akademiska Hus has no vacant space in Norrköping.

Örebro

Örebro has over 126,000 inhabitants and a steady growth in population. The town has recovered well after the economic downturn of the 1990s and the major cutbacks within the public sector. The public sector, commerce and industry dominate working life. Unemployment is above the national average. The expansion of Örebro University, which now has around 14,500 students, has been very positive for the development of Örebro.

The property market in Örebro has been relatively stable in recent years and forecasts indicate that this trend will continue. Akademiska Hus has around 85,000 square metres of non-residential premises in Örebro, leased by Örebro University. The majority are long leases. Akademiska Hus has no vacant space in Örebro.



Property specification

| Property designation | Map reference | Principal tenant | Proportion of rentable floor space, % | Location | Rentable floor space, total, m ² | Vacant | Rental income plus supplements, KSEK | Land area, m ² | Expansion reserves, m ² |
|---|---------------|----------------------|---------------------------------------|------------|---|--------------|--------------------------------------|---------------------------|------------------------------------|
| Intellektet 1 | 1 | Linköping University | 73 | Linköping | 206,769 | 8,315 | 273,212 | 1,060,112 | 250,000 |
| Universitet | 2 | Örebro University | 100 | Örebro | 84,808 | | 118,970 | 244,185 | 25,000 |
| Kåkenhus 11 | | Linköping University | 100 | Norrköping | 12,775 | | 22,809 | 7,167 | 5,000 |
| Täppan 23 | | Linköping University | 100 | Norrköping | 16,270 | | 27,857 | 1,429 | |
| Grythyttan | | Örebro University | 100 | Grythyttan | 3,140 | | 3,180 | 15,651 | |
| Kopparhammaren | | | | Norrköping | 0 | | 0 | 946 | |
| Total | | | | | 323,762 | 8,315 | 446,028 | 1,329,490 | 280,000 |
| Minus: rent reductions and vacant space | | | | | | | -8,120 | | |
| Rental income, net | | | | | | | 437,908 | | |

Göteborg region

50 per cent of Sweden's industrial capacity is within a radius of 300 km of Göteborg. Several of the major industrial companies are doing very well. The region has a strong rate of growth and over the past ten years has developed better than the country as a whole.

Göteborg

Göteborg was the growth municipality of the year in 2004 for, among other things, its capacity to transform a municipality in structural crisis into a regional and national driving force. The city has 481,000 inhabitants. The increase in population is positive but slightly lower than the past two years. The region has around 850,000 inhabitants. It is mainly industry and commerce, together with the public sector, that generate jobs. Göteborg and Lund are now the largest university cities with almost 60,000 students.

The property market in Göteborg has weathered the recession better than many other places. A contributing factor was that not many office projects were started at the end of the 1990s. The level of vacant space, however, has risen in recent years. This, in combination with a weaker level of employment, has been negative for the property companies. Akademiska Hus has around 400,000 square metres of floor space in Göteborg, the majority of which is leased by Göteborg University, and Chalmers University of Technology. New, long leases have been signed with Chalmers University of Technology following the agreement signed during the autumn and just over half of the leases with Göteborg University are for three years or more. There is no vacant space in Göteborg.

Mölnadal

Mölnadal has just over 57,000 inhabitants. The population and the number of jobs are increasing, as is the number of commuters coming in to the municipality. The municipal authority is the largest employer, followed by industry.

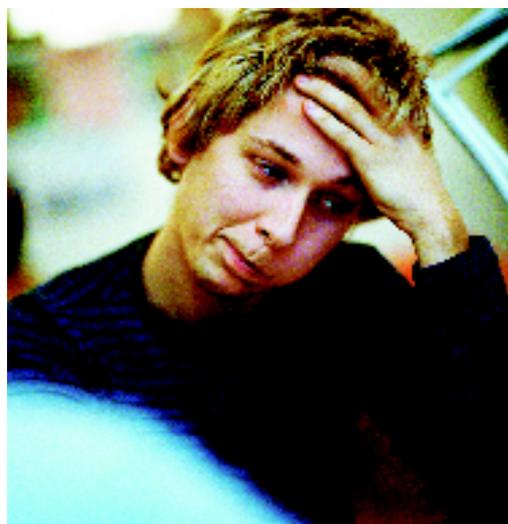
The property market is affected by what happens in Göteborg, which has been positive, although it is also affected by

industrial development. Akademiska Hus has almost 36,000 square metres in Mölnadal leased by Göteborg University. The university will move all its operations to Göteborg in the summer of 2006 and the property will then be vacant.

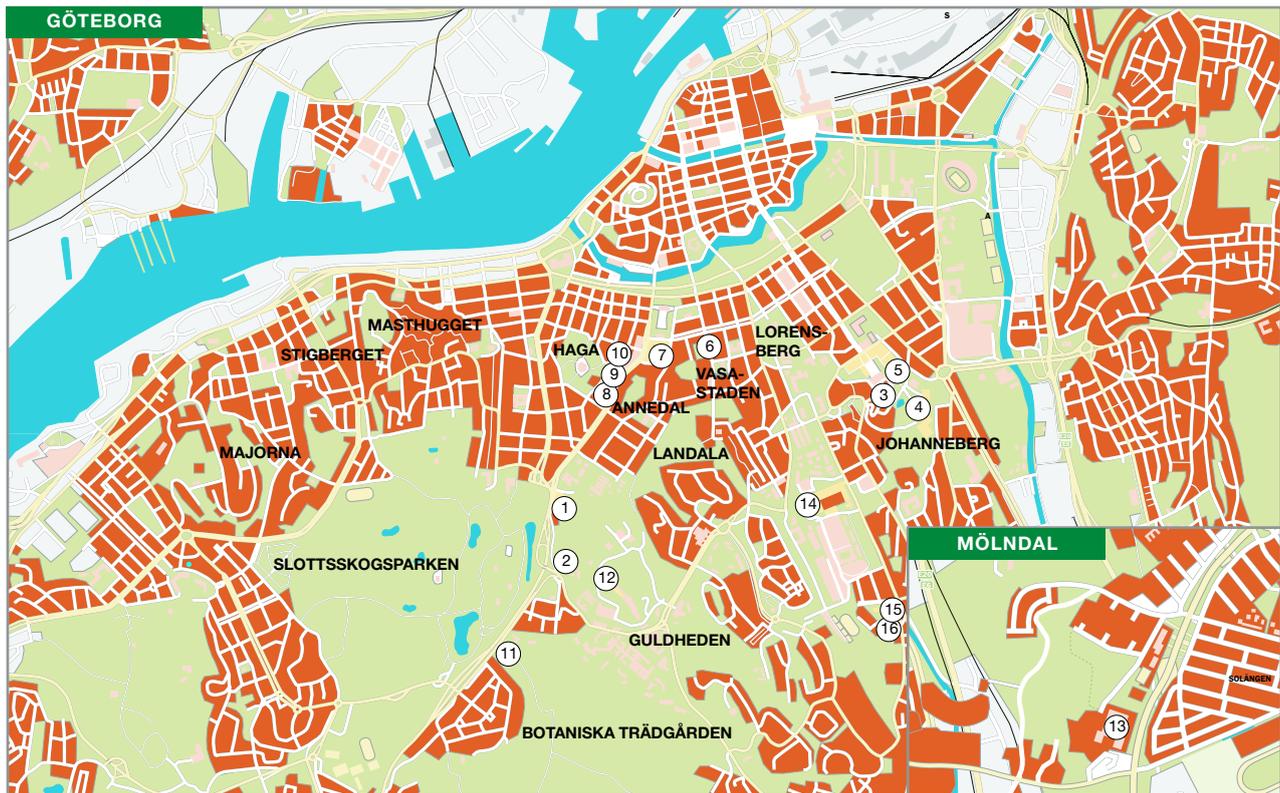
Karlstad

The population of Karlstad is increasing and is now approaching 82,000. Four profile areas are reinforcing the town: the university, forestry, the service sector and tourism. The labour market is stable. At Karlstad University there are around 11,000 students.

The property market in Karlstad has managed to survive the recession well although there is a relatively large availability of non-residential premises. This could have a negative impact on the rent levels in conjunction with renegotiations. Akademiska Hus has around 65,000 square metres in Karlstad. Karlstad University rents the majority and half the contracts are long-term. The company has an insignificant amount of vacant space in Karlstad.

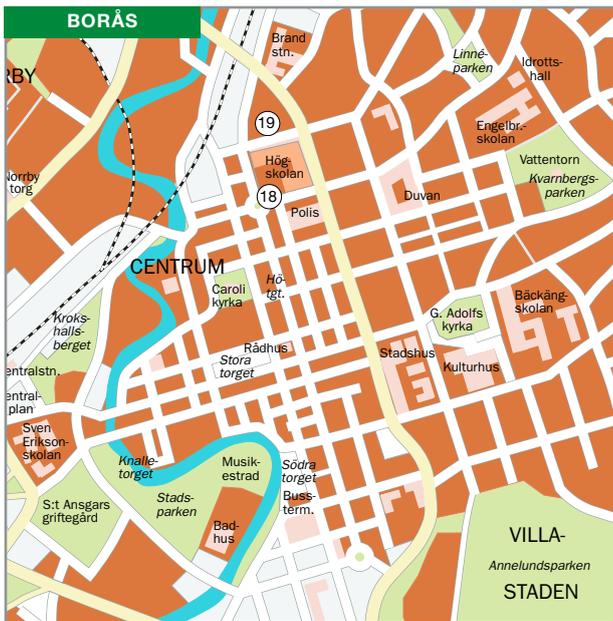


At Karlstad University there are approximately 11,000 students. The university offers course programmes and courses within humanities, social sciences, natural sciences, engineering, education and nursing.



Property specification

| Property designation | Map reference | Principal tenant | Proportion of rentable floor space, % | Location | Rentable floor space, total, m ² | Vacant | Rental income plus supplements, KSEK | Land area, m ² | Expansion reserves, m ² |
|---|---------------|---|---------------------------------------|-----------|---|------------|--------------------------------------|---------------------------|------------------------------------|
| Annedal 20:2 | 1 | Göteborg University | 100 | Göteborg | 5,506 | | 7,569 | 10,428 | |
| Annedal 21:11 | 2 | Göteborg University | 100 | Göteborg | 6,168 | | 8,851 | 3,125 | |
| Lorensberg 13:6 | 3 | Göteborg University | 100 | Göteborg | 626 | | 840 | 630 | |
| Lorensberg 21:1 | 4 | Göteborg University | 100 | Göteborg | 32,559 | | 41,761 | 35,248 | |
| Lorensberg 24:3 | 5 | Göteborg University | 100 | Göteborg | 14,966 | | 25,323 | 9,605 | |
| Vasastaden 12:19 | 6 | Göteborg University | 100 | Göteborg | 4,138 | | 4,988 | 3,827 | |
| Haga 22:1 | 7 | Göteborg University | 100 | Göteborg | 25,443 | | 43,034 | 12,605 | |
| Haga 21:2, 21:19, 23:25 | 8, 9, 10 | Göteborg University | 100 | Göteborg | 21,588 | | 29,853 | 7,433 | |
| Änggården 34:2 | 11 | Göteborg University | 100 | Göteborg | 9,788 | | 18,186 | 11,280 | |
| Änggården 718:138 | 12 | Göteborg University | 98 | Göteborg | 78,263 | | 132,916 | 194,398 | 40,000 |
| Växthuset 2 | 13 | Göteborg University | 100 | Mölndal | 35,979 | | 30,179 | 82,973 | 25,000 |
| Korsnäs 1:16 | | Göteborg University | 100 | Strömstad | 5,960 | | 8,071 | 24,936 | |
| Johanneberg 31:9 | 14 | Chalmersfastigheter AB | 98 | Göteborg | 190,594 | | 242,911 | 182,800 | 59,000 |
| Krokslätt 109:21 | 15 | Chalmersfastigheter AB | 100 | Göteborg | 414 | | 134 | 782 | |
| Krokslätt 109:20, 110:3 | 15, 16 | Chalmersfastigheter AB | 100 | Göteborg | 11,258 | | 23,340 | 19,246 | 5,000 |
| Universitetet 1 | 17 | Karlstad University | 98 | Karlstad | 64,898 | 256 | 89,226 | 141,596 | 4,500 |
| Balder 7 | 18 | Borås University College | 100 | Borås | 32,317 | | 36,734 | 7,454 | |
| Sandgärdet 6, 7, 8, 11, 13, Innerstaden 1:3 | 19 | Borås University College | 100 | Borås | 13,401 | | 20,706 | 12,256 | 8,000 |
| Göta 1 | | Skövde University College | 100 | Skövde | 19,718 | | 25,601 | 34,015 | |
| Stenbocken 1 | | Swedish University of Agricultural Sciences | 70 | Skara | 4,196 | 551 | 3,482 | 17,709 | |
| Sälgen 15 | | Swedish University of Agricultural Sciences | 100 | Skara | 670 | | 327 | 4,583 | |
| Skytten 2 | | ATG-klinikerna AB | 60 | Skara | 4,551 | | 3,303 | 19,623 | |
| Metes 2 | | Animal Protection Authority | 100 | Skara | 1,198 | | 1,433 | 1,731 | |
| Skaftö-Fiskebäck 1:500 | | Royal Swedish Academy of Sciences | 100 | Lysekil | 2,748 | | 4,344 | 1,932 | |
| Krokslätt 109:9 | | Residential | 100 | Göteborg | 64 | | 28 | 1,169 | |
| Total | | | | | 587,011 | 807 | 803,140 | 841,384 | 141,500 |
| Minus: rent reductions and vacant space | | | | | | | -4,901 | | |
| Rental income, net | | | | | | | 798,239 | | |



Borås

Borås is growing and the population is approaching 100,000. Commerce plays a major role in the industrial life of Borås, which is otherwise dominated by the public sector, industry and services. Borås University College has over 12,000 students on its campus. The property market in Borås has managed well in recent years and the forecast is one of continued stability. Akademiska Hus has almost 46,000 square metres in the centre of Borås, which are mainly leased by the university college, almost half very long-term.

Skövde

Skövde has almost 50,000 inhabitants. The town has a large garrison, which in the light of defence cuts could be seen as a threat. The public sector and manufacturing industry are the largest employers. Skövde University College has around 7,300 students.

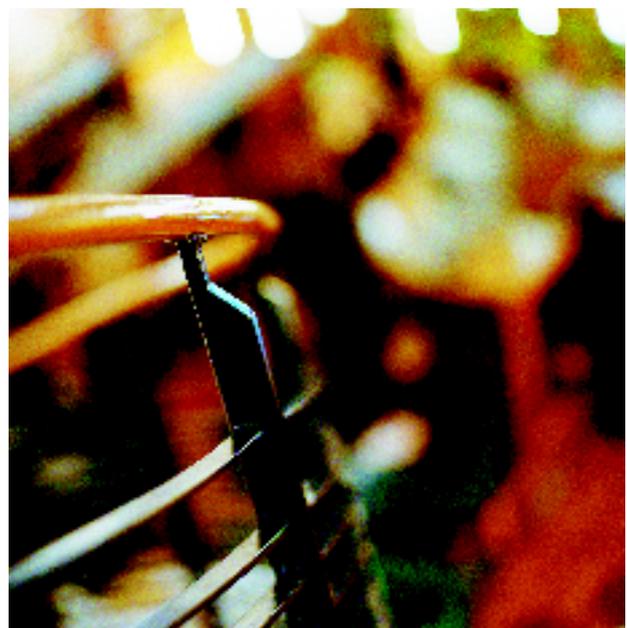
Skövde's property market has managed the economic downturn well and prospects for the future are positive with a reservation for possible cutbacks in defence. Akademiska Hus has almost 20,000 square metres in Skövde and no vacant space. Skövde University College is the lessor and all the leases are for five years or more.

Skara

Skara has during the past ten years had a slight reduction in population even if the trend was broken in 2003. The population in Skara is over 18,000. The majority of jobs are to be found in manufacturing industry as well as in trade and communications. The Swedish University of Agricultural Sciences, SLU, has around 300 students in Skara. Akademiska Hus has over 10,000 square metres in Skara, of which SLU is the largest tenant. Other tenants are the Animal Protection Authority, ATG and the Blå Stjärnan animal hospital. The level of vacant space is around 5 per cent.



The new university college library in Borås was opened in autumn 2004. Eva Stephenson-Möller has created a work of art that also functions as a sun-screen to the south. The colourful dots have become a symbol for the whole university college.





Marine officers for the merchant navy have been trained at the Kalmar Maritime Academy since 1842. Becoming a master, marine engineer or operating engineer is the aim for the 600 students. There is also shipping-related research and development.

Lund region

Southern Sweden is the region that has had the most stable rate of development and which has also been least affected by the recession. The Öresund Region, with 3.5 million people, of which two-thirds are in Denmark, is a strong driving force in the development of Southern Sweden.

Lund

Lund has a population that is growing steadily. Today this city has over 101,000 inhabitants. The University is the largest in Scandinavia and the 41,000 students mean that Lund is very much a university town. The public sector is large but there are also around 11,000 companies, making industry a major source of employment.

Lund has a strong, stable property market and the region as a whole has a good rate of growth, which bodes well for the market in the future. Akademiska Hus has just over 350,000 square metres in Lund, with a level of vacant space of less than one per cent. In the light of the University's poor financial results for 2004 and the fact that almost half of the leases could be terminated in the next few years, the company's level of vacant space will probably increase and rents will be forced down.

Malmö

Malmö currently has a population of 268,000 and forecasts indicate a continued increase in population. The labour market is wide-ranging and growth in employment is slightly above the national average. The largest sectors are commerce and communications, services and the public sector. There are four university colleges, which together have over 20,000 students.

The property market has for a long time been weighed down by a surplus of premises and new construction at Västra Hamnen is adding to this. The rent levels reflect stable growth despite the relatively high level of vacant space. Any obvious improvement in the market will probably take a couple of years to materialise. Akademiska Hus has just over 17,000 square metres in Malmö, of which the majority are leased by Malmö University College on a long lease.

Alnarp

Alnarp is in the municipality of Lomma. The Swedish University of Agricultural Sciences, SLU, with almost 900 students dominates Alnarp, which has just a few hundred inhabitants. There is no significant property market in Alnarp although Akademiska Hus has around 72,000 square metres there. SLU is the clearly dominant tenant. The level of vacant space is four per cent although almost a quarter could be terminated within the next few years. In the light of SLU's finances and the organisational changes that have been discussed there is a risk that the level of vacant space will increase.

Kristianstad

Kristianstad's population has shown a relatively even rate of growth over a long period. Today there are just over 72,000 inhabitants. As in many other municipalities, an insignificant level of new production of residential property in combination with the population growth has led to a major housing shortage. The labour market is relatively good. The food industry and agriculture, together with the public sector, form the basis of industrial life. The university college has around 10,000 students and has made a strong impact on the town.

The property market is stable, with no major changes predicted in the immediate future. Akademiska Hus has around 33,000 square metres of non-residential premises in the town. These are leased by Kristianstad University College on long leases.

Kalmar

Kalmar has just over 60,000 inhabitants and a positive population growth. The public sector dominates together with industry and commerce. Cutbacks are planned in the public sector and industry, leading to a fall in employment. Kalmar University College has almost 10,000 students.

The municipality has a distinct housing shortage. On the market for non-residential premises the picture is quite different and demand is low. Akademiska Hus has almost 29,000 square metres, leased primarily by Kalmar University College.



Property specification

| Property designation | Map reference | Principal tenant | Proportion of rentable floor space, % | Location | Rentable floor space, total m ² | Vacant | Rental income plus supplements, KSEK | Land area, m ² | Expansion reserves, m ² |
|---|---------------|---|---------------------------------------|--------------|--|--------------|--------------------------------------|---------------------------|------------------------------------|
| Absalon 5 | 1 | Lund University | 100 | Lund | 31,358 | 415 | 28,147 | 30,640 | |
| Eskil 21 | 2 | Lund University | 100 | Lund | 47,163 | | 110,069 | 43,394 | |
| Helgonagården 6:16 | 3 | Lund University/ Lund University of Technology | 100 | Lund | 186,761 | 1,046 | 252,128 | 374,588 | 50,000 |
| Hyphoff 5 | 4 | Lund University | 100 | Lund | 8,380 | | 8,172 | 23,722 | |
| Maria Magle 6 | 5 | Lund University | 100 | Lund | 2,581 | | 2,493 | 2,472 | |
| Paradis 47 | 6 | Lund University | 100 | Lund | 1,397 | | 2,158 | 3,154 | |
| Paradis 51 | 7 | Lund University | 100 | Lund | 30,851 | | 34,207 | 35,697 | |
| Sankt Peter 33 | 8 | Lund University | 100 | Lund | 949 | | 1,143 | 849 | |
| Saxo 3 | 9 | Lund University | 100 | Lund | 4,051 | | 5,517 | 6,653 | |
| Studentkåren 4 | 10 | Akademiska Hus i Lund AB | 100 | Lund | 2,518 | | 2,595 | 25,268 | |
| Sölve 1 | 11 | Lund University | 98 | Lund | 34,130 | | 46,539 | 47,000 | |
| Alnarp 1:60 | | Swedish University of Agricultural Sciences | 79 | Lomma | 71,414 | 3,083 | 49,523 | 930,608 | |
| Alnarp 1:63 | | Swedish University of Agricultural Sciences | 100 | Lomma | 121 | | 61 | 1,296 | |
| Alnarp 1:64 | | Private residential | 100 | Lomma | 119 | | 70 | 1,149 | |
| Klerken 4 | | Malmö University | 95 | Malmö | 16,769 | | 15,013 | 7,643 | |
| Falken 3 | | Kalmar University College | 100 | Kalmar | 12,314 | | 15,748 | 13,965 | |
| Rostad 1 | | Kalmar University College | 98 | Kalmar | 4,138 | | 4,077 | 13,574 | |
| Eldaren 1 | | Kalmar University College | 92 | Kalmar | 12,360 | | 19,722 | 12,831 | |
| Näsby 34:24 | | Kristianstad University College | 99 | Kristianstad | 33,105 | | 35,494 | 80,184 | |
| Total | | | | | 500,479 | 4,544 | 632,876 | 1,654,687 | 50,000 |
| Minus: rent reductions and vacant space | | | | | | | | -8,187 | |
| Rental income, net | | | | | | | | 624,689 | |

The future

The campus concept is opening up further potential on an increasingly competitive market

Akademiska Hus will continue to offer universities and colleges attractive solutions to their floor space requirements. There is, however, a very real need for them to make savings, which could mean releasing certain premises. At the same time there is increasing competition for tenants. The Group's resources will be directed to a large extent at the development of the campus concept, a broadening of the customer base and a focus on energy.

External factors

The economy and interest rates

The recession experienced in recent years is coming to an end. During 2004, the economy improved and there is cautious optimism regarding the future. Interest rate levels continue to be low. The fall in the dollar, in combination with slightly suppressed expectations of the power of the financial turnaround, reinforce the belief that low interest rates will continue. There could be a rise in interest rates in 2005 but hardly of the magnitude that would entail a dramatic change on the property market.

Property and the non-residential rental market

The moderate strength in the economic turnaround during 2004 has resulted in only a slow recovery in the property market. It can be noted that the Stockholm region has reported a slightly weaker level of recovery than earlier assessments.

At Akademiska Hus's locations with large volumes of vacant space (Kista, Linköping and Härnösand) competition and pressure on prices continues to be very tough. The surplus of non-residential floor space at these locations is so high that a tangible improvement can hardly be expected within the next few years.

At other locations, including Lund, Göteborg, Uppsala and Umeå, the situation on the non-residential market is more balanced.

For Akademiska Hus, however, we have not seen any reason to change our impression that both the level of vacant space and the rent levels will slowly but surely move in the right direction.

Competitive situation

On Akademiska Hus's main market, university and college premises, we are seeing an increase in competition. The property market generally is marked by a considerable interest on the part of investors but also by a large availability of premises. For our largest tenant group, universities and colleges, there is a tangible need to make savings. Akademiska Hus takes a positive view of competi-

tion and is not seeking to assume a dominant position. Consequently, part of Akademiska Hus's Chalmers holdings will be disposed of during 2005 to Chalmers. A co-operation agreement has been signed with Chalmers, which brings balance to the ownership situation and rents that are on market levels. The agreement with Chalmers also means that Akademiska Hus has been commissioned to manage all the buildings on the Chalmers campus.

The university and college world

Almost 50 per cent of young people begin studying at university or college. In 2002/2003 over 80,000 started higher education, which is a record level. The trend is now levelling out as no new resources are being put into undergraduate education.

The increasing competition and the fact that several universities and colleges are making a loss mean, among other things, that these institutions are focusing more and more on using premises more efficiently.

Rental agreements, vacancies etc.

A number of renegotiations took place during 2004, where market adaptation of agreements resulted in rent reductions. These have been taken into account in the budget for 2005 and the forecast for 2006. Generally unchanged rents are expected for the agreements that will be renegotiated during this period. A major renegotiation is taking place with Lund University, where around 40 per cent of the agreements come to an end in 2006.

The Group's extensive volume of leasehold holdings have, with one exception, the National Swedish Property Board as the assignor. The lease periods run out at the end of September 2006. A certain adjustment in the lease level is expected for the period thereafter. A number of leases for these objects have a stipulation that the rent adjustment corresponds to adjustments in the leasehold charge.

It is anticipated that the level of vacant space will continue to be low during the period and is expected to be around 2 per cent for 2005 and 2006. During 2007, the level of vacant space will increase to 2.9 per cent as a result of Pedagogen in Mölndal, with 36,000 square metres, becoming vacant when the Institute of Education moves to new premises in the centre of Göteborg with another lessor. In the future, vacant space will otherwise to be found, as is the case now, in Linköping, Kista, Ultuna and Härnösand. In Linköping, the level of vacant space has been reduced. At other locations it is mainly unchanged.

Energy costs

Costs for district heating and electricity continued to rise during 2004.

In negotiations and discussions with energy companies, indications have been given of more rises during the coming year.

The district heating price is in relation to the price of the alternatives, oil and electricity, and is rising in parallel with these. During renegotiations with district heating companies a continuous increase in price is being noted. To counteract the price trend, particularly for district heating, in-house solutions for heating and cooling are being planned. In Lund, a major facility for heating and cooling provision is being planned using underground storage technology. Through alternative investments in systems for heating and cooling provision, mainly through underground storage technology, cheaper and better solutions are being achieved. This is a high-priority area as in-house solutions, compared with the initial price from the district heating companies in conjunction with renegotiations, are expected to result in cost savings of 30–50 per cent.

It is not just the price but also the use that is being examined. Almost 50 per cent of all electricity and heating is debited to the tenants separately in the form of a supplement to the lease. The aim is to in time debit all energy in all installation-intensive buildings separately as well as all tenant electricity and cooling in other buildings. The current situation also means that just over 50 per cent of the tenants have electricity and heating as a “free resource” included in their lease. Here there is a challenge to, together with the tenants, create incentives to manage energy.

Strategic challenges

The earlier debate regarding the company's business principles has highlighted the importance of improving its profile. The aim is for Akademiska Hus to be known as a leading property company with regard to creating innovative environments for know-how and research. During 2004, the Group was reinforced in this respect and work has commenced to reinforce the Akademiska Hus brand name. The group will also satisfy strict tenant demands and lease premises at competitive prices.

The campus of the future will make new demands on the company. The campus concept is unique to Akademiska Hus and is our strongest “product”. By developing the campus concept there is the potential for Akademiska Hus, through less unilateral dependence on the university and college world, to create a stable, long-term increase in value of the property holdings.

Profit trend

Based on our external assessment and the Group's position with regard to net operating profit, very low levels of vacant space and future investments there is good reason to view the trend over the next few years with optimism.

The Group's pre-tax profit is estimated at SEK 1,180 million for 2005 and the forecast for 2006 is SEK 670 million. The considerable improvement in profit in 2005 will arise following the sale of parts of the Chalmers holdings, which will generate a capital gain of SEK 379 million. Maintenance costs are expected to fall in the future by around SEK 100 million on an annual basis as a result of the extensive maintenance measures taken in recent years, which has led to the property holdings generally being in very good condition.

The direct yield is estimated at 10.2 per cent for 2005 and 10.6 per cent for 2006.

The equity ratio will increase to around 29 per cent in the budget for 2005 and the forecast for 2006.

The return on equity for 2005 is estimated at 10.7 per cent and for 2006 the forecast is 5.7 per cent, adjusted for the capital gain on the sale of parts of the Chalmers holdings, the return on equity in the budget for 2005 is estimated at 7.3 per cent. In the forecast for 2006, the return on equity is estimated at 5.7 per cent. The owner's return stipulations regarding the five-year government bond interest rate plus 2.5 per cent is currently equivalent to approximately 6.3 per cent.

Profit forecast

| | 2004 | Budget 2005 | Forecast 2006 |
|---|--------|----------------|------------------|
| Property holdings | | | |
| Average rentable floor space, 1,000 m ² | 3,284 | 3,265 | 3,270 |
| Vacant space as a percentage of the total floor space | 2.8 | 1.9 | 2.1 |
| Property values, SEK m | 26,021 | 25,600 | 26,000 |
| Net investments in properties (SEK m) | 1,866 | 1,200 | 1,900 |
| Key figures | | | |
| Rent level, SEK/m ² | 1,365 | 1,362 | 1,411 |
| Net operating income, SEK m | 2,647 | 2,625 | 2,727 |
| Net operating income, SEK/m ² | 806 | 804 | 834 |
| Direct yield, % | 10.5 | 10.2 | 10.6 |
| Direct yield on assessed fair value, % | 7.1 | 7.1 | – |
| Key financial figures | | | |
| Operating profit, SEK m | 1,616 | 1,965 | 1,605 |
| Pre-tax profit, SEK m | 821 | 1,180 | 670 |
| Equity ratio, % | 27.5 | 29.1 | 28.6 |
| Return on equity, % | 7.7 | 10.7 | 5.7 |
| Return on total capital, % | 5.8 | 7.1 | 5.6 |
| Dividend, SEK m | 394* | 425 | 240 |
| Internal financing level, % | 90 | 189 | 84 |
| Interest coverage level, % | 202 | 247 | 169 |
| Sensitivity analysis, SEK m | | | |
| Interest +/- 1 percentage point | 177 | 163 | 182 |
| Operating costs and maintenance costs +/- 10% | 158 | 222 | 231 |
| Rent +/- 5% | 224 | 222 | 231 |

Note: When preparing forecasts covering several years forthcoming changes in accounting principles have not been taken into consideration.

(*) According to the Board's proposal at the Annual General Meeting on April 26, 2005.

Adaptation to IFRS/IAS

According to a decision by the European Parliament in 2002, companies within the EU whose shares or other securities are listed on a stock exchange or other marketplace shall from 2005 prepare consolidated accounts in accordance with the IASB (International Accounting Standards Board) standards IFRS (International Financial Reporting Standards). Akademiska Hus will, as one of Sweden's largest property companies, follow IFRS. This means major changes compared with the current reporting principles in certain areas, among other things in those cases where the IFRS requires or permits valuation of assets and liabilities at the fair value. This has previously not been permitted according to Swedish law. The biggest changes for Akademiska Hus are the principle of reporting assessed fair values of properties and financial instruments in the Balance Sheet and the changes in value of these in the Income Statement.

The Akademiska Hus date for the transfer to IFRS is January 1, 2005. The financial information according to generally accepted accounting principles in Sweden for 2004 will be recomputed to concur with IFRS. The interim report for the first quarter of 2005, including comparative figures for the corresponding period in 2004, will be the first financial report to be pre-

pared according to the IFRS. In conjunction with submission of the first interim report in 2005 a complete account and report of the transition from Akademiska Hus's previous accounting principles to IFRS will be presented.

The areas and the IFRS recommendations which Akademiska Hus has considered preliminarily to have the greatest effect on equity, the Balance Sheet and reported profit in conjunction with the transition to IFRS are:

- *Financial instruments IAS (International Accounting Standards) 39*
 - The introduction of assessed fair value as the valuation norm for financial instruments.
 - All financial instruments should be reported in the Balance Sheet.
 - Clarification that hedge accounting may only be permitted when strict requirements are satisfied.
- *Investment properties IAS 40*
 - Valuation of investment properties at the fair value.
 - Changes in the assessed fair value are reported above the Income Statement.

Change in accounting principles and effects in conjunction with the transfer to IFRS – preliminary assessment

The following tables show a summary of the most important effects in conjunction with the transfer to IFRS.

Consolidated Income Statement 2004, including the effect of IFRS

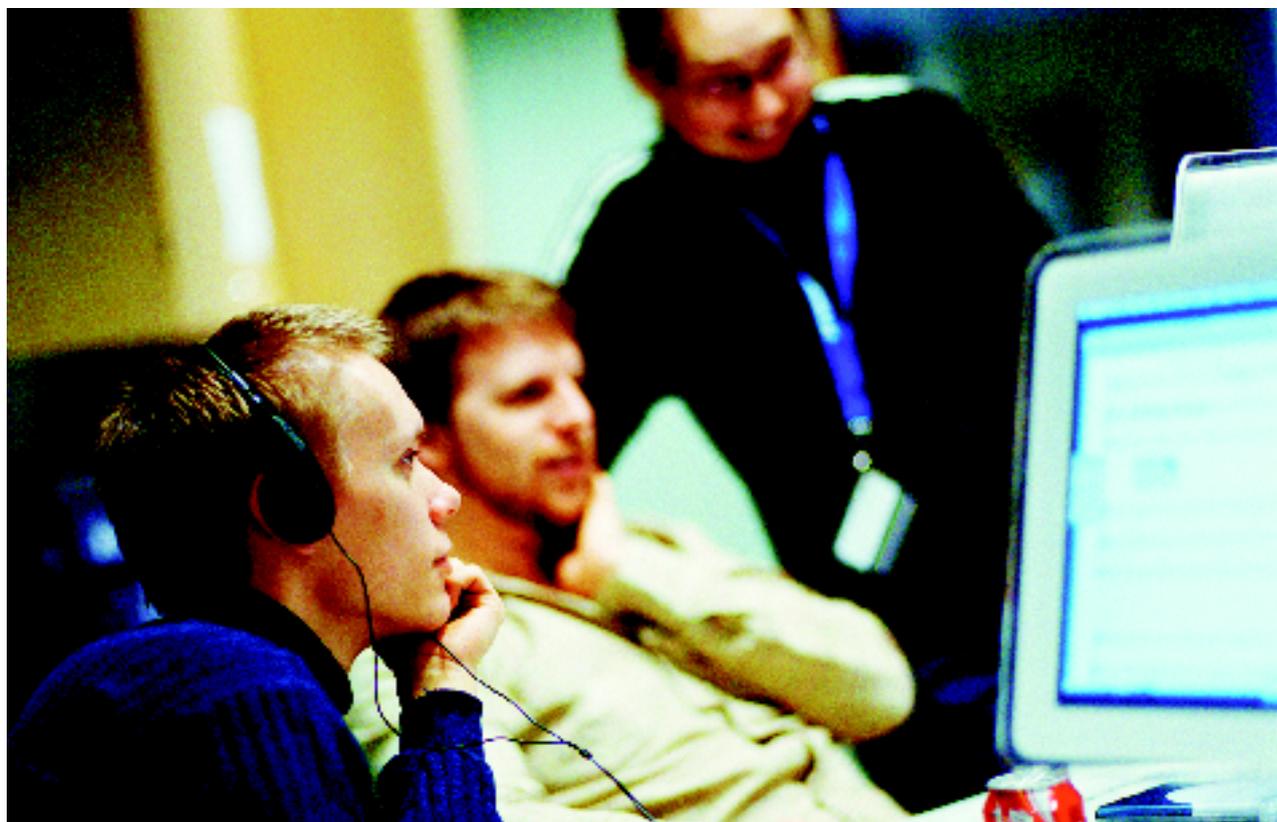
| Amounts in SEK m | Present reporting | Effect of the transition to IFRS | Reporting according to IFRS |
|--|-------------------|----------------------------------|-----------------------------|
| Property management income | 4,530 | – | 4,530 |
| Property management expenses | –1,883 | – | –1,883 |
| Net operating income | 2,647 | – | 2,647 |
| Depreciation and write-downs and reversed write-downs in property management | –1,013 | 991 | –22 |
| Value adjustment, investment properties | – | –478 | –478 |
| Gross profit | 1,633 | 513 | 2,146 |
| Other income and costs and central administration costs | –18 | –10 | –28 |
| Operating profit | 1,616 | 503 | 2,119 |
| Net interest income/expense | –794 | | –794 |
| Profit after financial items | 821 | 503 | 1,324 |
| Appropriations | – | | – |
| Pre-tax profit | 821 | 503 | 1,324 |
| Tax | –233 | –141 | –374 |
| PROFIT FOR THE YEAR | 588 | 362 | 950 |

Consolidated Balance Sheet, 31-12-2004

| Amounts in SEK m | Present reporting | Effect of transition to IFRS | Reporting according to IFRS, 1-1-2005 |
|---|-------------------|------------------------------|---------------------------------------|
| ASSETS | | | |
| Investment properties | 26,021 | 12,209 | 38,230 |
| New construction in progress in investment properties | 806 | – | 806 |
| Other fixed assets | 268 | 741 | 1,009 |
| Current assets | 1,345 | –351 | 994 |
| TOTAL ASSETS | 28,440 | 12,599 | 41,039 |
| EQUITY, PROVISIONS AND LIABILITIES | | | |
| Equity | 7,827 | 8,319 | 16,146 |
| Provisions | 1,059 | 3,459 | 4,518 |
| Interest-bearing liabilities | 17,454 | –124 | 17,330 |
| Non-interest-bearing liabilities | 2,100 | 945 | 3,045 |
| TOTAL EQUITY, PROVISIONS AND LIABILITIES | 28,440 | 12,599 | 41,039 |

Key figures

| | Present reporting | Reporting according to IFRS, 1-1-2005 |
|---|-------------------|---------------------------------------|
| Direct yield on book value, % | 10.5 | 7.1 |
| Direct yield on assessed fair value, % | 7.1 | 7.1 |
| Book value, properties, SEK m | 26,021 | 38,230 |
| Assessed fair value, properties, SEK m | 38,230 | 38,230 |
| Return on equity after standard tax, % | 7.7 | 5.9 |
| Return on total equity, % | 5.8 | 5.3 |
| Equity ratio, % | 27.5 | 39.3 |
| Interest coverage level, % | 202 | 265 |
| Interest cost in relation to the average capital sum of interest-bearing liabilities, % | 4.50 | 4.50 |



The campus comprises a cohesive group of properties in an attractive environment. Here there are common buildings for research, education, libraries, restaurants and physical activities. More and more campuses have a mixture of research, education and companies – organisations and enterprises that can benefit from each other. A campus generates the conditions for creative meetings and becomes an increasingly important prerequisite for internationally recognised education and research.

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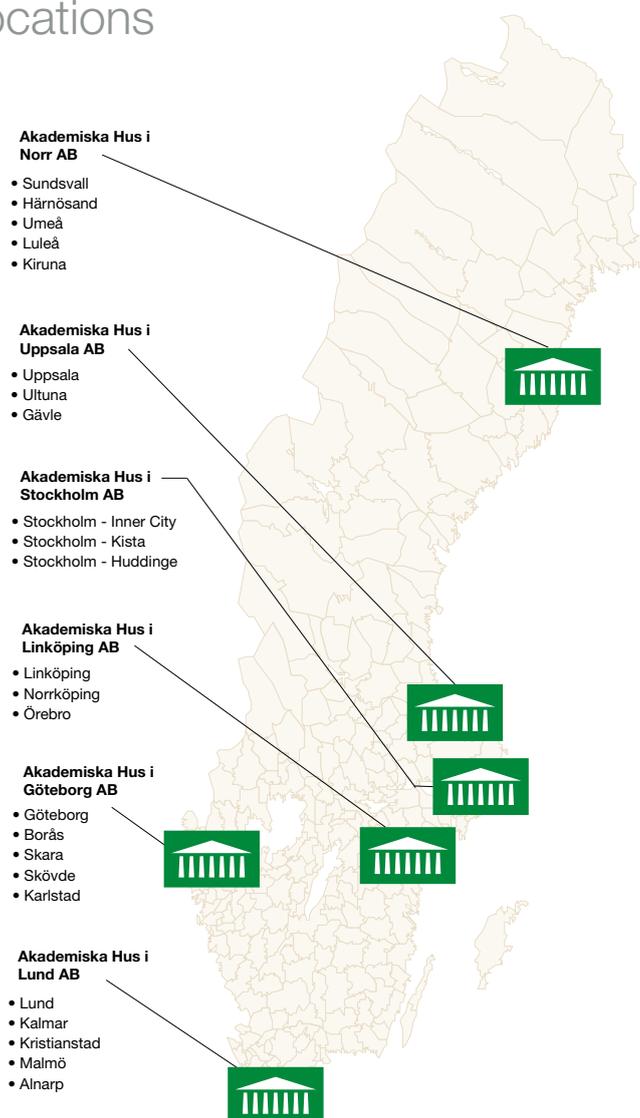
Organisation – breakdown of property holdings

Regional organisations support development at our operating locations

The regional companies in Akademiska Hus are to be found in the major university towns and cities with local operating organisations at the majority of the operating locations. The regional organisations are supported by a group office, located in Gothenburg, with support functions for strategic business and market development, accounting/human resources, finance, law, planning and property development, IT and corporate communications.

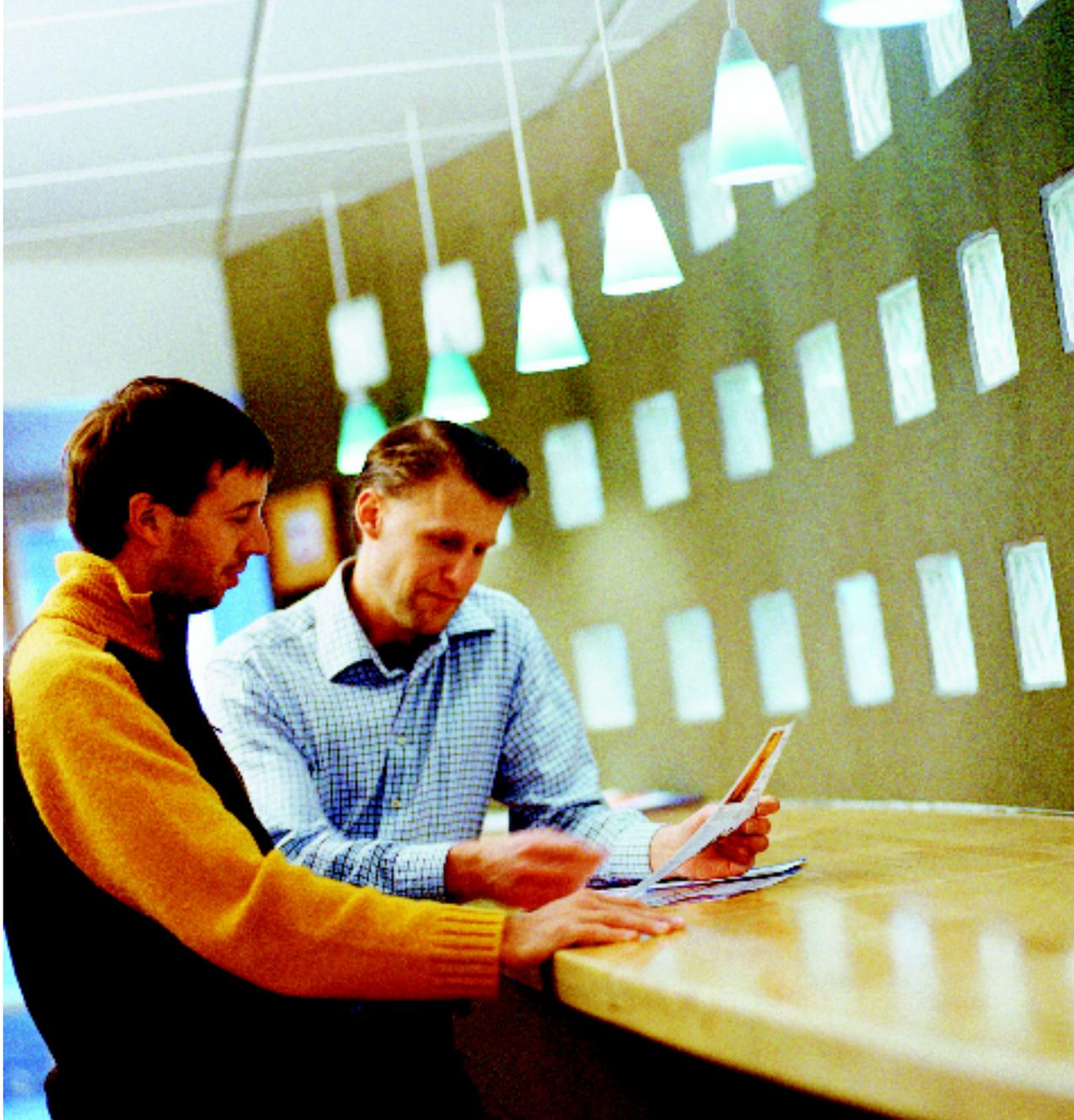
The Akademiska Hus property holdings at the year-end amounted to a total rentable floor space of 3,314,609 square metres (3,257,122). The total book value was SEK 26,021 million (24,412), which is equivalent to an average book value of SEK 7,850/square metre (7,495).

Stockholm has 28 per cent of the Group's total rentable space, 39 per cent of the Group's book value and 38 per cent of the assessed fair value. The investments made in Stockholm in recent years in large new constructions and acquisitions in Kista in 1999 and 2001 have led to an increase in the book values but also to an increase in rental revenue.



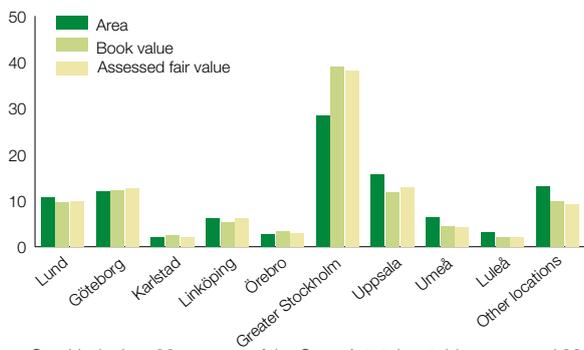
Breakdown of holdings according to university location

| 31-12-2004 | Teaching premises, m ² | Laboratory premises, m ² | Office/Administrative premises, m ² | Other premises, m ² | Total m ² | Vacant space | Area, % | Book value, KSEK | Book value, % | Book value, SEK/m ² | Assessed fair value, KSEK | Assessed fair value, % | Assessed fair value, SEK/m ² |
|-------------------|-----------------------------------|-------------------------------------|--|--------------------------------|----------------------|---------------|--------------|-------------------|---------------|--------------------------------|---------------------------|------------------------|---|
| Lund | 169,551 | 154,697 | 25,059 | 832 | 350,139 | 1,461 | 10.6 | 2,500,996 | 9.6 | 7,143 | 3,724,536 | 9.8 | 10,637 |
| Göteborg | 175,868 | 174,574 | 36,869 | 14,064 | 401,375 | 0 | 12.1 | 3,182,530 | 12.2 | 7,929 | 4,864,872 | 12.7 | 12,121 |
| Karlstad | 62,023 | 0 | 2,875 | 0 | 64,898 | 256 | 2.0 | 634,507 | 2.4 | 9,777 | 794,889 | 2.1 | 12,248 |
| Linköping | 49,410 | 117,916 | 29,882 | 9,561 | 206,769 | 8,315 | 6.2 | 1,377,005 | 5.3 | 6,660 | 2,305,760 | 6.1 | 11,151 |
| Örebro | 64,314 | 0 | 11,575 | 8,919 | 84,808 | 0 | 2.6 | 865,287 | 3.3 | 10,203 | 1,112,624 | 2.9 | 13,119 |
| Greater Stockholm | 407,618 | 291,529 | 169,520 | 72,386 | 941,053 | 49,107 | 28.4 | 10,177,240 | 39.1 | 10,815 | 14,477,014 | 37.9 | 15,384 |
| Uppsala | 114,270 | 278,633 | 80,084 | 44,244 | 517,231 | 18,558 | 15.6 | 3,082,566 | 11.8 | 5,960 | 5,073,654 | 13.3 | 9,809 |
| Umeå | 116,986 | 73,768 | 13,494 | 6,341 | 210,589 | 0 | 6.4 | 1,139,417 | 4.4 | 5,411 | 1,609,734 | 4.2 | 7,644 |
| Luleå | 33,627 | 51,947 | 13,344 | 3,946 | 102,864 | 771 | 3.1 | 517,869 | 2.0 | 5,035 | 791,688 | 2.1 | 7,696 |
| Other locations | 286,929 | 68,623 | 50,445 | 28,886 | 434,883 | 15,316 | 13.1 | 2,543,916 | 9.8 | 5,850 | 3,474,935 | 9.1 | 7,991 |
| Total | 1,480,596 | 1,211,687 | 433,147 | 189,179 | 3,314,609 | 93,784 | 100.0 | 26,021,333 | 100.0 | 7,850 | 38,229,706 | 100.0 | 11,534 |
| Categories, % | 45 | 37 | 13 | 6 | 100 | | | | | | | | |



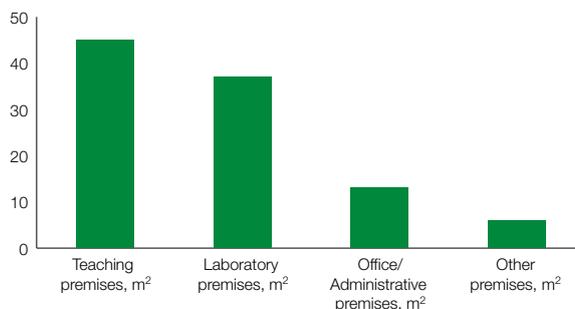
Stockholm has 28 per cent of the Group's rentable floor space. In Kista, one of the Stockholm region's property areas, there are the IT University, research institutes and several private companies, including Semcon and IBM.

Rentable space, book value and assessed fair value, %



Stockholm has 28 per cent of the Group's total rentable space and 39 per cent of the Group's book value.

Premises – categories, %



Broken down according to category of premises, teaching premises account for 45 per cent of the total floor space and laboratory premises 37 per cent.

Rental revenue

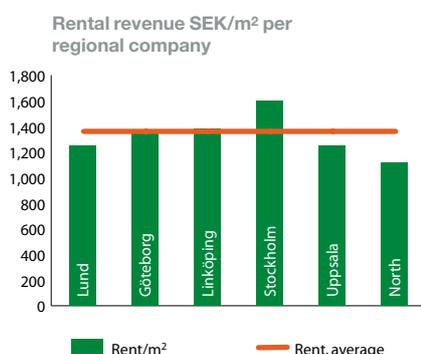
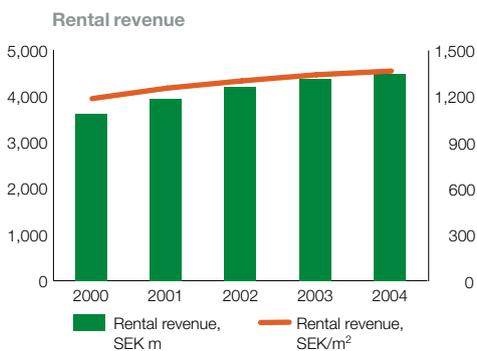
A safe, long-term rent flow

Rental revenue increased by 2.7 per cent, mainly as a result of the completion of a number of major projects and two acquisitions.

Akademiska Hus's rental revenue, including the rent supplement, amounted to SEK 4,482 million (4,364) for the year, which is an increase of 2.7 per cent. The increase has arisen as a result of:

- The acquisition of the property Mimer 5 in Stockholm, covering 12,400 square metres, Studenternas Hus in Karlstad and Måltidens Hus in Grythyttan.
- Completion of a number of new constructions, including the T Building for the Institute of Education and the College of Art, Film and Mime in Stockholm, the College of Music in Örebro and the Language and Literature Centre in Lund
- Completion of a number of major redevelopment and extension projects, including the Kemikum block, stage 2, in Uppsala and the Berzelius Laboratory in Stockholm
- Indexing increases in existing leases

Rental revenue was on average SEK 1,365/square metre and has increased over the past five years. Broken down among the regional companies, rental revenue is between SEK 1,116/square metre for Akademiska Hus i Norr AB and SEK 1,599/square metre for Akademiska Hus i Stockholm AB.



The Karolinska Institute in Solna is today one of Europe's largest medical universities. It is also Sweden's largest centre for medical education and research with 30 per cent of the medical training and 40 per cent of the medical academic research in the country.

Rental level and vacant space

Stable customer relations result in a low level of vacant space

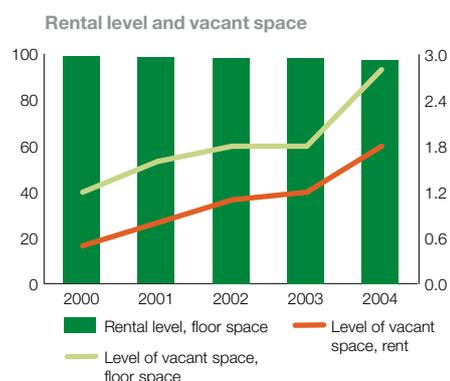
Holdings totalled 3,314,609 square metres of rentable space and vacant space was 2.8 per cent or 93,784 square metres. Vacant space within Akademiska Hus compared with other property companies is very low. In the loss of rental revenue, vacant space accounts for SEK 78 million or just 1.8 per cent of the rent fully rented plus supplements, which reflects the fact that a large proportion of the vacant space has a clearly lower rental value than the average for the holdings.

Listed property companies for 2003 reported vacant space levels of around 10 per cent. The reason for the good vacant space situation for Akademiska Hus is the long-term relationships and leases between Akademiska Hus as lessor and the various universities and colleges.

The worrying rental situation in Stockholm, particularly during 2002 and 2003, has only affected the Akademiska Hus rental situation to a very limited extent. During 2004, the situation on the non-residential premises market had improved, the most obvious feature being increased letting levels in Stockholm, where Kista in particular showed definite signs of improvement.

Vacant space within Akademiska Hus increased during 2004 by 35,840 square metres, primarily due to the property Tre Vapen II on Valhallavägen in Stockholm, which previously housed the College of Arts, Crafts and Design, largely becoming vacant. The property is approximately 30,000 square metres. Redevelopment has commenced for a new tenant. In August 2006, Sida will move into 14,000 square metres of the old premises. Sida will lease a total of around 18,600 square metres, of which 4,600 square metres will be in the form of new construction. The lease is for ten years with a basic rent of just over SEK 30 million.

Within the immediate future it is estimated that certain vacant space within Akademiska Hus will continue to be vacant. This applies in particular to Kista and Härnösand. Kista is still badly affected by the recession within the IT and telecom sectors. The investment by the Royal Institute of Technology and Stockholm University in the IT University in Kista has not developed in line with expectations. In Härnösand, there are 10,000 square metres without a tenant as a result of fewer course places at Mid Sweden University. In Linköping, there is a total of 8,000 square metres vacant. The premises will, however, be required as Linköping University has a considerable need for evacuation premises pending the extensive refurbishment of the A Building in the Valla area.



The increase in vacant space in 2004 was mainly caused by the Tre Vapen property becoming vacant. Approximately one-third is contracted for future leasing by Sida.

| Vacant space 31-12-2004 | Location | Property | Square metres | Proportion, % | SEK m |
|---|------------------|---------------------------------------|---------------|---------------|-------------|
| Rentable | Stockholm | Tre Vapen II | 17,684 | 0.5 | 11.6 |
| | Härnösand | Topasen | 6,050 | | 3.8 |
| | Uppsala, Ultuna | The Clinical Centre Buildings 3 and 7 | 5,518 | | 5.5 |
| | Stockholm, Kista | Electrum | 4,857 | | 9.1 |
| | Härnösand | Seminariet | 3,225 | | 2.1 |
| | Stockholm, Kista | Forum | 1,734 | | 4.3 |
| | Härnösand | School of Nautical Studies | 2,042 | | 1.4 |
| | Others | | 15,943 | | 15.4 |
| Total rentable vacant space | | | 57,053 | 1.7 | 53.2 |
| Non-rentable | Stockholm | Tre Vapen II | 14,600 | | 4.0 |
| | Uppsala | Former Medical Products Agency | 9,908 | | 11.6 |
| | Linköping | Terra | 6,785 | | 6.1 |
| | Others | | 2,583 | | 2.1 |
| Total non-rentable vacant space | | | 33,876 | 1.0 | 23.7 |
| Rentable space of minor economic value | | | 2,855 | 0.1 | 1.1 |
| TOTAL | | | 93,784 | 2.8 | 78.0 |

Tenants

New tenants complement universities and colleges

Akademiska Hus has a tenant base that primarily comprises bodies under state control. Universities and colleges clearly dominate and lease almost 86 per cent of the rentable floor space.

Universities and colleges currently have a tangible need to make savings. Akademiska Hus is working actively to develop business acumen in order to be able to offer tenants creative and cost-effective premises.

New tenant categories

Apart from universities and colleges, there are certain state authorities and a number of institutes and foundations among the tenants. These are often located on campus areas and have research-related operations. During 2004 a number of new tenants have been added, such as the Swedish National Defence College, which together with the Swedish Institute of International Affairs chose Akademiska Hus for its premises. These two organisations have synergy effects between them and during 2005 they will move into newly constructed premises on the Valhallavägen Campus in Stockholm. The Swedish Environmental Research Institute, IVL, which offers assignments, research, education and advice for a sustainable society, will move to the Valhallavägen Campus in 2005. These three new tenants have been added due to the fact that Akademiska Hus has been able to offer cost-effective, creative environments. At the same time they are contributing to the development of the campus concept.

During 2004, the National Institute for Working Life was added as a tenant. The Institute carries on operations in the Mimer 5 property in Stockholm, which was acquired during the year.

In 2004, the open indoor square, with a cafe, library, teaching rooms and laboratories, linking activities at the new Language and Literature Centre in Lund, was inaugurated. The square links the three older buildings, Absalon, the Humanities Building and the old Geology Building.

Tenant categories 31-12-2004

| | Total leased floor space | Proportion, % |
|----------------------------|--------------------------|---------------|
| Universities and colleges | 2 647,502 | 80 |
| Other state authorities | 102,375 | 3 |
| Chalmers* | 198,721 | 6 |
| Municipal authorities | 21,013 | 1 |
| Institutes and Foundations | 73,507 | 2 |
| Others | 177,707 | 5 |
| Vacant space | 93,784 | 3 |
| Total | 3,314,609 | 100 |

10 largest tenants

| | Total floor space | Proportion, % |
|--|-------------------|---------------|
| Lund University | 347,169 | 10.5 |
| Uppsala University | 274,166 | 8.3 |
| Swedish University for Agricultural Sciences | 253,810 | 7.7 |
| Göteborg University | 236,862 | 7.1 |
| Stockholm University | 224,777 | 6.8 |
| Royal Institute of Technology | 213,783 | 6.4 |
| Chalmersfastigheter AB * | 198,721 | 6.0 |
| Umeå University | 182,807 | 5.5 |
| Linköping University | 179,598 | 5.4 |
| Karolinska Institute | 177,502 | 5.4 |
| Total | 2,289,195 | 69.1 |

* In January 2005, 63,000 square metres were sold to Chalmersfastigheter AB.



Leases

Long leases with stable tenants mean that work can focus on effective management

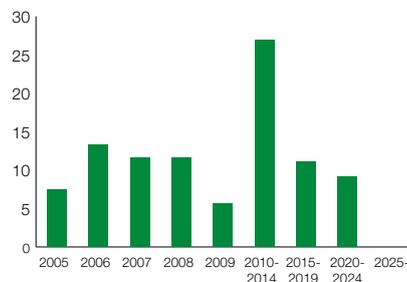
The Akademiska Hus lease portfolio is characterised by long leases, mainly with universities and colleges. The average term for new leases is 9.9 years and at the turn of the year the average remaining lease term was 6.2 years.

For the larger, more complex specialist buildings for laboratory and research activities, where without extensive redevelopment it would be difficult to find an alternative use for the premises, a lease is normally required that repays the investment within the term of the lease. In these cases the lease is normally taken out over a term of ten years or more. During 2004, 8.8 per cent were renegotiated, equivalent to SEK 350 million in the rental value of the lease portfolio. The rental value (base rent) for 2004 was SEK 4,012 million (3,958).

In 2006, around 16 per cent of the leases will be renegotiated. The majority of these leases are in the regional company in Lund, where over 40 per cent of the leases fall due for renewal in 2006. Other regional companies have a more even spread of renewal dates even if the regional companies in Göteborg and Uppsala have a certain peak between 2005 and 2007.

During renegotiations the renewal date structure is taken into account in order to achieve an even spread over time.

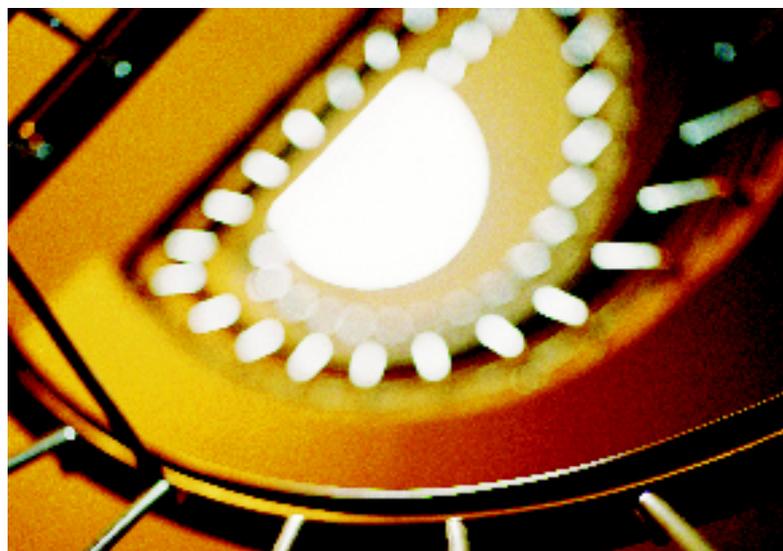
Lease renewal structure, %



Renewal year for the Group's leases.

Leases 31-12-2004

| | Average lease term, years | Average remaining lease term, years |
|--------------|---------------------------|-------------------------------------|
| Lund | 11.0 | 6.4 |
| Göteborg | 9.4 | 5.4 |
| Linköping | 9.6 | 6.2 |
| Stockholm | 10.5 | 7.3 |
| Uppsala | 9.6 | 5.5 |
| North | 8.2 | 4.8 |
| Total | 9.9 | 6.2 |



Operating costs

The increased price of energy means higher operating costs despite lower energy consumption

Operating costs are related to the measures taken to maintain the function of a building and are divided into:

- **Costs for energy and water supply**
- **Other operating costs, such as labour costs for operating technicians/building managers and ground staff as well as refuse collection and official inspections.**

Operating costs are the largest direct controllable cost within property management. For 2004, the operating costs totalled SEK 772 million (730), of which energy, fuel and water totalled SEK 533 million (498). Operating costs over the past five years have increased, both in absolute terms and in SEK/m².

The operating cost trend can be attributed mainly to increased costs for energy in the form of major price increases and higher energy taxes. The increasing technical complexity of the buildings is also a key factor. In recent years new and redeveloped premises have to a large extent been very resource-intensive from an energy point of view as the majority are laboratory buildings. It has been possible, however, to compensate for the higher technical complexity by increasing the rental revenue. The rental revenue/operating cost ratio is stable.

Greater incentives must be created for the tenants, who by working together can improve energy management even further. This leads to an increasing tendency to debit energy costs as a supplement to the rent. At the turn of the year 2004/2005, electricity and heating were debited separately for 47 per cent of the leases although the aim is to switch completely to leases where energy is not included in the rent. Of the total operating costs for the year of SEK 772 million, SEK 256 million was passed on directly to the tenants.

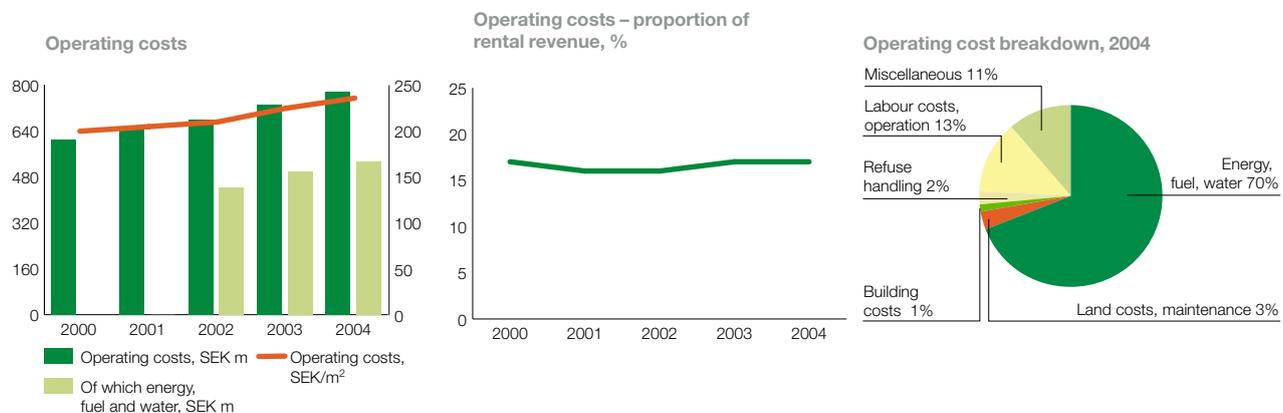
Compared with other property companies, operating costs calculated in SEK/m² are relatively high within Akademiska Hus due to the high proportion of laboratories. The laboratory premises total 1.2 million square metres (37 per cent) and from an energy point of view they are significantly more resource-intensive than other premises.

The average operating cost for the Group for the year was SEK 235/m² (225). Of the operating costs, SEK 163/m² (153) was for energy, fuel and water. The breakdown of operating costs can be seen in the table below.

The degree to which costs for energy, fuel and water are passed on varies locally between 0 and 60 per cent and depends, among other things, on the proportion of energy-intensive laboratories and the lease renewal dates. Work on increasing the degree to which costs are passed on takes place in conjunction with all lease negotiations. However, as a result of the long average lease term (6.2 years), this change will take time.

There are local variations in operating costs and these are generally caused by the following:

- Increased onward debiting, mainly of energy, which entails a range of incentives for the tenants to manage energy.
- The age structure of the buildings is of some significance as older buildings are more energy-intensive.
- Locations with technical and medical development and research have as a rule higher energy costs as a result of the higher proportion of laboratories.



Operating costs over the past five years have increased both in absolute figures and in SEK/m².

The rental revenue/operating cost ratio is stable.

The high proportion of laboratory premises is resource-intensive with regard to energy, fuel and water.

Systems support

Akademiska Hus aims to improve the efficiency of energy use in order to reduce the environmental load and increase management efficiency.

To facilitate this, a special project was started in 2002 for the automatic recording and reporting of energy and water consumption in the Group's buildings. The project was expanded in 2003 to include overall process mapping of energy with regard to systems support for the analysis and follow-up of consumption. During 2004 a system (L.E.B.) was procured as a group system for the follow-up and financial handling of energy and water. The aims of the system are:

- By obtaining a basis for decisions through hourly-read data the potential to achieve efficient consumption optimisation will be achieved linked to the ongoing savings that are being made.

- Financial handling of energy and water is simplified and secured through automation.
- A group system with a common model and uniform concepts offers co-ordination advantages in the form of:
 1. Cost efficiency in management and development.
 2. Increased quality of information.
 3. The potential for the transfer of expertise.

The system will be brought into operation during 2005. The assessment is that through long-term co-ordination and control in the energy field, potential savings of 10 to 20 per cent will be created.



At Måltidens Hus in Grythyttan there is, apart from the College of Culinary Arts, a food library, a museum of cookery books, a shop, a function room and a cafe.

| Operating costs, SEK m, per regional company | Lund | Göteborg | Linköping | Uppsala | Stockholm | North | Total |
|--|------------|------------|-----------|------------|------------|-----------|------------|
| Electricity | 42 | 45 | 27 | 57 | 76 | 27 | 274 |
| Heating | 32 | 42 | 15 | 38 | 65 | 16 | 209 |
| Water | 3 | 4 | 2 | 5 | 6 | 3 | 23 |
| Cooling | 1 | 2 | 3 | 0 | 8 | 0 | 14 |
| Energy, other | 2 | 0 | 0 | 0 | 10 | 0 | 12 |
| Total energy, fuel, water | 81 | 94 | 46 | 100 | 165 | 47 | 533 |
| Energy, fuel and water in SEK/m ² | 162 | 160 | 147 | 177 | 179 | 119 | 162 |
| Land costs, maintenance etc. | 3 | 7 | 5 | 10 | 20 | 6 | 52 |
| Building costs | 1 | 11 | 3 | 17 | 21 | 7 | 60 |
| Refuse handling | 2 | 3 | 0 | 2 | 5 | 2 | 14 |
| Labour costs, operations | 14 | 16 | 7 | 17 | 18 | 6 | 79 |
| Miscellaneous | 15 | -4 | 3 | 2 | 16 | 3 | 35 |
| Total, other operating costs | 36 | 33 | 18 | 48 | 80 | 24 | 239 |
| Total operating costs | 117 | 127 | 64 | 148 | 245 | 71 | 772 |
| Operating costs in SEK/m ² | 234 | 217 | 203 | 261 | 266 | 181 | 235 |
| Proportion of energy cost passed on, % | 23 | 28 | 25 | 48 | 40 | 12 | 33 |



At the new School of Music in Örebro 600 students study music, music science, art and theatre. The school is one of Sweden's first completely environmentally declared buildings and is supplied with heating and cooling through so-called ground storage technology.

Energy generated in-house can reduce costs

In the management process, improving energy efficiency is very much a focal point in Akademiska Hus buildings. The work will soon involve all operating areas and often the tenants are involved and are sometimes even the driving force. Environmental commitment and good finances are interlinked and there is a great deal that can be done.

Despite ongoing work within the energy improvement field, which reduces energy consumption as each year passes, total energy costs are increasing. The reason of course is the major increase in energy prices. In conjunction with discussions and negotiations with energy companies it has been announced that further increases are to be expected in the next few years.

Akademiska Hus has therefore recently begun to consider even more the possibility, apart from the traditional improvement in energy efficiency, of showing that it is possible in-house to create value-for-money heating, cooling and electricity for the Group's properties.

The principal driving force behind activities in the energy field is the need to reduce costs. Long, advantageous supply contracts, which in terms of cost are on a par with or are below what can be achieved using in-house facilities, are of course of great interest. Plans for large bio-energy facilities and other projects around the country could therefore be put on hold if the peripheral conditions are changed to our advantage

A number of facilities for in-house energy production will of course still be constructed by Akademiska Hus directly. This is done partly to maintain expertise and partly because the Group cannot always expect to be sufficiently successful in negotiations.

Akademiska Hus's property holdings around the country are often reasonably large and close together to permit small- and large-scale energy projects. Experience from one location can also be used elsewhere. Where the property holdings are sufficiently large and close together, more large-scale production can be applied. It is then mainly the development of woodchip-based production facilities for heating and electricity that is of interest.

A number of so-called underground storage projects have already been run by the Group, where heating and cooling are achieved with very little addition of purchased energy.

Akademiska Hus predicts that this technology will be employed increasingly in the future. At the present time it is being applied in a number of buildings in Örebro, Göteborg and Lund. The first was Lund, where the expansion in the large-scale application of this technology is taking place.

Underground storage technology is based on switching between heating and cooling storage in the ground. Drill holes, 200-300 metres deep, are fitted with pipes for circulation between the well and a heat exchange system. During the summer periods when there is surplus heat, heat from the buildings is channelled down into the ground, which is heated up gradually and reaches the maximum temperature of approximately 12°C. Cooling is thus obtained with a minimum of effort as energy is often only required for circulation pumps. As heat requirements increase, heat pumps are used to raise the drill hole energy to useable levels, approximately 50°C, using just one-third of the operating energy. After the winter period the temperature in the drill holes is low, approximately 5°C, and it can once again be used for cooling.

In Lund, one of Europe's largest underground storage facilities is being constructed and will come into use at the end of 2005. The facility will supply heating and cooling to three large building complexes, which house the chemistry, design and architecture departments.

Primary data for the underground storage facility currently under construction

| | |
|---|-------------------------|
| Drill holes, number and length | 170, 240 m each = 41 km |
| Annual production, heating/cooling | 9000 / 4000 MWh |
| Output, heating/cooling underground storage | 2 / 1.5 MW |
| Output, heating/cooling, including supplement | 5 / 3 MW |
| Investment | SEK 35 million |
| Planned start-up | 2005 |
| Pay off | 9 years |

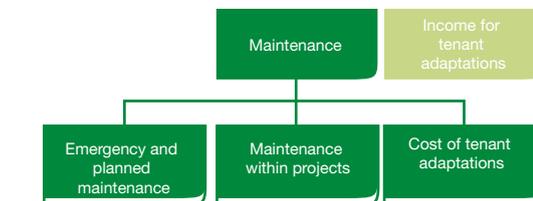
Maintenance costs

The high standard of the property holdings will result in lower maintenance costs in the future

The term “maintenance costs” refers to costs for reinstating worn and damaged parts of a building to their original standard and function. These are measures taken to maintain a property/building in its original condition and function.

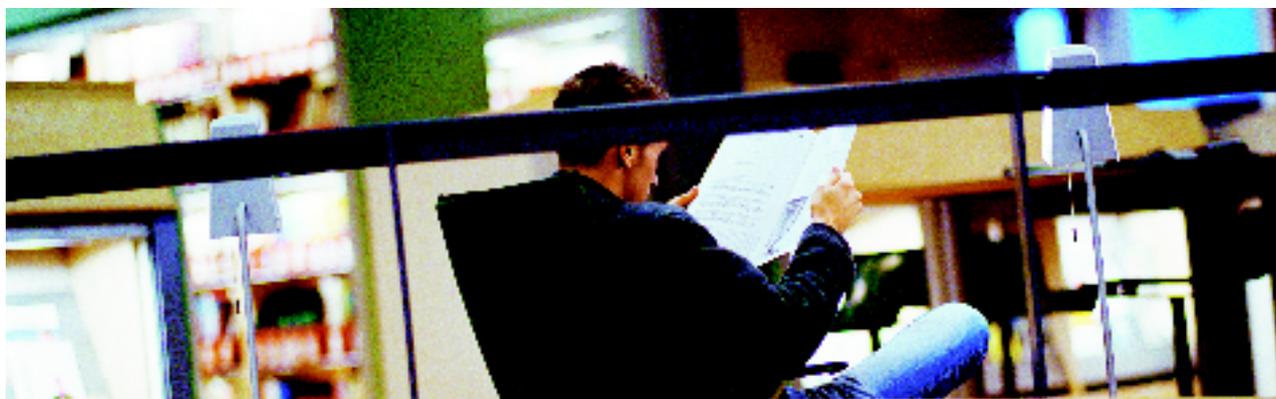
Maintenance costs for the year totalled SEK 806 million (835). Akademiska Hus has for a number of years focused on maintenance measures, which has meant that the standard of the property holdings is now generally high and in the future maintenance levels are expected to fall in relative terms. Variations between individual years can, however, be relatively large as a result of changes in the volume of redevelopment. Viewed over time, maintenance costs have developed in line with rental revenue and net operating profit.

Of the maintenance costs, SEK 308 million refers to emergency and planned maintenance, SEK 370 million refers to maintenance within projects and SEK 128 million (132) refers to tenant adaptations. Averaged for the Group, maintenance costs for the year totalled SEK 245 (257)/m². Emergency and planned maintenance was SEK 94/m² and maintenance within projects was SEK 113/m². A regional breakdown of the maintenance costs is reported in the table below.

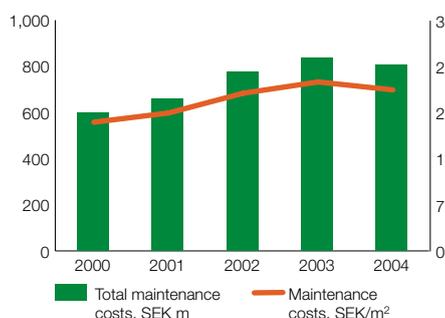


The maintenance costs vary between regional companies, primarily as a result of maintenance within projects in conjunction with redevelopment. Major redevelopment projects took place during the year, mainly in the regional company in Uppsala but also in the regional company in Lund.

In conjunction with the completion of the Ångström Laboratory and the current reconstruction of the Biomedical Centre in Uppsala a number of buildings were vacated within the Kemikum

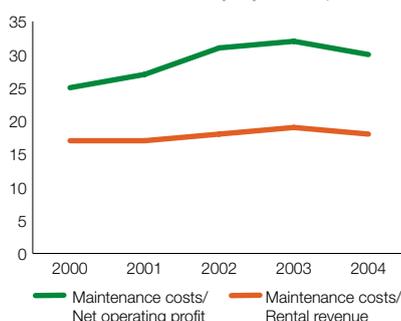


Maintenance costs



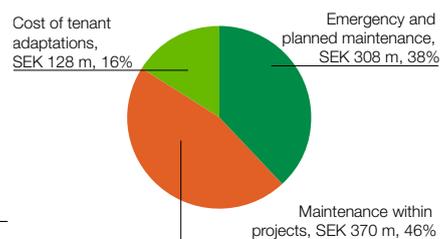
The maintenance levels are expected to fall in relative terms in the future.

Maintenance costs – proportions, %



Viewed over time, the maintenance cost trend is in line with rental revenue and net operating profit.

Breakdown of maintenance costs 2004



block. To facilitate future letting, extensive reconstruction and refurbishment have taken place at a cost of SEK 433 million. The refurbishment refers to buildings from the turn of the last century, which have only had sporadic maintenance. Of the total of SEK 433 million, SEK 96 million is for maintenance in projects, of which SEK 25 million refers to unforeseen reinforcement of foundations.

In Uppsala, the Medical Products Agency premises are being redeveloped for Rosendal High School. The building was constructed in the middle of the 1970s and over the years no major maintenance has been carried out. In conjunction with

redevelopment, measures at a cost of SEK 20 million will be carried out which cannot be capitalised.

During 2004, the planned maintenance process was co-ordinated within the Group with regard to concepts and systems support. Co-ordination will lead to cost efficiency in management through the use of a common group system and will facilitate the transfer of expertise within the Group. At the same time, common Group input routines will lead to an increase in the quality of information.

| Maintenance costs, SEK m | Regional company | | | | | | Total |
|--|------------------|------------|-----------|------------|------------|-----------|------------|
| | Lund | Göteborg | Linköping | Uppsala | Stockholm | North | |
| Emergency and planned maintenance | 56 | 52 | 26 | 57 | 91 | 26 | 308 |
| Maintenance within projects | 62 | 62 | 17 | 130 | 77 | 22 | 370 |
| Tenant adaptations | 14 | 62 | 5 | 19 | 7 | 20 | 128 |
| Total maintenance costs | 132 | 176 | 48 | 207 | 175 | 68 | 806 |
| Maintenance costs in SEK/m ² | 265 | 301 | 151 | 363 | 190 | 174 | 245 |
| of which emergency and planned maintenance in SEK/m ² | 112 | 89 | 82 | 100 | 98 | 67 | 94 |
| of which maintenance within projects in SEK/m ² | 125 | 105 | 52 | 230 | 84 | 56 | 113 |
| of which tenant adaptation, SEK/m ² | 28 | 106 | 16 | 34 | 8 | 51 | 39 |

Profitability

Owner requirement for 2004 exceeded

Net operating profit and direct yield

The net operating profit, i.e. the profit on the Group's properties before depreciation, central administration costs and net interest income/expense, totalled SEK 2,647 million (2,573).

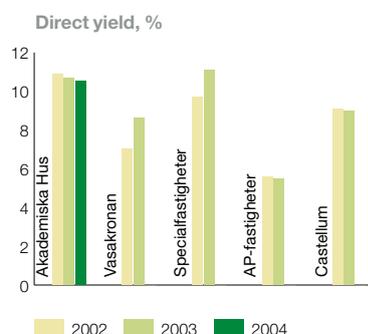
The trend in the net operating profit has been positive ever since Akademiska Hus was founded.

The direct yield has fallen slightly over the past five years but is still 10.5 per cent of book value and 7.1 per cent of the assessed fair value.

Compared with other property companies Akademiska Hus has a relatively high direct yield, which is due to the large proportion of buildings of a special nature and design. These have been constructed almost exclusively for education and research, often on campuses. The higher level of specialisation and the dependence on a small number of tenants means that higher direct yield requirements are made to satisfy the relatively rapid rate of depreciation.



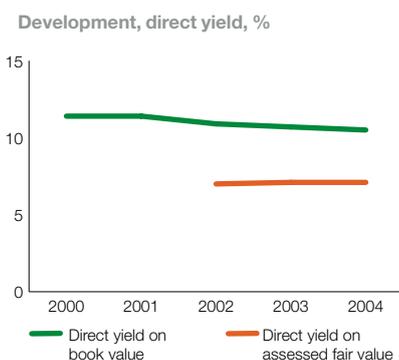
Net operating profit has been positive ever since Akademiska Hus was founded.



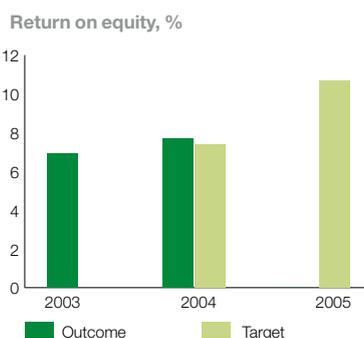
The high level of specialisation and the dependence on a small number of tenants has resulted in higher direct yield requirements.

Return on equity and total capital

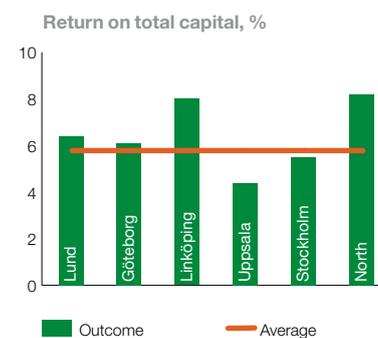
One of the owner's requirements for profitability is that return on equity is equivalent to the five-year state bond interest rate plus 2.5 percentage points viewed over a business cycle. The ownership requirement for 2004 was 7.4 per cent. The outcome was 7.7 per cent. The favorable interest rate trend during 2004 meant that the five-year state bond interest rate averaged 3.8 per cent. The return was thus 6.3 per cent.



The direct yield was 10.5 per cent on the book value and 7.1 per cent on the assessed fair value.



The return on equity for 2004 was 7.7 percent. The original target was 7.4 per cent and the outcome 6.3 per cent.



The return on total capital varies from 4.4 per cent to 8.2 per cent.

Property valuation

The fair value exceeds the book value by almost 50 per cent

The assessed fair value of the company's investment properties as of December 31, 2004 has been set through an internal property valuation. The values that have been calculated should reflect the market valuation of each property, the aim being to calculate the growth in value of the property holdings and to satisfy the new demands in the Annual Reports Act and in IAS/IFRS.

From 2005, the assessed fair value will be reported in the Balance Sheet. Depreciation will disappear and the change in value for the year will have an impact on the financial results.

The valuation is based on the direct yield on each property. The prerequisites in the valuation model have been checked with external property consultants.

The valuation model is based on the following assumptions and prerequisites:

- A classification of the buildings in the light of the primary use and depreciation requirements. Buildings with similar depreciation requirements have been categorised together. The different

categories are: non-laboratory buildings, installation-intensive buildings (mainly laboratories) and exceptional buildings.

- Differentiated return requirements for different rental periods. The leases have been divided into three different categories with regard to the remaining term. The categories are 1-3 years, 4-9 years and over 10 years.
- The current lease agreements have been assumed to apply up to the end of the rental period. The rent has been adapted to the market rent at the end of the lease period.
- The actual (normal) operating costs, including administration costs and any leasehold charges, have been used.
- Standard calculated maintenance costs. SEK 140/m² has been used for installation-intensive laboratory buildings and SEK 90/m² has been used for other buildings.
- Reasonable and differentiated direct yield requirements of between 7.25 per cent and 13 per cent in conjunction with an assessment of the town and location.



Through the development of the campus concept there is the opportunity for Akademiska Hus, to create a stable, long-term increase in the value of the property holdings.

The locations have been divided into four groups:

1. Malmö, Lund, Göteborg, Borås, Stockholm/Solna and Uppsala (not Ultuna).
 2. Kalmar, Mölndal, Skövde, Norrköping, Linköping, Huddinge, Sundsvall, Umeå (not Rönnebo) and Luleå.
 3. Alnarp, Kristianstad, Skara, Örebro, Karlstad, Ultuna, Gävle and Rönnebo.
 4. Other locations.
- Expansion reserves are included and have been valued at a standard 50 per cent of the assessed fair value for each location.
 - The current value of a rental supplement regarding capital service costs is included.

Compared with 2003, the valuation model has been adjusted in two respects. A certain downward adjustment of standard maintenance costs due to a more stable/falling maintenance level in the Group. The calculated standard maintenance costs are included in the valuation model at an average of SEK 103/m² (118). The change in standard maintenance costs has a positive impact on the fair value to the amount of SEK 565 million.

The current value of rental supplements with regard to capital service costs has not previously been included in the model. The effect is positive to the amount of approximately SEK 106 million.

In addition to the model-related changes in value, the calculation of the fair value is affected negatively by increased costs for maintenance, principally energy costs, and increased costs for property administration totalling SEK 525 million.

The assessed fair value for the Group is SEK 38,230 million (36,118) and the surplus value is SEK 12,208 million (11,706).

| Assessed fair value 31-12-2004 | SEK m |
|--|---------------|
| Opening assessed fair value | 36,118 |
| Investments and reclassifications in investment properties | 2,615 |
| Sales | -25 |
| Lower standard maintenance costs SEK 103/m ² (118) | 565 |
| Current value of rental supplements with regard to capital service costs | 106 |
| Increased operating costs | -350 |
| Increased costs for property administration | -175 |
| Change in value for the year | -624 |
| Closing assessed fair value | 38,230 |

The changes in value for the year are mainly attributable to the direct yield requirements as a result of the reduced average remaining term of the leases.

Surplus values averaged 47 per cent. All regional companies in the Group report surplus values of between 40 and 65 per cent.

Valuation model Akademiska Hus, 31-12-2004, SEK m

| Subsidiary | Assessed fair value, properties | Of which expansion reserves | Book value, properties | Surplus value |
|--------------|---------------------------------|-----------------------------|------------------------|---------------|
| Lund | 4,642 | 30 | 3,156 | 1,487 |
| Göteborg | 6,610 | 94 | 4,524 | 2,085 |
| Linköping | 3,909 | 70 | 2,641 | 1,268 |
| Uppsala | 5,535 | 236 | 3,345 | 2,190 |
| Stockholm | 14,496 | 407 | 10,192 | 4,305 |
| North | 3,037 | 41 | 2,164 | 873 |
| Total | 38,230 | 878 | 26,021 | 12,208 |

External valuation

To assure the fair value of a number of major properties and to also quality assure the valuation model, an external valuation of a selected numbers of properties was carried out during the autumn. The valuation was made by NewSec. The external valuation shows that the Akademiska Hus valuation model offers a true picture of the fair value.

Purchases and sales

Five properties were acquired during the year totalling SEK 462 million

The property Mimer 5 in Stockholm, totalling 12,000 square metres, the largest tenant being the National Institute for Working Life, was acquired from Fabege. The property is located on the corner of Vanadsvägen and Hagagatan in Stockholm and the purchase sum was SEK 348 million.

In Grythyttan, the property Hällefors Grythyttan 6:419, also known as Måltidens Hus, was acquired from FAGA. Måltidens Hus is the exhibition pavilion that represented Sweden during the world exhibition Expo -92 in Seville. The pavilion has today been transformed into a centre for food, beverages and meal design. The acquisition took place following a request from the present tenant, Örebro University. In the property the University runs operations within the Department of Restaurant and Culinary Arts, in daily language known as the Restaurant Academy.

In Luleå, a sports hall, Porsöhallen, has been acquired. Porsöhallen is adjacent to the campus in Luleå and certain refurbishment took place during 2004. The acquisition is the first part of the Luleå University of Technology premises provision plan for sport and health care.

Write-downs

Within Akademiska Hus a check is made at each year-end on whether write-down requirements exist or if previous write-downs are no longer considered necessary.

A write-down is made according to the Accounting Standards Board recommendation RR17, Write-downs, if the book value exceeds the higher of the beneficial value or the net sales value. The beneficial value is calculated in the Akademiska Hus valuation model. In accordance with RR 17, previous write-downs made have also been reversed if the market value for a previously written down property exceeds the book value and if the need for a write-down made previously is no longer considered necessary.

During 2004, write-downs have been made totalling SEK 32 million (192). There were no reversals made during the year of write-downs made previously (114). The net impact on profit for the year is SEK -32 million (-78). The write-downs were based on external valuations.

| SEK m | Regional company | Write-down, SEK m |
|--|------------------|-------------------|
| Pedagogen, Mölndal | Göteborg | 17 |
| Ecological Environmental Centre, Ultuna | Uppsala | 10 |
| Large departmental building, Chemistry, Ultuna | Uppsala | 5 |
| Total write-downs | | 32 |

Akademiska Hus has also acquired two properties in the Stockholm area from Jernhusen for SEK 91 million. The two properties, Albano and Haga, have expansion potential of 48,000 square metres. The properties are strategically located in one of Europe's most research-intensive areas, extending between Stockholm University, the Royal Institute of Technology and the Karolinska Institute. The Albano acquisition will ensure expansion potential for Stockholm University and the Royal Institute of Technology, which are directly adjacent to Albano, although it also means potential for establishing other operations close by. The property Haga 4:43 is located beside the Karolinska Institute Campus in Solna. Through the acquisition Akademiska Hus will ensure that the area can continue to develop as a knowledge-intensive area with a close link to the Norra Station area.

In Uppsala, the property Kåbo 24:4 has been sold. The sales sum was SEK 21 million and the capital gain was SEK 18 million.

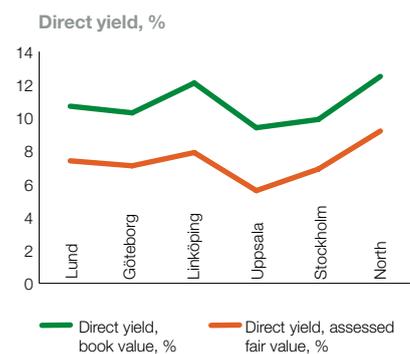
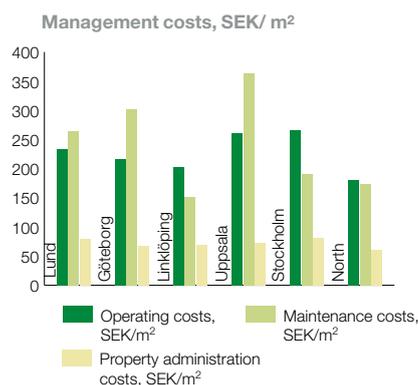
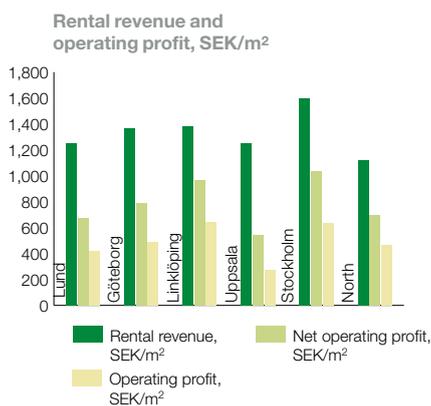
Akademiska Hus, key figures, Group, total

| Key management figures | Regional company | | | | | | Total |
|---|------------------|----------|-----------|---------|-----------|-------|-------|
| | Lund | Göteborg | Linköping | Uppsala | Stockholm | North | |
| Rental revenue, SEK/m ² | 1,251 | 1,365 | 1,383 | 1,248 | 1,599 | 1,116 | 1,365 |
| Operating costs, SEK/m ² | 234 | 217 | 203 | 261 | 266 | 181 | 235 |
| Maintenance costs, SEK/m ² | 265 | 301 | 151 | 363 | 190 | 174 | 245 |
| Net operating profit, SEK/m ² | 672 | 785 | 962 | 544 | 1 038 | 697 | 806 |
| Property administration costs, SEK/m ² | 79 | 68 | 69 | 73 | 81 | 61 | 71 |
| Operating profit, SEK/m ² | 423 | 490 | 640 | 277 | 632 | 467 | 492 |
| Direct yield, % | 10.7 | 10.3 | 12.1 | 9.4 | 9.9 | 12.5 | 10.5 |
| Direct yield on assessed fair value, % | 7.4 | 7.1 | 7.9 | 5.6 | 6.9 | 9.2 | 7.1 |

The Swedish University of Agricultural Sciences, Blå Stjärnan, the ATG Clinics and the Swedish Animal Welfare Agency are all gathered at the SLU Campus in Skara.



Akademiska Hus regional companies – an overview



Rental revenue was on average SEK 1,365/ m² and varies between SEK 1,116/ m² for North and SEK 1,599/ m² for Stockholm. The difference is due mainly to different market conditions. Stockholm, but also Göteborg, has a large proportion of laboratories, which means increased rental revenue.

The operating profit calculated in SEK/ m² is on average SEK 492/ m² and is highest in Linköping with SEK 640/ m².

Operating costs calculated in SEK/ m² amount to between SEK 181/ m² for North and SEK 266/ m² for Stockholm. Approximately two-thirds of the operating costs are for energy, fuel and water. Stockholm has a considerably higher proportion of laboratories, which are more resource-intensive in this respect.

Property administration is between SEK 61/ m² for North and SEK 81/ m² for Stockholm. The maintenance costs vary most between the regional companies owing to large maintenance projects, where Uppsala carried out extensive work on the Kemikum block during the year.

Direct yield was on average 10.5 per cent of book value and 7.1 per cent of assessed fair value.

The regional companies reported a direct yield of between 9.4 and 12.5 per cent.

Regional companies, financial results, property facts etc.

Lund Region

| Year | 2004 | 2003 |
|-------------------------------|------|------|
| Financial results etc. | | |
| Rental revenue, net, SEK m | 625 | 598 |
| Net operating income, SEK m | 336 | 327 |
| Operating profit, SEK m | 212 | 226 |
| Profit after tax, SEK m | 35 | 43 |

Property facts

| | | |
|---|--------------|--------------|
| Average rentable space, m ² | 499,526 | 492,340 |
| Vacant space, m ² (%) | 4,544 (0.9%) | 7 813 (1.6%) |
| Book value properties, SEK m | 3,156 | 3,100 |
| Assessed fair value, properties, SEK m | 4,642 | 4,491 |
| New construction in progress, SEK m | 159 | 111 |
| Property investments during the year, SEK m | 225 | 348 |

NKI and NMI

| | | |
|---|----|----|
| Satisfied Customer Index (Fastighetsbarometern) | 77 | - |
| Satisfied Customer Index (NKI) | 63 | 65 |
| Satisfied Employee Index (NMI) | 61 | 65 |

"The increase in rental revenue in 2004 came largely from acquisitions of properties in Kalmar and the commissioning of a new library for the Language and Literature Centre in Lund. The fall in the level of vacant space is due mainly to the demolition of the greenhouses in Alharp and redevelopment projects which have been completed", says Regional Director Sune Walter



Proportion of Group



Compared with the preceding year



Göteborg Region

| Year | 2004 | 2003 |
|-------------------------------|------|------|
| Financial results etc. | | |
| Rental revenue, net, SEK m | 798 | 772 |
| Net operating income, SEK m | 459 | 418 |
| Operating profit, SEK m | 286 | 254 |
| Profit after tax, SEK m | 38 | 10 |

Property facts

| | | |
|---|------------|--------------|
| Average rentable space, m ² | 584,726 | 572,663 |
| Vacant space, m ² (%) | 807 (0.1%) | 2 828 (0.5%) |
| Book value properties, SEK m | 4 524 | 4 391 |
| Assessed fair value, properties, SEK m | 6 610 | 6 348 |
| New construction in progress, SEK m | 126 | 223 |
| Property investments during the year, SEK m | 197 | 360 |

NKI and NMI

| | | |
|---|----|----|
| Satisfied Customer Index (Fastighetsbarometern) | 71 | - |
| Satisfied Customer Index (NKI) | 67 | 68 |
| Satisfied Employee Index (NMI) | 65 | 64 |

"Positive during the year was the co-operation agreement with Chalmers, which was signed in October. The agreement means, among other things, that we will sell 63,000 square metres of non-residential premises to Chalmersfastigheter and at the same time we have been commissioned to manage the majority of the Chalmersfastigheter property holdings in Göteborg. This will have an impact on the key figures during 2005", says Regional Director Eva Lindberg



Proportion of Group



Compared with the preceding year



Linköping Region

| Year | 2004 | 2003 |
|------|------|------|
|------|------|------|

Financial results etc.

| | | |
|-----------------------------|-----|-----|
| Rental revenue, net, SEK m | 438 | 425 |
| Net operating income, SEK m | 304 | 314 |
| Operating profit, SEK m | 203 | 221 |
| Profit after tax, SEK m | 50 | 57 |

Property facts

| | | |
|---|--------------|---------------|
| Average rentable space, m ² | 316,577 | 307,261 |
| Vacant space, m ² (%) | 8,315 (2.6%) | 10,818 (3.5%) |
| Book value properties, SEK m | 2,641 | 2,379 |
| Assessed fair value, properties, SEK m | 3,909 | 3,762 |
| New construction in progress, SEK m | 31 | 153 |
| Property investments during the year, SEK m | 238 | 188 |

NKI and NMI

| | | |
|---|----|----|
| Satisfied Customer Index (Fastighetsbarometern) | 80 | – |
| Satisfied Customer Index (NKI) | 77 | 74 |
| Satisfied Employee Index (NMI) | 71 | 71 |

"The profit level was maintained compared with the preceding year. The market rents in Linköping, however, have fallen in recent years and this reflected in the contracts we have renegotiated during 2004", says Regional Director Bengt Erlandsson



Proportion of Group

Rental revenue, net



Profit after tax



Vacant space, m²



Compared with the preceding year

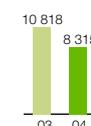
Rental revenue, net



Profit after tax



Vacant space, m²



Uppsala Region

| Year | 2004 | 2003 |
|------|------|------|
|------|------|------|

Financial results etc.

| | | |
|-----------------------------|-----|-----|
| Rental revenue, net, SEK m | 710 | 695 |
| Net operating income, SEK m | 309 | 314 |
| Operating profit, SEK m | 157 | 221 |
| Profit after tax, SEK m | 5 | 39 |

Property facts

| | | |
|---|---------------|--------------|
| Average rentable space, m ² | 568,533 | 576,289 |
| Vacant space, m ² (%) | 20,192 (3.6%) | 9,605 (1.7%) |
| Book value properties, SEK m | 3,331 | 3,229 |
| Assessed fair value, properties, SEK m | 5,535 | 5,525 |
| New construction in progress, SEK m | 96 | 280 |
| Property investments during the year, SEK m | 85 | 314 |

NKI and NMI

| | | |
|---|----|----|
| Satisfied Customer Index (Fastighetsbarometern) | 69 | – |
| Satisfied Customer Index (NKI) | 64 | 65 |
| Satisfied Employee Index (NMI) | 69 | 66 |

"Major maintenance work within the Kemikum block in Uppsala has hit the company hard financially in recent years. Continued future maintenance, both in Ultuna and at the Biomedical Centre, will prolong the situation. The work assumes long-term ownership and a good financial foundation", says Regional Director Hans Antonsson



Proportion of Group

Rental revenue, net



Profit after tax

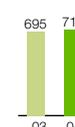


Vacant space, m²



Compared with the preceding year

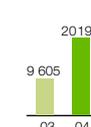
Rental revenue, net



Profit after tax



Vacant space, m²



Stockholm Region

| Year | 2004 | 2003 |
|-------------------------------|-------|-------|
| Financial results etc. | | |
| Rental revenue, net, SEK m | 1,474 | 1,427 |
| Net operating income, SEK m | 957 | 895 |
| Operating profit, SEK m | 583 | 506 |
| Profit after tax, SEK m | 54 | -30 |

Property facts

| | | |
|---|---------------|---------------|
| Average rentable space, m ² | 922,091 | 910,519 |
| Vacant space, m ² (%) | 49,107 (5.2%) | 17,453 (1.9%) |
| Book value properties, SEK m | 10,192 | 9,105 |
| Assessed fair value, properties, SEK m | 14,496 | 13,073 |
| New construction in progress, SEK m | 366 | 765 |
| Property investments during the year, SEK m | 667 | 751 |

NKI and NMI

| | | |
|---|----|----|
| Satisfied Customer Index (Fastighetsbarometern) | 69 | - |
| Satisfied Customer Index (NKI) | 65 | 64 |
| Satisfied Employee Index (NMI) | 65 | 68 |

"Operations are continuing to grow, with satisfactory profits despite economic cutbacks in the region. The reported level of vacant space for 2004 includes 14,000 square metres currently being redeveloped and leased to Sida", says Regional Director Lennart Karlsson

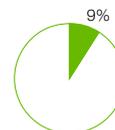


Proportion of Group

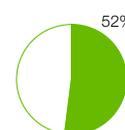
Rental revenue, net



Profit after tax



Vacant space, m²

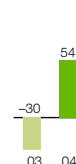


Compared with the preceding year

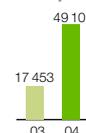
Rental revenue, net



Profit after tax



Vacant space, m²



Northern Region

| Year | 2004 | 2003 |
|-------------------------------|------|------|
| Financial results etc. | | |
| Rental revenue, net, SEK m | 438 | 446 |
| Net operating income, SEK m | 273 | 302 |
| Operating profit, SEK m | 183 | 177 |
| Profit after tax, SEK m | 56 | 34 |

Property facts

| | | |
|---|---------------|--------------|
| Average rentable space, m ² | 392,154 | 393,732 |
| Vacant space, m ² (%) | 10,819 (2.7%) | 9,427 (2.4%) |
| Book value properties, SEK m | 2,164 | 2,193 |
| Assessed fair value, properties, SEK m | 3,037 | 2,919 |
| New construction in progress, SEK m | 28 | 23 |
| Property investments during the year, SEK m | 63 | 36 |

NKI and NMI

| | | |
|---|----|----|
| Satisfied Customer Index (Fastighetsbarometern) | 82 | - |
| Satisfied Customer Index (NKI) | 73 | 74 |
| Satisfied Employee Index (NMI) | 67 | 73 |

"The profit for 2004 has been affected strongly by the market adaptation of rents that has taken place in recent years together with the major costs for redevelopment. Continued high redevelopment costs will affect profit in 2005 and for a year or two after that", says Regional Director Lars Gustafsson

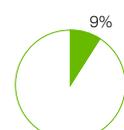


Proportion of Group

Rental revenue, net



Profit after tax

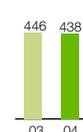


Vacant space, m²

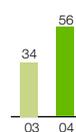


Compared with the preceding year

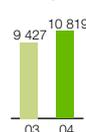
Rental revenue, net



Profit after tax



Vacant space, m²



Sensitivity and risk analysis

Potential to influence results is limited in the short term

POTENTIAL AND RISKS

Rental revenue is assured through long leases. Operating costs in the short term are to be considered as fixed whilst maintenance costs are to a large extent floating and can be reduced to meet a decrease in profit or vacant space.

Strategic risk

A certain strategic risk exists in the Akademiska Hus property holdings. Major investments in creative environments for know-how and research have led to the creation of campus environments. In this respect the property portfolio has a low risk spread. The campus environments have a specific purpose and are not in the broad sense general. To handle and meet this risk, investments are being made in campus areas, mainly in general purpose premises that can be adapted to different tenants. Investments in specially adapted premises are only made when there is a long lease that justifies the investment.

Operating and financial risks

A property company conducts long-term operations, which means that the potential for influencing the profit in the short term is limited. Rental revenue and rental costs are sluggish and are gradually affected over several years whilst vacant space and other cost items have a more direct impact on the Income Statement.

Rental revenue

Rental revenue is assured through what are, even for the property industry, long leases. The majority of Akademiska Hus leases are over long periods and are linked to inflation, which means that changes other than inflation only have an impact in conjunction with renegotiations. The average term for newly signed leases in Akademiska Hus is ten years and as of the year-end the average remaining term was 6.2 years. For larger, more complex specialist buildings for laboratory and research operations, leases are normally signed for ten to fifteen years or more.

Ongoing follow-up of the lease renewal structure takes place with the aim of securing an even spread of lease renewal dates. A change in rental revenue of one per cent affects the Group's pre-tax profit by SEK 45 million.

Rents from state-controlled tenants account for 89 per cent of the rental revenue. These rental receivables are not considered to represent a credit risk.

Vacant space

Increased vacant space can be seen directly in the Income Statement. A follow-up of existing and future vacant space is a high priority. Special activity plans are being drawn up for all vacant space in conjunction with operational follow-up. This is also reported by the board of each regional company.

Compared with other property companies vacant space within Akademiska Hus is very low and expressed in terms of square metres is 2.8 per cent. The economic level of vacant space is lower and is 1.8 per cent due to the fact that a large proportion of the buildings are of a simpler nature with a lower rental value than the average. The economic level of vacant space is equivalent to SEK 78 million. A change in the economic level of vacant space of one per cent is equivalent to a change in pre-tax profit of SEK 43 million.

Operating costs

Energy, fuel and water costs amount to around two-thirds of the total operating costs. In the short term, these are considered to be fixed costs as the buildings need to be heated even if they are vacant. A reduction in energy consumption in a building is also often linked to a particular measure that has been taken.

A change in operating costs of one per cent would have an impact on profit of SEK 8 million.

Akademiska Hus is not exposed fully to increases in operating costs as around 50 per cent of the costs are passed on to the tenant as a supplement to the rent for energy, fuel and water costs. The cost of electricity is also largely price-assured. As of the year-end, approximately 68 per cent of estimated use during 2003 was price-assured. Electricity is purchased directly from Nordpool on a group basis and is governed by special guidelines.

Maintenance costs and investments

Through the extensive maintenance that has been carried out in recent years Akademiska Hus property holdings are well maintained. The management organisation is working on maintenance planning for each individual building. The long average lease period also means that conditions exist to ensure efficient management.

Maintenance costs are to a large extent floating and can be reduced to meet a fall in profit or vacant space. A change in the maintenance costs of one per cent has an impact on profit of SEK 8 million.

Investments, i.e. value-enhancing measures, are only carried out if there is a calculation and a lease with a tenant which justifies, on business terms, the investment being made.

Financial costs

Akademiska Hus will carry on financing operations with well-adapted strategies, striking a balance between financial risks and a low financing cost. The finance policy adopted by the board presents the Group's risk approach and how exposure to financial risks should be handled. Handling of the liability portfolio's interest risk takes place within the framework of a separate fixed interest mandate.



37 per cent of Akademiska Hus's property holdings comprise laboratory premises, which have longer lease periods and a higher rental value.

The average fixed interest period at the year-end was 1.5 years and fluctuations in the interest cost will thus not have an immediate impact on the liability portfolio.

Financing is presented in more detail on page 58.

Sensitivity analysis

The table shows how the Group's pre-tax profit would be affected. The effect is the effect on an annual basis after full impact. The calculation does not take into account fixed interest periods.

Sensitivity analysis 2004, SEK m

| | Impact on pre-tax profit (SEK m) |
|--|----------------------------------|
| Change of one per cent | |
| Rental revenue | 45 |
| Vacant space, one percentage point | 43 |
| Operating costs | 8 |
| Maintenance costs | 8 |
| Interest expense, one percentage point | 177 |

Fixed interest periods are not taken into account in the computation.

Assessed fair value

The assessed fair value has been produced using a computation model (see page 39). A change in the different conditions in the computation model affects the assessed fair value of the properties. This does not, however, affect the cash flow until a possible sale takes place.

A change in the following variables in the computation model affects the assessed fair value of the Company's properties.

| Change of 10 per cent | Impact on assessed fair value, % | SEK m |
|--|----------------------------------|-------|
| Rental revenue | 13.3 | 5,088 |
| Operating costs | 2.6 | 986 |
| Maintenance costs | 1.2 | 445 |
| Return requirement, one percentage point | 10.6 | 4,059 |

Five-year summary with comments

| | Graph | 2004 | 2003 | 2002 | 2001 | 2000 |
|--|-------|--------|--------|--------|--------|--------|
| Income Statement, SEK m | | | | | | |
| Management income | | 4,530 | 4,413 | 4,240 | 3,976 | 3,654 |
| Operating costs | | 772 | 730 | 677 | 638 | 608 |
| Maintenance costs | | 806 | 835 | 775 | 658 | 598 |
| Property administration | | 234 | 216 | 195 | 167 | – |
| Net operating income | | 2,647 | 2,573 | 2,539 | 2,462 | 2,393 |
| Depreciation and write-downs | | 1,013 | 983 | 993 | 822 | 686 |
| Central administration costs | | 35 | 22 | 24 | 23 | 159 |
| Operating profit | 1 | 1,616 | 1,604 | 1,604 | 1,651 | 1,559 |
| Net financial income | | –794 | –895 | –917 | –864 | –773 |
| Profit before tax | 1 | 821 | 710 | 687 | 787 | 786 |
| Balance Sheet, SEK m | | | | | | |
| Investment properties | 2 | 26,021 | 24,412 | 23,778 | 22,625 | 20,750 |
| New construction in progress | | 806 | 1,555 | 1,251 | 1,594 | 1,490 |
| Other assets | | 1,613 | 1,471 | 2,708 | 2,940 | 1,944 |
| Equity | | 7,827 | 7,506 | 7,248 | 7,024 | 6,529 |
| Interest-bearing liabilities | | 17,454 | 16,794 | 17,390 | 17,267 | 15,024 |
| Other liabilities and provisions | | 3,159 | 3,138 | 3,099 | 2,868 | 2,631 |
| Cash flow, SEK m | | | | | | |
| Cash flow from current operations | | 1,200 | 1,591 | 1,575 | 1,522 | 1,487 |
| Investments | 3 | –1,502 | –1,894 | –1,766 | –2,780 | –1,890 |
| Cash flow before financing | | –302 | –303 | –191 | –1,257 | –403 |
| Cash flow from financing | | 164 | –840 | –147 | 2,043 | –171 |
| Cash flow for the year | 3 | –139 | –1,143 | –338 | 786 | –574 |
| Property-related key figures | | | | | | |
| Direct yield, % | | 10.5 | 10.7 | 10.9 | 11.4 | 11.4 |
| Direct yield on assessed fair value, % | | 7.1 | 7.1 | 7.0 | – | – |
| Rental revenue per m ² | | 1,365 | 1,342 | 1,302 | 1,255 | 1,187 |
| Operating costs per m ² | | 235 | 225 | 210 | 205 | 200 |
| Maintenance costs per m ² (including tenant adaptations) | | 245 | 257 | 240 | 210 | 196 |
| Net operating income in relation to administration income, % | | 58 | 58 | 60 | 62 | 65 |
| Net operating income per m ² | | 806 | 791 | 787 | 784 | 786 |
| Level of vacant space, area | | 2.8 | 1.8 | 1.8 | 1.6 | 1.2 |
| Level of vacant space, rent | | 1.8 | 1.2 | 1.1 | 0.8 | 0.5 |
| Book value, properties | 2 | 26,021 | 24,412 | 23,778 | 22,625 | 20,750 |
| Assessed fair value, properties, SEK m | 2 | 38,230 | 36,118 | 36,475 | – | – |
| Financial key figures | | | | | | |
| Return on equity after standard tax, % * | 4 | 7.7 | 6.9 | 6.9 | 8.4 | 8.6 |
| Return on total capital, % | 4 | 5.8 | 5.9 | 6.0 | 6.7 | 6.6 |
| Net liability, SEK m | | 17,126 | 16,327 | 15,779 | 15,318 | 13,860 |
| Equity ratio, % | | 27.5 | 27.4 | 26.1 | 25.9 | 27.4 |
| Internal financing level, % | 5 | 90 | 85 | 85 | 53 | 73 |
| Interest coverage level, % | 5 | 202 | 177 | 171 | 185 | 198 |
| Interest cost in relation to average capital – fixed interest liability, % | | 4.50 | 5.30 | 5.55 | 5.60 | 5.40 |
| Tenants and personnel | | | | | | |
| Satisfied Customer Index (Fastighetsbarometern) ** | | 73 | – | – | – | – |
| Satisfied Customer Index (NKI)*** | | 67 | 67 | 63 | 62 | 63 |
| Average number of employees | | 442 | 430 | 427 | 411 | 390 |
| Satisfied Employee Index (NMI)**** | | 66 | 67 | 63 | 61 | – |

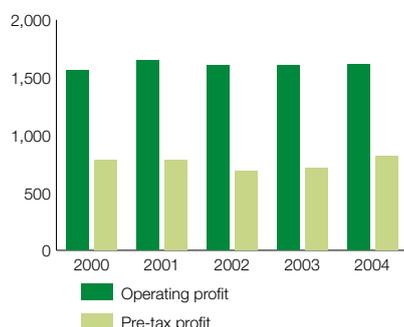
* The owner's return requirement is that the return on adjusted equity should be equivalent to the five-year government bond interest rate plus 2.5 percentage points viewed over a business cycle. The average interest rate for the government bond interest rate during the year was 3.8 per cent.

** Fastighetsbarometern for commercial properties, measurement by the CFI Group.

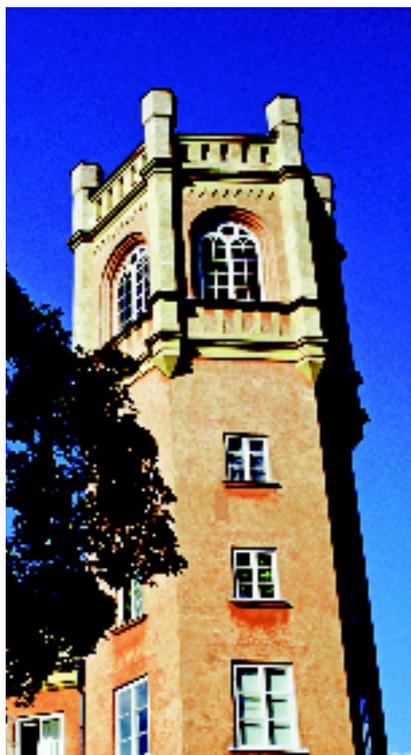
*** A new method of measuring non-financial key figures has been used since 2000.

**** A new measurement value for non-financial key figures has been used since 2001.

1. Profit, SEK m

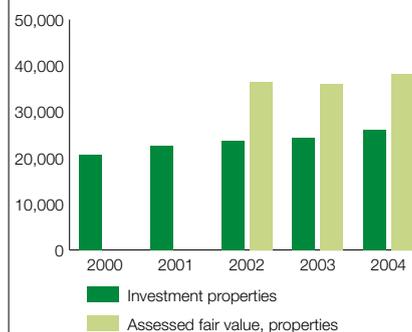


The Group's operating profit was SEK 1,616 million (1,604), which is on a par with the past five years. The pre-tax profit was SEK 821 million (710), an improvement of SEK 111 million compared with the year before. The improvement in profit arose as a result of increased management income totalling SEK 117 million at the same time that management costs have increased by only SEK 44 million, which has led to an improved net operating profit of SEK 73 million. Net interest income/expense, due to the lower cost interest rate, is SEK 100 million lower than the previous year. The tax expense for the year increased by SEK 26 million to SEK 233 million due to the improved profit.



The English Park in Uppsala, Humanities Centre.

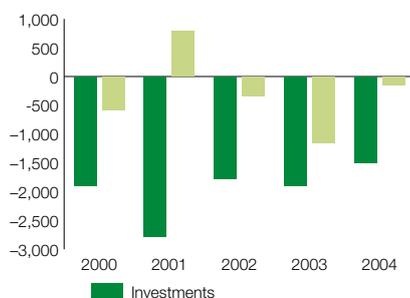
2. Book value and assessed fair value, properties, SEK m



The book value as of December 31, 2004 was SEK 26,021 million, an increase on 2003 of SEK 1,609 million. The increase is due mainly to the completion of a number of major projects. Major completed new construction includes the University College of Film, Radio, Television and Theatre and the Institute of Education T Building in Stockholm as well as the School of Music in Örebro. Completed redevelopment and extension work is mainly at the Kemikum block in Uppsala and at the Berzelius Laboratory in Stockholm.

The assessed fair value has also increased and totals SEK 38,230 million. The increase is due mainly to investments for the year.

3. Investments and cash-flow, SEK m

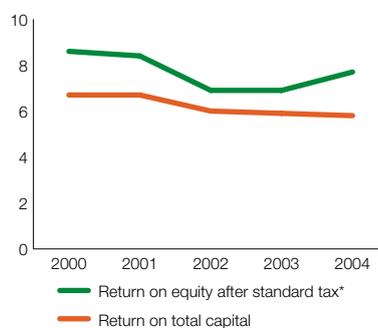


Investments for 2004 totalled SEK 1,502 million. Over the past five years the annual investments have amounted to between SEK 1,500 and 2,000 million with the exception of 2001 when the Electrum property in Kista was acquired for SEK 925 million (in the graph investments are reported with a negative sign).

The profit after financial items was SEK 821 million and adjustments for items not included in the cash flow, mainly depreciation, totalled SEK 1,011 million. Following an increase in short-term receivables and a fall in non-interest-bearing liabilities, cash flow from current operations was SEK 1,200 million.

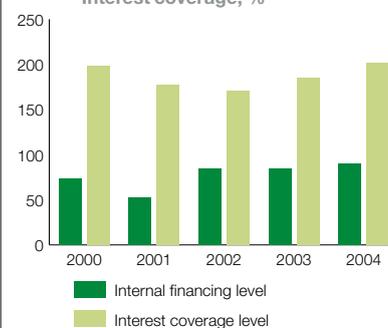
Financing operations contributed to the cash flow through the raising of new loans totalling SEK 660 million but at the same time there is SEK -250 million in the form of a dividend paid. Following a change in liquid funds, cash flow for the year amounted to SEK -139 million.

4. Return, %



The return was 5.8 per cent on total capital and 7.7 per cent on equity. The target set by the owner of a return on capital of the five-year government bond interest rate plus 2.5 percentage points viewed over a business cycle has been achieved. For 2004, the target was originally 7.4 per cent and the outcome was 6.3 per cent.

5. Internal financing and Interest coverage, %

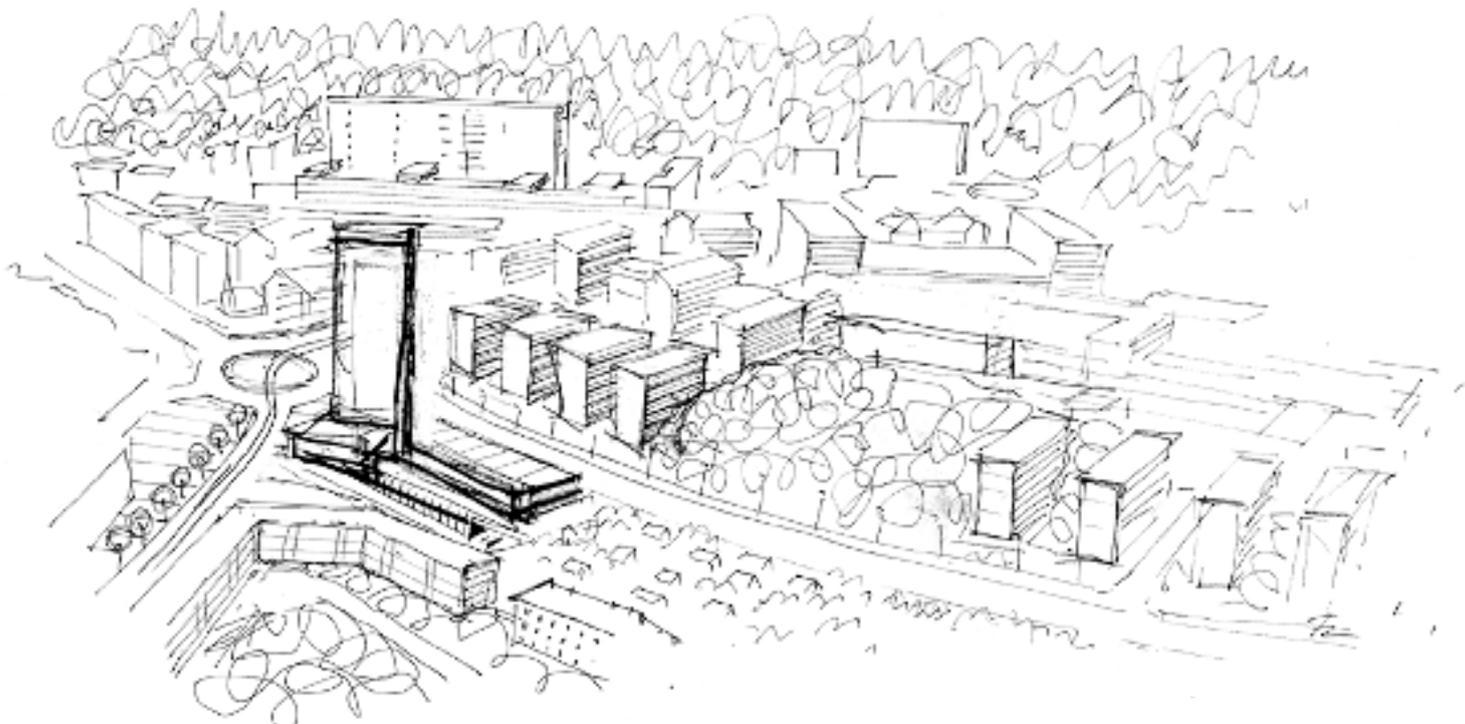


The internal financing level, defined as the cash flow from current operations before a change in operating capital in relation to investments in fixed assets, was 90 per cent for the year. A lower investment level during the year has had a positive effect on the internal interest level.

The interest coverage level was 202 per cent and states that the financial cost can be doubled before the operating profit is negative. The increase in the interest coverage level can be attributable to the lower interest on costs and thus lower financial costs.

Projects

SEK 18 billion invested in new construction and development



During 2004, preliminary work on a new structure plan for Medicinareberget in Göteborg commenced. The steering committee includes Akademiska Hus, Göteborg University, the Sahlgrenska Academy and the Higab Group. The plan will present the long-term guidelines for creating a beautiful, functional, vibrant environment where research and education can expand and acquire a clear identity in the city. Sketch of the entrance zone, including a roundabout and a multi-storey building.

PROJECTS

Project objectives

Since 1993 a total of SEK 18 billion has been invested in new construction and redevelopment and extensions. This is approximately the same amount that was invested in conjunction with the company's formation and through acquisitions of completed objects.

Akademiska Hus, with such a large emphasis on construction, has naturally refined a system for how projects can be designed and produced optimally so that the company can achieve its objective of offering tenants creative environments at competitive rents.

The term creative environment means that the building should be inspirational and effective to work in, that there should be prerequisites for being able to think a little better in buildings that are constructed and managed by Akademiska Hus. This means good architecture, both with regard to the campus as a whole as well as individual buildings. The plans should offer the conditions to work efficiently and premises should be grouped in a carefully considered way with links that feel natural but which also create conditions for interdisciplinary meetings. Akademiska Hus has formulated specific guidelines to ensure good architecture.

In order to be able to offer competitive rents, the investment cost together with the annual costs for operation and maintenance

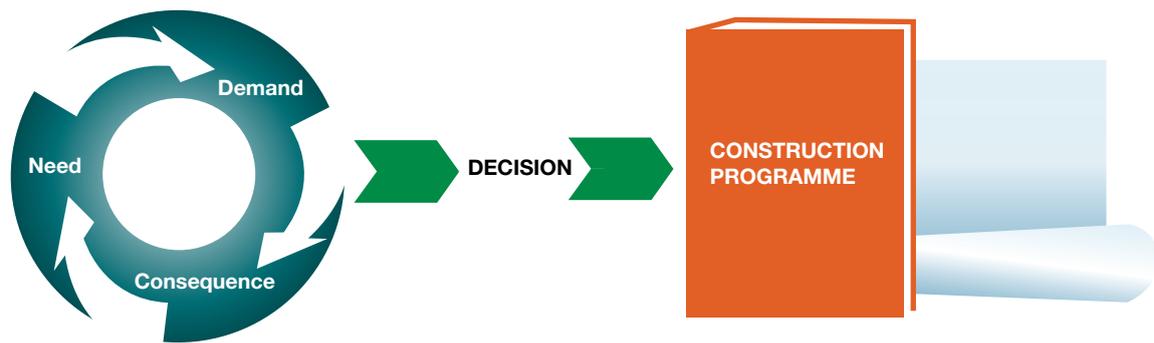
must be minimised. As Akademiska Hus builds for long-term management we place considerable emphasis on making Life Cycle Cost (LCC) assessments in our projects to secure the optimum balance between investment and operating and maintenance costs.

Early stages

It is at the early stages when ideas are to be formulated and when project conditions are to be analysed that universities and colleges and other know-how intensive operations have considerable benefit of a contractor with solid knowledge of their different demands on premises for research and education. Akademiska Hus offers advanced support in these early stages, the most important in the implementation of a project.

A qualified contractor must have a good level of preparedness to be involved in the necessary changes that characterise both places of learning and other operations. Akademiska Hus therefore works together with the customer to formulate development plans for campuses, based mainly on the customer's future plans. As the time to implement a project is often tight it is of vital importance that Akademiska Hus can prepare for implementation through good advance planning.

The planning process (enquiry stage)



Only when all the consequences have been established and accepted by those involved in the enquiry stage of the planning process can a decision regarding a construction programme be taken.

The planning process

In the Akademiska Hus "Planning Guidelines" there is a detailed description of how the Group sees the planning process and the demands that are made on the project management (often the Company's own personnel) and planners (always external). Even here considerable emphasis is placed on the early stages, particularly the importance of the correct formulation of a building programme that meets the customer's requirements satisfactorily. Explaining to a customer that demands or wishes often have an impact on the rent and to show the alternative solutions that are available gives the customer the right conditions for examining whether the needs can be satisfied in an alternative way.

Only when all the implications have been clarified and accepted by those involved in the planning process can a decision regarding the building programme be taken.

Good planning includes systematically addressing issues regarding availability, working environment and moisture assurance. By quality-assuring the planning process with regard to these parameters costly changes at later stages are avoided.

The planning process is to a large extent dependant on how the construction process is organised and here the guidelines state a number of different alternatives. Common to all these alternatives, however, is that the initial investigation stage, which results in a building programme, is not affected by how the continued construction process is designed.

Akademiska Hus constructs buildings for laboratories and teaching rooms continuously and these buildings are special as a result of the scope and complexity with regard to installations. A measure of the scope is that for laboratory buildings the cost of installations often exceeds the other construction costs. As the

company has the most experience in Sweden of these types of premises it is appropriate that the construction process is controlled towards procurement based on relatively finalised documents as the company's extensive experience is then used optimally. For this type of project Akademiska Hus prescribes running the planning up to at least system documentation. Design, plans, facades and all the technical systems are then specified and all that remains is the detail planning. This can often be handed over to planners as a total contract.

For buildings that are less complex and with a lower installation level a procurement form can be chosen which is closer to a total contract.

For a building to be simple to build and simple to use and take care of it is important to design it with a high degree of generality. The term "generality" means that both the premises and the building should be usable for different operations without change as well as solutions that are generally applicable and repeatable. As both generality and flexibility (quite simply changeable) are important components in the planning and affect all planners Akademiska Hus has confirmed the Company's view regarding these matters in a special document.

The construction process

Procurement always takes place in competition. Based on an assessment of the market and local conditions it is decided whether a project is to be divided up into several smaller sub-contracts or if a small number of larger parts should be chosen.

The contractors' experience and knowledge of construction methods and choice of materials is vitally important to bring into

Construction programme



The inception of a building is a complicated process. One of Akademiska Hus's primary tasks as contractor is to ensure that all the elements in the construction process intertwine and that nothing is lost in the transition from one stage to the next.

a project. This can take place in different ways depending on how the construction process is organised. Akademiska Hus is currently testing methods for co-operation solutions with contractors based on procurement in competition.

Akademiska Hus attaches great importance to systematic quality and environmental work and that the suppliers the company works with perform their undertakings with the same orientation. The Group assures itself that this takes place by carrying out internal project audits and second-party audits in projects.

The Company is careful to work with its own small control organisations and makes demands on the suppliers engaged that they must assure themselves that the product supplied is free of faults. The supplier must be able to show that its work and controls are carried out with the knowledge and systematology to ensure that the risk of error is minimised. This is followed up, among other things, through second-party audits.

By having good documentation for contract procurement and continuously following up and controlling project costs Akademiska Hus can achieve overall cost effectiveness. In particular, we can minimise unexpected extra costs and meet undesired time displacements. Costs for changes and additional work for a project carried out under Akademiska Hus management is therefore normally just a few per cent.

The construction process is concluded with all the systems in the construction tested together. This time-consuming test must be planned in detail so that everything harmonises and so that any shortcomings which the joint test reveals can be rectified in time.

Akademiska Hus has come a long way in its endeavour to offer its customers creative environments at competitive rents but ahead of us we can see considerable potential for further improvements, in particular with regard to the use of energy, an area in which we have only commenced the change process,

which in the final analysis will result in both a better environment and lower rents.

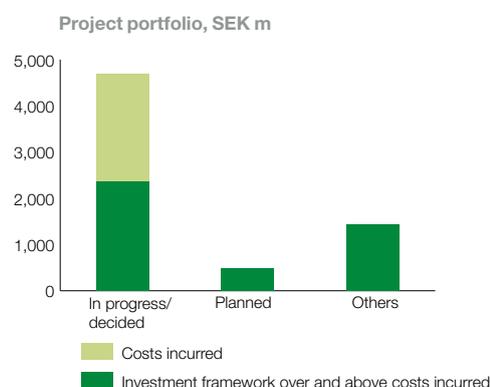
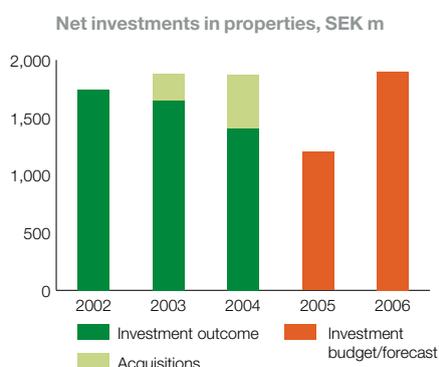
Projects 2004

The Group's project portfolio is SEK 6,615 million (7,782). Apart from net investments in properties this also includes maintenance linked to the projects. The different investments are categorised as current/decided, planned and miscellaneous.

- Current/decided projects are projects that have commenced or are decided, SEK 4,687 million.
- Planned projects are projects where some form of arrangement or agreement exists between the Company and the tenant, SEK 490 million.
- Miscellaneous projects are projects currently being examined, SEK 1,438 million.

The fall in the project portfolio as of December 31, 2004 can be explained by the fact that a number of major projects were completed during the year. In addition, the wishes on the part of universities and colleges regarding expansion of premises has come to a halt, which has meant that the larger new construction projects in particular have fallen in extent. Divided according to regional company, Stockholm project operations no longer dominate. The extent of project operations is now evenly divided throughout the country. Of the total project volume, new construction accounts for 30 per cent and redevelopment and extensions account for the remainder. Compared with the preceding year the proportion of new construction has fallen from 42 per cent. This means that the proportion of redevelopment and extensions is increasing in the portfolio and in terms of amount is on the same level, approximately SEK 5 billion.

During 2004, the investments in projects, net investments, totalled SEK 1,866 million (1,877).



Completed projects

During 2004, fifteen projects over SEK 50 million were completed. The total additional floor space in these projects is approximately 50,000 square metres. Completion has taken place gradually during the year and approximately half of the increase in rent accrued during 2004.

Completed projects during 2004 in excess of SEK 50 million

| Project name | Location | New construction/ redevelopment/extension | Total investment, SEK m | Tenant | Lease, years | Estimated annual operating surplus, SEK m |
|--|-----------|--|-------------------------------|--|-----------------|---|
| Tre Vapen II | Stockholm | New construction | 362 | University College of Film, Radio, Television and Theatre | 20 | 21 |
| Institute of Education, T Building | Stockholm | New construction | 199 | Stockholm Institute of Education, Akademiska Hus | 15 | 13 |
| School of Music | Örebro | New construction | 187 | Örebro University | 10 | 15 |
| Borås University College, stage 2 | Borås | New construction | 91 | Borås University College | 20 | 8 |
| Academicum | Göteborg | New construction | 74 | Göteborg University | 10 | 6 |
| Language Centre – Library | Lund | New construction | 110 | Lund University | 10 | 9 |
| Kemikum, stage 2 | Uppsala | Redevelopment and extension | 433 | Uppsala University | 10 | – |
| Berzelius Laboratory | Stockholm | Redevelopment and extension | 187 | Karolinska Institute | 10 | – |
| Chemistry Block | Stockholm | Redevelopment and extension | 128 | Royal Institute of Technology | 10 | – |
| Karlstad Buildings 1 A & B | Karlstad | Redevelopment and extension | 108 | Karlstad University | 20 | – |
| Mathematical Information Technology Centre | Uppsala | Redevelopment and extension | 80 | Uppsala University | 10 | – |
| Royal Institute of Technology, Numerical Analysis and Computer Science | Stockholm | Redevelopment and extension | 68 | Royal Institute of Technology | 10 | – |
| Key Building | Linköping | Redevelopment and extension | 63 | Linköping University | 10 | – |
| Biomedical Centre, Animal building | Uppsala | Redevelopment and extension | 51 | Uppsala University | 10 | – |
| University College of Opera | Stockholm | Redevelopment and extension | 50 | University College of Opera | 15 | – |

Note: The computed annual operating surplus is only stated for new construction projects.

Current projects

The majority of the projects are redevelopment and extension projects. These comprise 70 per cent of the project volume.

Current/decided projects, 31-12-2004 over SEK 50 million

| Project name | Location | New construction/ redevelopment/extension | Total investment, SEK m | Tenant | Completion date | Lease, years | Estimated annual operating surplus, SEK m |
|---|-----------|--|-------------------------------|---|--------------------|-----------------|---|
| Swedish National Defence College | Stockholm | New construction | 420 | Swedish National Defence College/Swedish Institute of International Affairs | 2005-08 | 10 | 31 |
| Ångström building 7, new wing | Uppsala | New construction | 146 | Uppsala University | 2006-07 | 20 | 10 |
| Swedish Institute for Infectious Disease Control | Stockholm | New construction | 100 | Swedish Institute for Infectious Disease Control | 2005-10 | 15 | 8 |
| Gävle Library | Gävle | New construction | 93 | Gävle University College | 2005-10 | 20 | 8 |
| Biomedical Centre, Building D | Lund | New construction | 270 | Lund University | 2006-04 | 10 | 21 |
| Tre Vapen II | Stockholm | Redevelopment and extension | 370 | Sida | 2006-08 | 10 | – |
| Centre for Chemistry and Chemical Engineering | Lund | Redevelopment and extension | 348 | Lund University | 2009-01 | 10 | – |
| Physics Research Building | Göteborg | Redevelopment and extension | 135 | Transferred to CFAB on 1-1-05 | 2005-01 | – | – |
| Department of Mathematical Sciences | Göteborg | Redevelopment and extension | 123 | Chalmersfastigheter AB | 2005-12 | 20 | – |
| Rosendal High School | Uppsala | Redevelopment and extension | 96 | Municipality of Uppsala | 2005-08 | 15 | – |
| A Building, Part A | Linköping | Redevelopment and extension | 93 | Linköping University | 2005-06 | 7 | – |
| Centre for Chemistry and Chemical Engineering | Lund | Redevelopment and extension | 75 | Lund University | 2007-12 | 10 | – |
| Royal Institute of Technology, Old Library | Stockholm | Redevelopment and extension | 60 | IVL, Swedish Environmental Research Institute | 2005-06 | 12 | – |
| Languages – Humanisten | Lund | Redevelopment and extension | 53 | Lund University | 2005-05 | 10 | – |
| Swedish National Defence College | Stockholm | Redevelopment and extension | 52 | Swedish National Defence College | 2005-08 | 10 | – |

Note: The computed annual operating surplus is only stated for new construction projects.

Swedish National Defence College and the Swedish Institute of International Affairs, Stockholm



International activities and security policy, research and higher education, information and debate. When the Swedish Institute of International Affairs needed new premises they decided to join forces with the Swedish National Defence College. They had similar operations and a need for space. Now a joint centre is being built with a natural link to the higher education world.

In autumn 2003, a number of buildings were demolished on the Royal Institute of Technology campus at Valhallavägen in Stockholm. The demolition provided space for a new 16,000-square-metre building. Two years later a new centre is now being inaugurated where defence, security and foreign policy are in focus. The principals are the Swedish National Defence College and the Swedish Institute of International Affairs.

Apart from the new building there is a totally renovated existing building with 4,500 square metres of floor space. The location on the Valhallavägen Campus was a natural choice for both parties as parts of their operations are directed at students at civilian universities. There are

also other common points of contact within research and higher education.

The Swedish National Defence College is an authority with university education and comes under the Ministry of Defence. This means management training and international courses for military personnel but also civilian courses within leadership and crisis management. There is also research within total defence and security policy.

The Swedish Institute of International Affairs carries on research into foreign policy issues. The Institute arranges lectures and conferences, informs and debates and is an adult education body when it comes to the different countries around the world and international conditions.

The joint centre, planned by Akademiska Hus, was built to handle the interaction between civilian and military operations. The planning took place in close collaboration with the tenants to create functional, flexible premises.

At the heart of the ground floor there is a reception, cafe and joint service functions co-ordinated by the tenants. They will also share, among other things, the entrance and the computer rooms and lecture theatres. On the ground floor there

is a completely new joint library, the Anna Lindh Library, which is a very important common part of operations. Other premises include offices, teaching premises and the cellar, with health facilities, a gym and changing rooms. For those who want to go outside there are roof terraces as well as courtyards with plants.

The Swedish National Defence College and the Swedish Institute of International Affairs expect to move in during summer 2005.

Project factfile Swedish National Defence College, Stockholm

| | |
|--------------------------------------|--|
| Project framework, SEK m | 420 |
| of which investment | 414 |
| Category of premises | Teaching |
| Project start, year-month | 2004-01 |
| Planned opening, year-month | 2005-08 |
| Rentable floor space, m ² | 15,760 |
| Tenant | Swedish National Defence College / The Swedish Institute of International Affairs |
| Lease period, years | 10 |
| Annual rent, SEK m | 37.0 |

Project presentation

IVL, The Swedish Environmental Research Institute, Stockholm



High clear windows, almost five metres to the ceiling and open planning. Book rooms and reading rooms have made way for offices and laboratories. The old Royal Institute of Technology library at Valhallavägen has enticed IVL, The Swedish Environmental Research Institute, to literally move closer to the university.

When the Swedish Environmental Research Institute, IVL, became a new tenant at the Royal Institute of Technology library this will in a sense also be a move back in time. IVL was previously located on the Valhallavägen Campus but moved in the 1970s. The Institute, which conducts environmental research and other environmental work, runs many of its projects in conjunction with researchers at universities and colleges in Sweden and abroad. It was therefore natural to endeavour to also come closer to the Royal Institute of Technology in physical terms. IVL in Göteborg has likewise moved its office to the Chalmers Campus.

The Royal Institute of Technology library at Valhallavägen was built in 1930 and has been designated as a listed

building. A number of years ago the library moved to new premises and the three-storey, 4,900 square metre building has been meticulously redeveloped into offices and laboratories. Although the red brick exterior will remain largely the same, the interior has undergone a major transformation. The old reading room has become a modern office landscape and the ground floor is bright and airy with a 4.5 metre ceiling. The laboratories on the ground floor required extremely good ventilation, which has been achieved through new, powerful fan rooms and ventilation ducts. On the third floor, apart from the office landscape, there will also be a newly constructed roof terrace. Completely new technical systems have been installed to accommodate all the desired media, including the gases IVL requires for its work. New stairwells have also been built and a new lift has been installed. As the building is listed, the redevelopment is taking place through close consultation between Akademiska Hus and the architect Per Ahrbom, the County Administrative Board and Stockholm City Museum. IVL will move into its new premises in summer 2005.

In recent years Akademiska Hus has sought to let vacant premises on the Valhalla Campus. A new tenant is IVL, which can facilitate contact between the university and industry. Furthermore, the rents have proved attractive to external bodies.

Project factfile IVL, The Swedish Environmental Research Institute, Stockholm

| | |
|--------------------------------------|---|
| Project framework, SEK m | 60 |
| of which investment | 50 |
| Category of premises | Office/Education |
| Project start, year-month | 2004-06 |
| Planned opening, year-month | 2005-06 |
| Rentable floor space, m ² | 3,400 |
| Tenant | IVL, The Swedish Environmental Research Institute |
| Lease period, years | 12 |
| Annual rent, SEK m | 6.3 |

Project presentation

Rosendal High School, Uppsala



In the innovative Rosendal area Akademiska Hus is building its first high school – Rosendal High School in Uppsala. Proximity to higher education, research and industry will inspire the students and contribute to generating a special 'pulse' in the teaching.

In the heart of this research-intensive, innovative part of Uppsala, close to BMC, the Biomedical Centre, and the Ångström Laboratory, is Rosendal High School. In time over 700 pupils will study there.

The building, which comprises 11,000 square metres, was built in the middle of the 1970s for the Medical Products Agency, which was the tenant until 2003. Parts of the building, including laboratories and offices, will be used by Rosendal High School for similar purposes. Other parts will be adapted to school operations during the year-long refurbishment and redevelopment, which commenced in 2004.

For Akademiska Hus it is the first time it has planned a high school. Cooperation with Uppsala Municipal Authority concurs well with the company's intention to broaden the customer base and at

the same time draw on its experience of developing and managing properties for education and research. As in other projects, redevelopment is taking place in close collaboration with the tenant.

The U-shaped building in yellow brick is beautifully embedded in the greenery. The central part of the building houses classrooms and student work-places, music rooms and art rooms. In the two wings there are laboratories and classrooms. Between the wings there is a new dining room, which opens out to the plants and trees in the courtyard and the surrounding land.

The school environment will encourage meetings and exchange between students and between teachers and students. The workrooms have therefore been provided with space to sit and discuss as well as group work. The dining room is close to the entrance, where the students and teachers can move around during most of the day. Even here it is possible to meet and sit, not just at lunchtime.

The high school pupils can choose between courses with an international, journalistic or scientific focal point. Close to the high school, within the same area,

are a number of companies and academic institutions, offering the opportunity to involve teachers and researchers in lectures and laboratory work.

Rosendal High School has attracted a great deal of interest and many people are looking forward to the autumn term, in particular Uppsala University, which hopes to inspire many high school pupils to opt for sciences when they move on to higher education.

Project factfile Rosendal High School, Uppsala

| | |
|--------------------------------------|-------------------------|
| Project framework, SEK m | 93 |
| of which investment | 34 |
| Category of premises | Education |
| Project start, year-month | 2004-06 |
| Planned opening, year-month | 2005-08 |
| Rentable floor space, m ² | 10,177 |
| Tenant | Municipality of Uppsala |
| Lease period, years | 15 |
| Annual rent, SEK m | 12.0 |

Awards for completed projects

Akademiska Hus has received many awards for high quality in architecture and the environment



2002

Library, Karlstad University

Municipality of Karlstad Building Prize

Royal Institute of Technology

Library, Stockholm

ROT prize 2002

Design Centre, Lund

Nominated for the Building of the Year Award 2002

2003

Geocentre, Lund

Lund Urban Construction Award 2003

Department of Nursing and Neurotec,

Karolinska Institute, Huddinge

Nominated for the Kasper Salin Award

University College of Opera,

Stockholm

Nominated for the Building of the Year Award

2004

Royal Institute of Technology Library,

Stockholm

Helgo prize

School of Music, Örebro

Building of the Year Award, Örebro Building Committee

Academicum, Göteborg

Nominated for the Building of the Year Award

Language and Literature Centre, Lund

Nominated for the Kasper Sahlin Award
Lund Urban Construction Award 2004

2003 Geocentre Lund, Lund Urban Construction Award 2003; **Department of Nursing and Neurotec, Karolinska Institute, Huddinge**, nominated for the Kasper Salin Award; **University College of Opera, Stockholm**, nominated for the Building of the Year Award; **2002 Library, Karlstad University**, Municipality of Karlstad Building Prize; **Royal Institute of Technology Library, Stockholm**, ROT prize 2002; **Design Centre**, Nominated for the "Building of the Year" award 2002; **2001 Entrance Building, School of Chemical Engineering, Chalmers University of Technology, Göteborg**, Per and Alma Olsson Award for Good Architecture; **Central Library, Härnösand, University Library, Kalmar**, Nominated in each county as the most popular building in conjunction with the Year of Architecture 2001; **2000 School of Business, Stockholm University**, Nominated for the Reconstruction of the Year Award; **Central Library, Härnösand**, Library of the Year 2000, DIK Association; **1999 Aula Magna, Frescati**, European Steel Design Award; **Zenit Building, Linköping**, 1999 Architectural Award, SAR Eastern Götaland; **1998 Åkroken, Sundsvall**, Best Colour Scheme 1996–98, National Association of Master Painters, Urban Environment Award; **Alnarpsgården, Alnarp**, Europa Nostra Awards 1998; **GEO Building, Frescati**, Concrete Panel Association Architectural Award; **Aula Magna, Frescati**, Stockholm Chamber of Commerce Architectural Award; Stockholm Regional History Society Architectural Award; **Kristianstad University College**, Kristianstad Municipality Building Environment Award; **1997 Konradsberg, Stockholm** Stockholms Byggmästarförening, ROT-diplom **Aula Magna, Frescati** Nominerat till Kasper Salin-priset **1996 Royal Institute of Technology Main Building, Stockholm** ROT Award, the painting and decorating industry honourable mention for colour planning; **Alnarpsgården, Alnarp**, The Helgo Award, Lomma Municipality Award for Good Building Design; **1995 Lundberg Laboratory, Göteborg**, National Association of Master Painters, Best Colour Scheme; **Ecology Building, Lund**, Joint winner of the Urban Construction Award; **School of Economics and Commercial Law, Göteborg**, Kasper Salin Award, Per and Alma Olsson Award for Good Architecture; **1994 Wallenbergsalen, Göteborg**, Concrete Panel Association Architectural Award; **1993 School of Performing Arts, Göteborg**, SAR West Architectural Award, Per and Alma Olsson Award for Good Architecture.

Financing

Financing will contribute in the long term to the Group's profitability

Group financing

Akademiska Hus will carry on financing, making use of well-adapted strategies and striking a balance between financial risks and a low financing cost. The finance policy decided by the group board lays down the long-term strategic orientation of debt management. The finance policy also states the Group's risk approach and how exposure to financial risks should be handled.

Objectives and strategies

- Using the financial position and good rating and within the framework of the risk limits in the finance policy, achieve as low a financing cost as possible.
- Via the public financing programmes secure cost-effective financing on the sub-markets that best take into account Akademiska Hus's credit rating.
- Using co-ordinated financing management facilitate utilisation of economies of scale and the efficient handling of financial risks.

Fixed interest mandate

According to the finance policy, the Board adopts a special risk mandate for handling the interest risk. This is expressed as a range for the average fixed interest period for interest-bearing liabilities, including interest derivatives. During 2004, the range was 1.5–3.5 years and was reduced in December to 1–3 years. Of the total debt portfolio, three parts have been separated to refine the portfolio that has been assigned the fixed interest mandate.

The first part refers to the arrangement of certain leases. Apart from the indexing of the rent, there is an adjustment in the light of government loan or subsidy interest rates. This justifies taking into account the interest risk in the lease. At the year-end, this part of the debt portfolio amounted to approximately SEK 1,660 million.

The Group's liability varies as a result of the quarterly rent payments. This results in a seasonal variation in the fixed interest. From the total debt portfolio a part equivalent to a maximum of the next quarter's rent payments of approximately SEK 1,350 million (including VAT) has been separated.

Real interest rate bonds outside the fixed interest mandate are also handled. This constitutes diversification in the debt portfolio and means that the Group is not only exposed to nominal interest rates. Net exposure to real interest rates at the year-end totalled approximately SEK 700 million.

Rating

Since 1996, Akademiska Hus has a long-term AA rating with a stable outlook and a short-term rating of A1+/K1 from Standard & Poor's (S&P).

S&P's justification is that the rating reflects the Group's key role as owner and manager of high-quality premises for universities and colleges, the strong involvement of the Swedish state in higher education and research and the long-term aims of the owner. S&P also consider that Akademiska Hus has a satisfactory financial position despite a high debt-equity ratio.

Financial risks and risk management

| Financial risk | Definition of risk exposure | Risk limit according to the finance policy |
|------------------------------|--|---|
| Interest risk | The risk of affecting the Group's profit as a result of a change in market interest rates. | The interest risk should be handled within a fixed interest mandate. |
| Refinancing risk | The risk that the cost is higher or financing potential is limited when loans are to be renewed. | Diversification via different financing forms. The maturity structure should be even and well balanced. Credit assurances should be sufficient. |
| Credit and counterparty risk | The risk of a loss if a counterparty does not meet its undertakings. | A limit for counterparty risks is based on a rating and the term of the commitment. ISDA-agreements are always signed before derivative transactions are carried out. For major commitments a CSA agreement should be sought. |
| Currency risk | A risk that exchange rate changes affect the Group's Income Statement and Balance Sheet. | In conjunction with financing in foreign currency risk should be eliminated. Currency exposure in conjunction with electricity trading is accepted. |

Financing forms and facilities

For a number of years the Group has had well-established short-term and long-term financing programmes, both domestic and international. At the year-end there were bank overdraft facilities of SEK 4,200 million, of which SEK 2,700 million was unconfirmed.

Facilities and rating

| | Framework nominal 31-12-2004 | Utilised, Rating 31-12-2004 | Rating, Standard & Poor's |
|------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| Bank | SEK 4,200 m | SEK 395 m | – |
| Commercial paper | SEK 4,000 m | SEK 2,330 m | A1+/K1 |
| ECP (Euro Commercial Paper) | USD 600 m | SEK 966 m | A1+ |
| MTN (Medium Term Note) | SEK 8,000 m | SEK 2,164 m | AA |
| EMTN (Euro Medium Term Note) | USD 1,500 m | SEK 9,645 m | AA/A1+ |

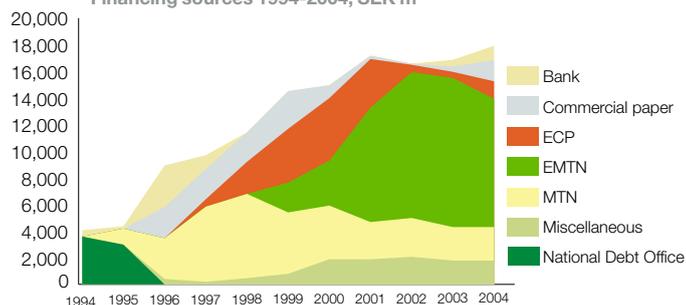
Liability management during 2004

At the beginning of the year the average fixed interest period for Akademiska Hus was 2.4 years. This has been reduced gradually during the year and at the year-end it was 1.6 years. The reason for reducing the fixed interest period is that Akademiska Hus did not expect a traditional pattern of interest rate increases during the year.

Many observers stated that 2004 would be characterised by interest rate increases as the turnaround in the economy, particularly in the USA, was expected to continue. In June, the Federal Reserve entered an interest rate increase phase from what was an historically very low level. The tangible weakening of the dollar during the fourth quarter, however, has dampened the expectations of an economic recovery and a rise in interest rates in Europe. Despite the increase in the price of oil, inflation in Sweden has been extremely modest. Expectations of a continued low rate of inflation and a weak labour market were supported by the shortening of the fixed interest period.

The maturity at the beginning of the year was 3.3 years. Financing requirements have been relatively limited during 2004. Refinancing has taken place via the short-term financing pro-

Financing sources 1994-2004, SEK m



grammes and during the year Akademiska Hus has deliberately held back on extending the portfolio. The falling market interest rates have also made possible low spreads for short-term financing. At the end of the year the maturity was 2.3 years. 70 per cent of the Group's total financing originated from abroad.

Renewal structure for fixed interest and liability maturity as of 31-12-2004

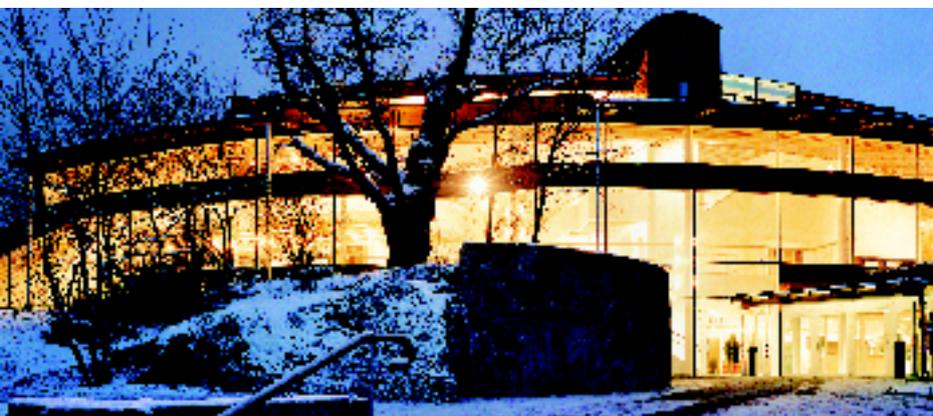
| Year | Fixed interest, SEK m | Capital tie-up, SEK m |
|----------------|-----------------------|-----------------------|
| 2005 | 10,556 | 5,487 |
| 2006 | 114 | 3,460 |
| 2007 | 3,350 | 550 |
| 2008 | 200 | 2,881 |
| 2009 | 1,300 | 2,250 |
| 2010 | 300 | 1,942 |
| 2011 and later | 1,261 | 511 |
| Total | 17,081 | 17,081 |

(Nominal amounts)

Key figures

| | 2000 | 2001 | 2002 | 2003 | 2004 |
|-------------------------------------|--------|--------|--------|--------|--------|
| Interest-bearing liabilities, SEK m | 15,024 | 17,267 | 17,390 | 16,794 | 17,454 |
| Debt-equity ratio, times | 2.3 | 2.5 | 2.4 | 2.2 | 2.2 |
| Internal financing, % | 73 | 53 | 85 | 85 | 90 |
| Interest coverage, % | 198 | 185 | 171 | 177 | 202 |
| Interest cost, % | 5.40 | 5.60 | 5.55 | 5.30 | 4.50 |

The investment rate has fallen slightly in recent years. Interest-bearing liabilities are not increasing to the same extent as previously. The increased rental income and the improved net interest



Aula Magna, Frescati, Stockholm University. Thanks to excellent acoustics it is possible to talk without a microphone to 1,200 people in this amphitheatre-shaped room at Aula Magna in Stockholm.

income/expense are leading to an improvement in the internal financing level and interest coverage level.

Financing cost

The net interest income/expense amounted to SEK –794 million (–895) and the average debt portfolio totalled SEK 17,547 million (16,876). The financing cost was 4.50 per cent (5.30), estimated as the interest expense in relation to the average capital in interest-bearing liabilities. On December 31 the average interest rate on outstanding debt was 2.82 per cent (3.50), excluding interest derivatives, and 4.26 per cent including interest derivatives (4.91).

Financing cost, composition

| | 2000 | 2001 | 2002 | 2003 | 2004 |
|--------------------------------|------|------|------|------|------|
| Financing cost for loans, % | 5.00 | 4.85 | 4.75 | 3.97 | 3.05 |
| Net interest earnings swaps, % | 0.20 | 0.30 | 0.40 | 0.90 | 1.20 |
| Periodisation and charges, % | 0.20 | 0.45 | 0.40 | 0.43 | 0.25 |
| Total financing cost, % | 5.40 | 5.60 | 5.55 | 5.30 | 4.50 |

Prospects for 2005

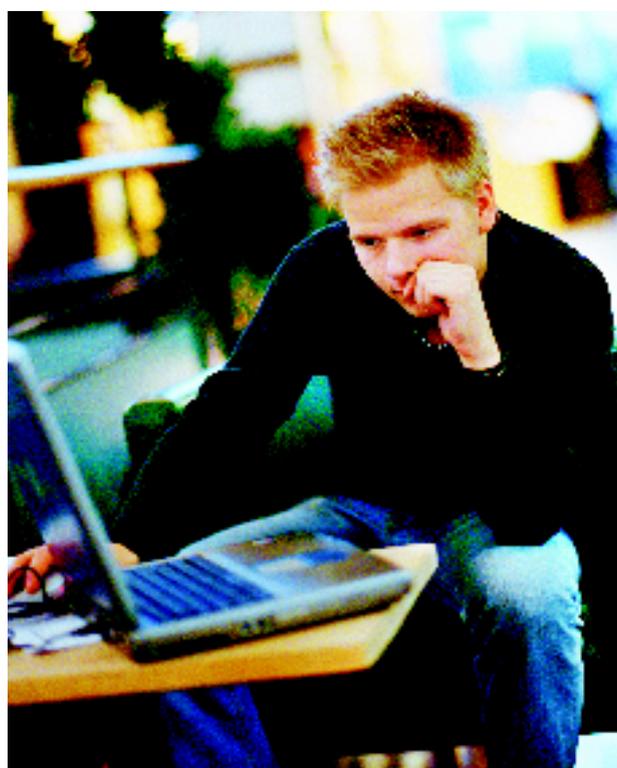
At the end of 2004 Akademiska Hus was of the opinion that it was highly uncertain as to whether the Swedish Riksbank would really be more restrictive in its money policy in 2005. Attention, however, must be drawn to the historically low interest levels. Factors that could change the scenario rapidly are a strengthening of the dollar and a fall in the price of oil. A more positive picture of the economy would reduce the probability of a continued fall in long-term interest rates. During 2005, growth in the Akademiska Hus portfolio is expected to be very moderate. The financing requirements comprise largely loans that fall due for renewal of SEK 5.3 billion and net investments of SEK 1.2 billion. The sale of the Chalmers properties at the beginning of the year will reduce the need for financing by approximately SEK 1 billion. The possibility exists at present of waiting with an extension of the fixed interest period in order to benefit from the low interest rates for financing for a little longer. To safeguard the maturity longer issues could take place.

Portfolio analysis

The table below shows the annual remaining debt portfolio and the fixed interest expense. The derivative and interest derivative part of the debt portfolio are reported.

New accounting rules

New rules (IFRS) for reporting financial instruments came into effect in 2005. The new rules do not give rise to any change in the view regarding the handling of financial risks within Akademiska Hus. The market valuation of the derivative portfolio will have a considerable impact on profit. Akademiska Hus will, by way of information and to facilitate comparability with previous years, in the future also present the interest cost according to the present method. For further information see page 25.



Interest-bearing liability as of the year-end and its average interest rate

| | Bonds, fixed interest | | Other long-term liabilities floating interest | | ECP and commercial paper | | Total within the Balance Sheet | | Interest swaps, fixed interest and periodisation | | Interest swaps, floating interest | | Total | |
|------------|-----------------------|-------------|---|-------------|--------------------------|-------------|--------------------------------|-------------|--|-------------|-----------------------------------|-------------|--------|-------------|
| | SEK m | Interest, % | SEK m | Interest, % | SEK m | Interest, % | SEK m | Interest, % | SEK m | Interest, % | SEK m | Interest, % | SEK m | Interest, % |
| 31-12-2004 | 1,633 | 6.42 | 12,219 | 2.56 | 3,286 | 2.09 | 17,138 | 2.82 | 5,911 | 5.93 | –5,911 | –2.58 | 17,138 | 4.26 |
| 31-12-2005 | 1,183 | 6.12 | 10,454 | | | | 11,637 | | 4,061 | 6.65 | | | 11,637 | |
| 31-12-2006 | 596 | 4.91 | 7,557 | | | | 8,153 | | 4,761 | 6.13 | | | 8,153 | |
| 31-12-2007 | 73 | 5.72 | 7,556 | | | | 7,629 | | 1,961 | 5.76 | | | 7,629 | |
| 31-12-2008 | | | 4,696 | | | | 4,696 | | 2,561 | 4.83 | | | 4,696 | |
| 31-12-2009 | | | 2,445 | | | | 2,445 | | 1,261 | 4.68 | | | 2,445 | |
| 31-12-2010 | | | 502 | | | | 502 | | 1,261 | 4.68 | | | 502 | |
| 31-12-2011 | | | 501 | | | | 501 | | 1,261 | 4.68 | | | 501 | |
| 31-12-2012 | | | 190 | | | | 190 | | 1,261 | 4.68 | | | 190 | |

Environmental work

Group environmentally certified according to ISO 14001 during the year

Energy and environmental work

Akademiska Hus will develop and manage premises in a manner that is marked by consideration for the environment. Environmental work has been developed further during the year in the form of technical solutions and improved systems. In December, the Group was certified according to ISO 14001.

Environmental aspects – four major environmental issues

Energy use

The most important issue is the use of energy and work is continuing with regard to technical measures in property management as well as information campaigns and co-operation with the tenants.

Results

During the year Akademiska Hus formulated four improvement objectives regarding energy.

| Objective | Result |
|---|--|
| The proportion of purchased energy will be reduced by 10 per cent through to 2010 compared with 2000. | The reduction from 2000 to 2004 was 14 per cent. |
| Electricity use will be reduced by 10 per cent through to 2010 compared är 10 procent. | The reduction from 2000 to 2004 was 10 per cent. |
| Purchased energy is reported in CO ₂ equivalents. | Due to the difficulty in producing reliable data no report in CO ₂ equivalents will be made until further notice. |
| The use of oil for heating will be phased out through to 2010. | Phasing out has been completed. |

A series of measures have been taken at regional companies, such as continued energy inventories in Uppsala, to identify areas for improvement in the properties. The regional company North ran an energy competition, which resulted in a number of proposals. In co-operation with Örebro University an energy efficiency plan for the properties has been produced and a ground storage facility for heating and cooling has been brought into operation at Medicinareberget in Göteborg.

Material management

Material management covers both the purchase and use of different materials in operations, such as waste and its handling. The focus during the year has been mainly on waste management.

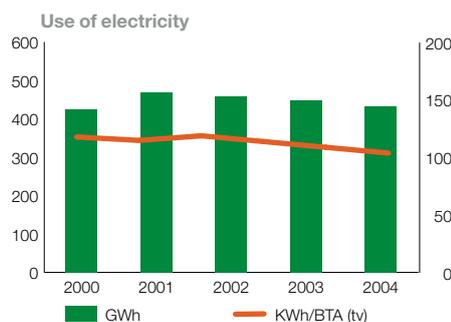
Measurement figures are lacking but the largest waste flows are construction and demolition waste in construction projects and the tenants' refuse. The build-up of sorting at source in the properties has continued, waste statistics have been produced in construction projects and the handling of the property operations' own waste has been improved.

Results

| Objective | Result |
|---|---|
| Active involvement in developments in the industry regarding material management. | Akademiska Hus has been actively involved in BYKR, MilaB, the ByggaBo dialogue and several industry bodies. |
| Akademiska Hus will apply a prioritisation ladder for material management. | The work has been directed mainly at improved sorting of waste at source, which is the first step. |

Phasing out of hazardous substances

The term hazardous substances refers to substances in chemical products or goods which can have a negative effect on the environment or health. Hazardous substances at Akademiska Hus exist in the form of built-in substances in construction materials in the properties, in new building materials and in chemical products used in property operations. At the regional companies in Lund and Göteborg an examination of the purchase of chemical products has been taking place for several years. Other regional companies have followed suit during the year. Chemical products have been eliminated at several places. There has been considerable involvement in MilaB and BYRK, where tools common to the industry regarding the choice of materials and products are being developed. The MilaB system is used in projects at several regional companies but as yet there is no collective picture of what phasing out has been achieved.



Results

Objective

Active involvement in developments in the industry regarding phasing out of hazardous substances.

Akademiska Hus will through projects and management make conscious environmental choices in conjunction with the purchasing and procurement of materials and products.

Result

Akademiska Hus has worked actively in BYKR, MilaB, the ByggaBo dialogue and other industry bodies.

In the majority of procurement processes environmental demands are made. The follow-up of results, however, is lacking in many cases. The work is being carried on at regional companies but as yet the working method is not comprehensive.

Indoor environment

It is of vital importance for Akademiska Hus that the buildings do not give rise to health problems. Several activities took place during the year aimed at ensuring a good indoor environment. Radon measurements have been made according to plan at several regional companies. Risk analyses focusing on moisture are being made in projects and in contracts weather protection reports are required. There are also examples of noise inventories and the drawing up of acoustics plans.

Results

Objective

Active involvement in developments in the industry regarding a good indoor climate.

Akademiska Hus will through projects and management make environmental demands on suppliers regarding the handling of indoor environment-related matters.

Result

Akademiska Hus has worked actively in BYKR, MilaB and the ByggaBo dialogue.

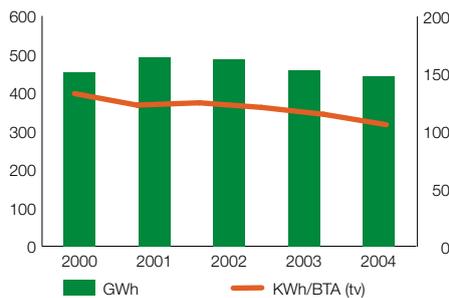
There are several examples of environmental demands. More demands will gradually be made on suppliers. The work is being run within the regional companies but as yet the approach is not comprehensive.

Legal requirements

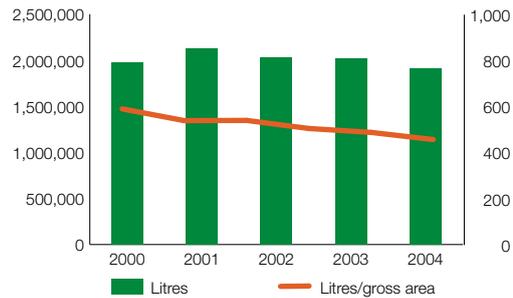
Within the Group there are several facilities that require permits (see Financial Report, page 72). A permit application for the Chalmers energy centre has been submitted to the environmental authorities. Relationships with the supervisory authorities are good and operations have not been subject to any injunctions or environmental sanction charges during the year.

An examination of both national legislation and local demands has been made at all regional companies and compliance has been checked in operations. This has resulted in better control and a better working approach to pick up on new legal requirements.

Use of heat



Use of water



Environmental work

The organisation of environmental work has been developed during the year. The management work commenced in 2003 has now led to a fully implemented and certified environmental management system. The environmental diploma process at the regional companies in Lund and Göteborg has been of considerable help. The work has been run partly on a group basis and partly within each regional company. The former environmental organisation has been expanded to include a number of environmental groups with local persons responsible for different environmental issues. A large number of the personnel have been involved and environmental issues have acquired greater importance within the company.

Education

As part of the environmental work a number of training programmes have been run. These have dealt with both general environmental know-how and specific programmes regarding waste management or legal requirements. One example is the Environment Day run at the regional company in Uppsala at the end of the summer, which included both practical exercises and technical demonstrations. At the majority of regional companies all personnel have undergone some form of environmental training during the year.

Environmental policy

Akademiska Hus will develop and manage properties in a manner that is characterised by consideration for the environment. The company will maintain a good, sound indoor environment within the framework of ecologically sustainable systems. Consideration for the environment is realised, among other things, by the company

- satisfying current laws, ordinances and other demands,
- building and managing properties in a more environmentally adapted and resource-efficient manner,
- taking into account environmental impact when choosing different materials, products and services,
- working to ensure that environmental consideration is applied by tenants, suppliers and other partners,
- testing and developing technology and methods with a good environmental profile,
- running, following up and informing about environmental work in an effective way,
- constantly improving its environmental work.

Environmental policy

| | Energy management | Material management | Phasing out of hazardous substances | Indoor environment |
|--------------------|--|--|--|--|
| | <p>The proportion of purchased energy, stated in kWh/m², will be reduced by 10 per cent through to 2010 and by 30 per cent through to 2025 compared with 2000</p> <p>Electricity and heating needs for 2005 should be reduced by 2 per cent compared with the 2004 outcome.</p> | <p>The volume of building material deposited will be reduced to half through to 2010 compared with 2003.</p> <p>Waste in investment projects sent for disposal will be reported during 2005.</p> | <p>Materials and products used in buildings or in other operations will not have a negative impact on people's health or the environment.</p> <p>>50 per cent of the projects and >20 per cent of the maintenance work will during 2005 use MilaB for an evaluation of hazardous substances in materials and products.</p> | <p>No stated health problems are registered and the tenant will be satisfied with the indoor climate.</p> <p>Improve the outcome of "Satisfied tenants" in the NKI survey for 2005 by one unit for the statements</p> <ul style="list-style-type: none"> - The premises are pleasant - The premises have a good indoor climate - The premises are suited to their purpose |
| OBJECTIVE 1 | <p>Use of electricity (property electricity and the tenant's operating electricity) will be reduced by 10 per cent, stated in kWh/m², through to 2010 compared with 2000.</p> <p>The number of leases where electricity has been reported separately will be higher for 2005 than for 2004.</p> | <p>Active involvement in the industry's development with regard to material management.</p> | <p>Active involvement in the industry's development with regard to material management.</p> | <p>Active involvement in the industry's development with regard to a good indoor environment.</p> |
| OBJECTIVE 2 | <p>Emissions into the air of carbon dioxide resulting from energy production (own or indirect) will be minimised in the long term.</p> <p>(Emissions in conjunction with research are exempted)</p> | <p>In projects and management Akademiska Hus will apply the prioritisation ladder for material management (reuse, material recycling, energy recycling, disposal).</p> | | <p>All suppliers who are engaged by Akademiska Hus will in projects and management have environmental demands made on them with regard to the handling of matters related to the indoor environment.</p> |
| OBJECTIVE 3 | <p>Active involvement in the industry's development with regard to energy management.</p> | | | <p>All materials and products used at Akademiska Hus will be of a low-emission type.</p> |
| OBJECTIVE 4 | <p>Use of oil as a main alternative for heating will be phased out through to 2010.</p> | | | <p>Buildings and premises will be planned, built and managed in such a way that problems resulting from moisture do not arise.</p> <p>>20 per cent of investment projects at companies will be moisture-dimensioned in 2005.</p> |

Energy and water use

| Year | Electricity kWh/m ² LOA(TV) | | | Electricity kWh/m ² BTA(TV) | | | Heating kWh/m ² LOA(TV) | | | Heating kWh/m ² BTA(TV) | | | Water Litres/m ² LOA(TV) | | |
|-------------------------------|--|------------|------------|--|------------|------------|------------------------------------|------------|------------|------------------------------------|------------|------------|-------------------------------------|------------|------------|
| | 2002 | 2003 | 2004 | 2002 | 2003 | 2004 | 2002 | 2003 | 2004 | 2002 | 2003 | 2004 | 2002 | 2003 | 2004 |
| Akademiska Hus i Lund AB | 138 | 127 | 127 | 111 | 101 | 101 | 149 | 134 | 130 | 120 | 106 | 104 | 364 | 351 | 367 |
| Akademiska Hus i Göteborg AB | 144 | 141 | 133 | 111 | 108 | 102 | 130 | 130 | 125 | 101 | 95 | 83 | 521 | 476 | 459 |
| Akademiska Hus i Linköping AB | 132 | 133 | 134 | 110 | 109 | 108 | 128 | 118 | 112 | 107 | 97 | 90 | 535 | 480 | 519 |
| Akademiska Hus i Uppsala AB | 176 | 169 | 168 | 134 | 129 | 130 | 218 | 191 | 195 | 162 | 147 | 151 | 588 | 649 | 550 |
| Akademiska Hus i Stockholm AB | 130 | 130 | 115 | 108 | 103 | 90 | 143 | 157 | 131 | 119 | 124 | 103 | 546 | 496 | 436 |
| Akademiska Hus i Norr AB | 135 | 127 | 122 | 108 | 102 | 99 | 133 | 121 | 119 | 106 | 98 | 96 | 419 | 435 | 439 |
| Total | 143 | 138 | 132 | 114 | 109 | 104 | 151 | 146 | 134 | 121 | 115 | 106 | 506 | 489 | 458 |



Example of environmental work

Valla Campus, Linköping University.

Composting facility

Konradsberg Campus, Stockholm

A new compost station has made the Konradsberg Campus self-sufficient with regard to recycled soil and in doing so has reduced the number of transport movements. Both are important elements in the Akademiska Hus environmental policy.

The Konradsberg Campus in western Stockholm, with the Institute of Education as the largest tenant, is characterised by large green areas and a park-like garden environment and large amounts of garden waste are generated. The waste was previously taken away by truck to the Akademiska Hus composting facility at the Royal Institute of Technology on Valhallavägen. The journey of approximately 8 kilometres was made several times a week. Within the campus there was no suitable place to take care of garden waste but after negotiations with the City of Stockholm Akademiska Hus was granted access to land adjoining the campus where in summer 2004 they were able to build their own composting station.

Today garden waste is composted into three fractions – leaves, twigs and weeds. Leaves and weeds are oxygenated and used after a couple of years as soil improvement. The twigs are ground down and used as mull, among other things under bushes, to prevent weed growth. The Konradsberg campus today is almost self-efficient with regard to soil and bark, which previously were purchased. Informative signs beside the station explain how the composting works, which has also aroused interest among students and other people in the area.

Improving energy efficiency

Biomedical Centre, BMC, Uppsala

Despite the fact that the premises have been extended and laboratory operations concentrated, BMC in Uppsala has been able to reduce its energy consumption considerably. A rebuilt ventilation system and new control systems are just two measures that have led to savings for the tenant.

The BMC has in recent years undergone major changes. Among other things, the premises have been refurbished and expanded by approximately 6,000 square metres. Despite larger premises and approximately 350 new fume cupboards the energy consumption during the same period has fallen, both in terms of kWh/m² and in total. The BMC, which was built between the 1960s and 1985, has a total floor space of over 100,000 square metres and houses research and undergraduate programmes in more than 20 different departments. Akademiska Hus and the tenant have for the past ten years jointly addressed a number of points to improve energy efficiency. Among other things, better use is made of the floor space, the ventilation facilities have been

rebuilt and new control systems for increased energy efficiency have been installed. A higher level of energy awareness has also led to improvements within the monitoring, control and regulation functions. The BMC has also replaced older fume cupboards and added electronic flow alarms. Overall, these measures have led to the total electricity consumption falling by almost 0.2 GWh or 1.1 per cent of the regional company's electricity requirements. For heating, the equivalent saving is 3.4 GWh or 13 per cent of the regional company's electricity requirements. As energy and water are charged for separately this is a pure saving for the tenant. The BMC is a concrete example of the value of constantly working to improve energy efficiency.

Needs-adapted ventilation

Variable Air Volume (VAV), Lund

“There is no reason to air an empty room too much.” Under this heading Lindinvent, with the aid of Akademiska Hus, developed a new VAV system with an intelligent device (IDCC). The system has been installed in several Akademiska Hus buildings and will eventually save energy in the holdings throughout the country.

The basic idea at Akademiska Hus is a development towards needs-adapted flows for ventilation, heating, cooling and light. In the ventilation context this is known as VAV as opposed to constant flows, CAV. Needs adaptation means that large volumes of energy can be saved. In a room where there are few or no people there is very little reason to air on a large scale, which would otherwise normally take place. The intake air device IDCC (Intelligent Diffuser for Climate Control) includes a system for the control of the cooling and heating and it is estimated that it could reduce the heating requirements for ventilation by 25–75 per cent and electricity for fans by 25–50 per cent compared with traditional ventilation. In addition, cooling is achieved for a large part of the year without mechanical cooling. The device adds air at sub-normal temperature to the room in set volumes to maintain the temperature and air is added using special technology, which does not generate any draught problems. The device adapts itself to the actual system pressure, which simplifies system build-up considerably compared with other comparable systems. This type of ventilation also reduces energy requirements drastically and installation costs are also often lower. The sound generated is exceptionally low and produces levels that can hardly be detected by the human ear. IDCC, which has been developed by the company Lindinvent with support from Akademiska Hus, was installed for the first time at the Geo-Centre in Lund.

The system has received an energy award from SWECO Theorells and the Royal Swedish Academy of Engineering Sciences, IVA.

Employees

Co-ordination between regions offers customer benefits

During the year the Group has worked to bring about increased operational co-ordination. The aim is to create valuable co-ordination advantages for customers – within energy supply for example. One of the aims of this increased harmonisation is to bring about greater affinity between the regions.

At the beginning of 2004 a broader overview of the vision and overall strategies commenced under the title AkaVision 2010. During the year, all employees have through group work taken part in the vision process, which has involved very extensive discussions about the future orientation and values at Akademiska Hus. The work is also intended to reduce the number of policy documents and instead gather the Group's overall positions within both the market and the economy, such as ethics, equality and diversity, in the vision document. The work on AkaVision 2010 is expected to be concluded during spring 2005.

Finding the right employees

The property industry will generally experience increasing problems with recruitment of operating personnel. One reason is the lack of training programmes, both on the high school level and the higher education level, which are focused directly on the property industry. The generally high average age in the industry is also contributing to making new recruitment difficult. Akademiska Hus, together with other companies and organisations, is attempting to draw attention to training and manning problems in the industry. Among other things, the company is involved in the non-profit-making association The Property Employers' Association for Development, FFU, which through a variety of activities is attempting to encourage employees to move into the property industry.

The combination of technically interesting management environments, large, advanced construction projects and the customers' sophisticated operations are contributing strongly to attracting new employees.

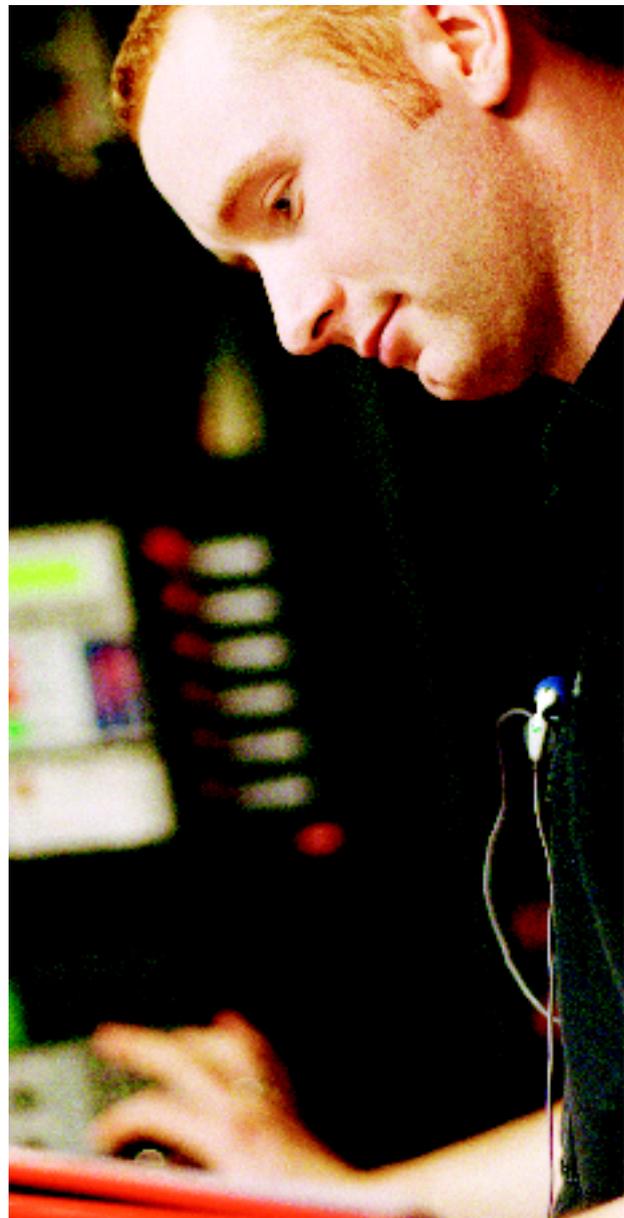
Training to keep pace with the tenants

The rate of training and development in the Group continues to be high. As the majority of customers are active in higher education and research it is important that employees have a good level of education from the outset and that during the time they are employed they receive ongoing in-service training to keep pace with new demands from customers and new conditions.

The average education cost per employee in 2004 was SEK 19,000 (20,000), which covers external and internal education. Based on business plans and the individual objectives examined during the appraisal discussions, each employee has a personal development plan. The training includes both advanced courses

within each area of expertise as well as general courses in areas such as customer care and personal development.

Once a year a joint training day is run for all employees in the Group, where the emphasis is very much on increased knowledge and understanding of those parts of the Group where an individual is not involved directly. Customers are also invited to



Daniel Olsson, operating engineer, Chalmers University of Technology. Seventy-two people work in the Göteborg Region, serving Akademiska Hus customers in Göteborg, Borås, Karlstad, Skövde and Skara.

the training day as speakers. All the members of the management teams from all the companies, around 50 in all, meet twice a year for development activities and an exchange of experience.

Employee survey

The employees' satisfaction with their working situation and Akademiska Hus as an employer are measured each year through a questionnaire. The 2004 questionnaire showed that the Group has attained a consistently good level.

The response rate was very high. 94 per cent of employees took part. Results show the satisfied employee index, NMI, on the group level, on the regional level and for individual property and management areas. On a 100-point scale 70–80 is a strong rating and over 80 is excellent. The outcome for 2004 was an NMI of 66 (67). The most important factors behind the NMI are employer (organisation/working methods, the company's objectives, high degree of tolerance and the working environment) and the duties.

Results from the employee survey form the basis for development plans for supervisors and managers on both the individual level and the group level.

Working environment and personnel care

In the NMI the employees increased the rating from 81 to 83 with regard to the physical working environment. The figures for Other working environment factors were also good. Apart from preventing illness and accidents at work the ongoing working environment programme is aimed at constantly improving methods and systems and increasing enjoyment and involvement. The employees are encouraged to exert an influence on their working situation through the employee survey, appraisal discussions, improvement suggestions and involvement in group projects such as AkaVision 2010.

Personnel turnover continued to be on the same relatively low level, 4 per cent, as 2003.

Absenteeism due to illness was 5.1 per cent, of which absenteeism due to long-term illness, i.e. a continuous period of absence due to illness of at least 60 days, was 3.5 per cent. Twenty-four people were off sick for a long period during the year. Of these, 17 work part-time, which is in line with the company's ambition that those off sick should if possible maintain contact with the workplace. The group rehabilitation plan states how all absenteeism due to illness should be handled and how co-operation with the Social Insurance Office should proceed in conjunction with rehabilitation enquiries.

Akademiska Hus has received a diploma from Alecta Pension Insurance for its work on reinforcing knowledge within the company about, among other things, ITP, the cost of absenteeism due to illness and routines for maintaining contact with employees who are off work sick.

Towards a better gender balance

Akademiska Hus had at the end of the year 440 employees, of whom 25 per cent are women. There is a conscious endeavour to achieve a better gender balance both within occupational categories in the organisation and within management groups and common group networks. In the more operative positions the property industry is still very much male-dominated, although Akademiska Hus does have eight woman property managers and seven female project leaders in what are traditional male positions. During 2004, two women were employed in leading positions as director of corporate communications and as general counsel.

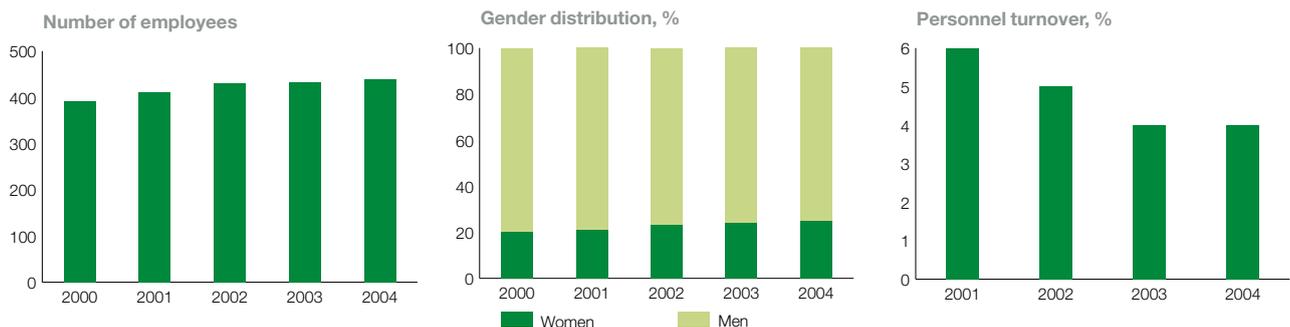
Diversity work

Akademiska Hus has relatively few employees with an immigrant background. At present around 30 people in the Group have this background, half of whom are technical personnel and the remainder work in administration and management. The company's guidelines include working to achieve greater ethnic diversity which, among other things, means that each time a person is recruited the company should take into account ethnic diversity as a key factor.

Reward system

During the period 2000–2004 Akademiska Hus had an incentive programme, Måltavlan, which was aimed at improving the operating efficiency and increasing customer benefit. The incentive programme means that all permanent employees receive an incentive supplement if the operational objectives are achieved within the Group/company/unit. The target areas that were measured were linked to profitability, satisfied customer index/customer benefit and energy savings. The payment per employee per year was maximised to one month's salary.

With effect from 2005 there will be no general, collective reward system at Akademiska Hus as the owner has stated clearly that as a rule there should not be any reward systems in state-owned companies.





Malin Ingesson, Head of Corporate Communications for the Linköping region, visiting the library on the Örebro Campus. Thirty-six people work in the Linköping region, the majority with operations and management for Akademiska Hus's customers in Linköping, Norrköping and Örebro.

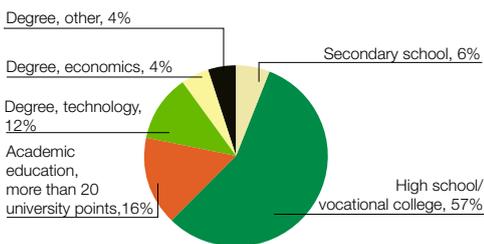
Extract from the employee questionnaire

| | 2002 | 2003 | 2004 |
|---|------|------|------|
| I support the company's objectives | 85 | 87 | 87 |
| I am generally very satisfied with my duties | 76 | 78 | 77 |
| Our company invests in staff training to develop the company's collective expertise | 76 | 76 | 75 |
| Our company gives me the opportunity to develop my expertise | 74 | 76 | 75 |
| I am generally very satisfied with my immediate superior | 76 | 80 | 79 |
| I have the authority to take action to solve problems that arise in my work | 81 | 82 | 82 |
| Are you happy at work? | 85 | 87 | 87 |

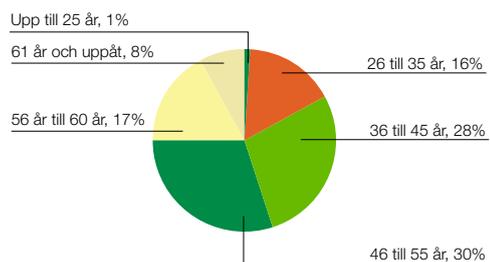
Number of employees according to position and gender

| | Women | Men |
|----------------------|-------|-----|
| Operating engineers | 5 | 170 |
| Property supervisors | 8 | 23 |
| Property managers | 1 | 11 |
| Project managers | 7 | 18 |
| Accounting personnel | 38 | 4 |
| Executive management | 3 | 11 |
| Other positions | 48 | 9 |

Education level, %



Age distribution, %



Corporate Governance

State ownership of Akademiska Hus is long-term

CORPORATE GOVERNANCE

State ownership policy

The government has value creation as an overall objective for companies under state ownership. The aim of creating value requires long-term thinking, efficiency, profitability, the capacity to develop and the assumption of environmental and social responsibility. State companies, like all companies on the market, are encountering increasingly keener competition. The government's management as owner therefore demands a clear and open ownership policy that is adapted to the increase in demands and the changing nature of these demands.

Akademiska Hus is wholly owned by the Swedish state. It is the owner's policy that ownership of Akademiska Hus should be long term.

Akademiska Hus's assignment

The primary task is to offer the country's universities and colleges suitable buildings for education and research. The company should also have the responsibility as manager of capitalising on the significant economic and cultural values that exist in the properties.

Akademiska Hus shall be Sweden's leading property company in creative environments for higher education and research.

Work of the Board

The Board is responsible for the overall management of the Company's business according to the Companies Act and decisions of major strategic and financial significance. The Board also decides on investments and divestments as well as adoption of the budget and annual accounts.

The work of the Board is controlled by the rules of procedure adopted each year by the Board. The rules of procedure lay down the Board's working methods, the instructions for the President and instructions for the Board's committees.

The Board meets at least five times a year, of which one meeting should be devoted to long-term planning. If necessary, extraordinary meetings are held for specific matters. The Group's auditors take part in at least one Board meeting each year. In 2004, the Board met as follows:

| | |
|-----------------|---|
| <i>February</i> | Final accounts and examination of the finance policy |
| <i>April</i> | Quarterly accounts, incentive programme, new rent model. |
| <i>June</i> | Election of members of the finance committee, remuneration committee and audit committee. Strategy issues. |
| <i>October</i> | Two meetings, of which one was an extraordinary meeting. Interim report, new accounting recommendations, customer and employee surveys and strategy issues. |

December Business plan and budget for 2005, equality and diversity plan and rules of procedure for the Board.

The government's objective is that the boards should have a high degree of expertise, which is well adapted to each company's operations, situation and future challenges. During 2004, the Board comprised Maj-Charlotte Wallin (newly elected), Claes Ljungh, Chairman, Lennart Nilsson, Deputy Chairman, Charlotte Axelsson, Sigbrit Franke, Marianne Förander and Birgitta Kantola (who were re-elected). The employees were represented on the Board by Parzin Seradji (Ledarna) and Sveinn Jonsson (SEKO).

Nomination process

The overall responsibility for Board nominations rests with the Ministry for Industry, Employment and Communications. The nomination and appointment of new members are preceded by an ongoing dialogue between the Ministry for Industry, Employment and Communications and the Chairman of the Board.

Board committees

Finance Committee

Appointed each year by the Board. The task of the Committee is to prepare and monitor financing issues and in doing so assist the Board in these issues. Feedback on the committee's work is made to the Board.

Audit Committee

The task of the Audit Committee is to assist the board in matters relating to financial risk and reporting and external audits and also to assist the owner in electing auditors. Feedback on the Committee's work is given to the Board. The Group's auditors take part in all Audit Committee meetings.

Remuneration Committee

The Remuneration Committee is appointed each year by the Board and is charged with the task of preparing decisions regarding salary conditions and terms and conditions of employment for the President and the executive management. Feedback on the work of the Remuneration Committee is given to the Board.

Allocation of responsibility and authority

The Group's operations are governed by the overall business plan and by a number of group guidelines within different areas: rents, management and construction, finance, personnel, IT, quality, environment, architecture and the Equal Treatment Plan. It is planned that these guidelines will be replaced by the overall governing document AkaVision 2010.

Group management

The Group management comprises the Group Head Office management team (President, Vice-President, Director of Planning and Heads of Units) as well as the directors of the regional companies.

Group organisation

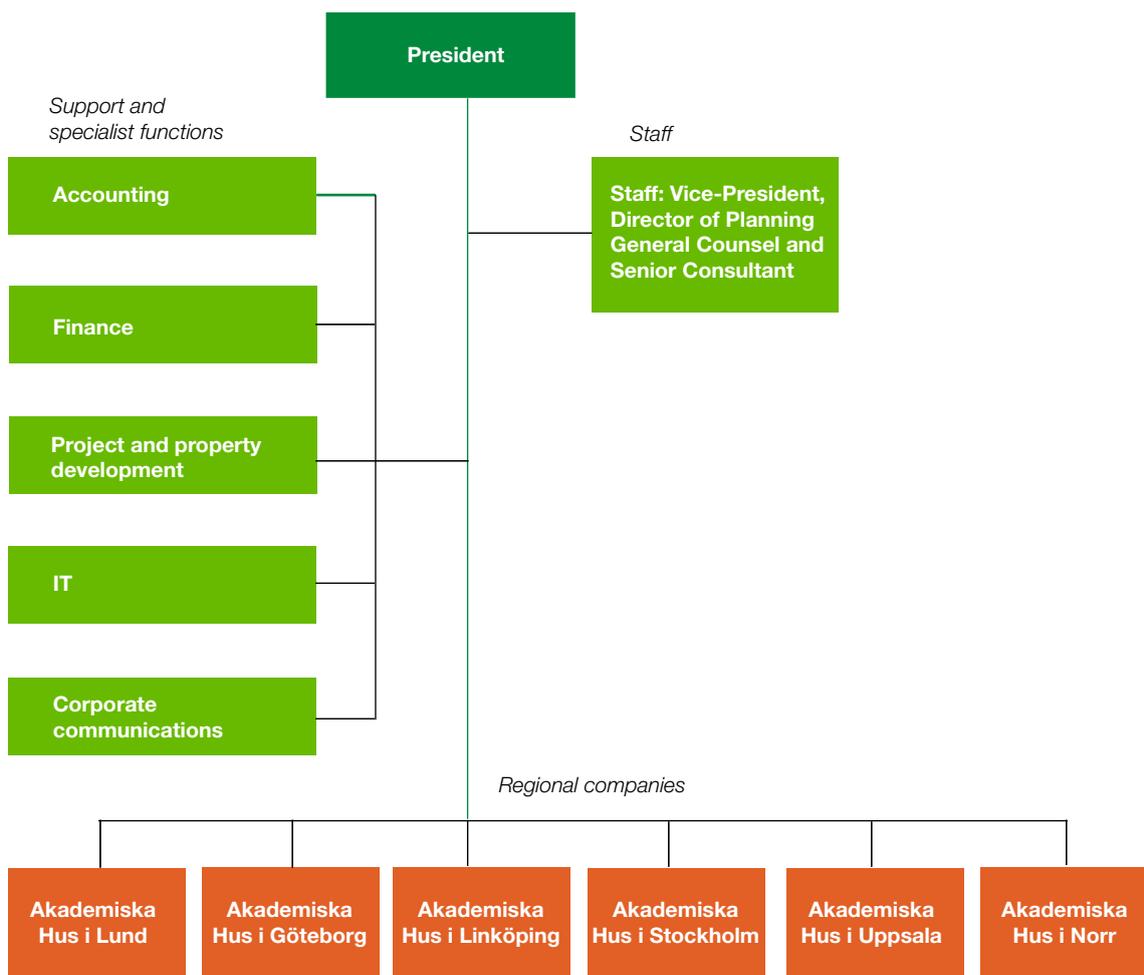
The Group comprises a Parent Company (Group Head Office) and six wholly owned regional companies. The regional companies own and manage the properties. The companies each have a management organisation and are located in Umeå, Uppsala, Stockholm, Linköping, Göteborg and Lund.

To benefit further from the know-how/expertise and increase the exchange of experience within the Group, there are four joint networks with representation from all companies in the Group. At present there are networks for finance, IT, human resources and corporate communications. The purpose of the networks, apart from exchange of experience, is to produce proposals for Group issues and development within each area. The groups meet three to six times a year.

Once a year a joint training day is held for all the Group's employees. Twice a year the members of the management teams from the companies, around 50 in all, meet for development activities and an exchange of experience.

Allocation of duties between the Group management and the regional companies

The Group Head Office is responsible for the Group's strategic business and market development as well as specialist and support functions for accounting, human resources, finance, projects and property development, corporate communications and IT. The regional companies own and manage the properties and work according to regional business and market plans. The CEO or Vice-President is also the chairman of the board of each of the regional companies.



Board and auditors



Claes Ljungh



Charlotte Axelsson

Claes Ljungh

Born 1950. Chairman since 2004. Member since 2002. Member of the board of Terracom AB.

Charlotte Axelsson

Born 1948. Member since 1998. Employed at HSB Stockholm AB. Member of the board of the National Swedish Property Board. Chairwoman of Fastigo AB.

Sigbrit Franke

Born 1942. Member since 2001. University chancellor, Swedish National Agency for Higher Education. Chairman of the board of the Korsvägen Foundation. Chairman of the board of the Långmanska Culture Fund Foundation and the Royal Dramatic Theatre. Member of the boards of MISTRA, the Sweden-America Foundation and Måltidsakademien.



Sigbrit Franke



Marianne Förander

Marianne Förander

Born 1967. Member since 2003. Deputy Director at the Ministry for Industry, Employment and Communications, State Ownership Unit. Member of the board of Specialfastigheter Sverige AB and Vasallen AB.

Sveinn Jonsson

Born 1942. Employee representative (SEKO) since 2001. Operating engineer at Akademiska Hus i Lund AB.



Sveinn Jonsson



Birgitta Kantola

Birgitta Kantola

Born 1948. Member since 1995. Deputy County Governor. Member of the boards of Civitas Holding, Vasakronan AB, Nordea Bank AB (publ), Fortum Abp and Öms pensionsförsäkringsbolag Varma, Helsinki.

Lennart Nilsson

Born 1942. Chairman 1995–2004. Deputy chairman since 2004. Director. Chairman of the board of the Swedish Export Credits Guarantee Board and AP-fastigheter AB. Member of the board of Statistics Sweden and the Swedish Financial Supervisory Authority.



Lennart Nilsson



Parzin Seradji

Parzin Seradji

Born 1959. Employee representative (Ledarna) since 2001. Operating engineer at Akademiska Hus i Stockholm AB.



Maj-Charlotte Wallin

Maj-Charlotte Wallin

Born 1953. Member since 2004. CFO, Alecta pensionsförsäkring ömsesidigt.

Auditors

Peter Gustafsson

Born 1956. Auditor since 2003. Deloitte & Touche AB. Authorised Public Accountant.



Peter Gustafsson



Jonas Hällström

Jonas Hällström

Born 1956. Auditor since 2003. Swedish National Audit Office. Authorised Public Accountant.

Executive Management



Joakim Ollén



Hans Antonsson

Joakim Ollén

Born 1952. CEO and President, Akademiska Hus.

Hans Antonsson

Born 1950. Regional Director, Akademiska Hus Uppsala.

Per Brantsing-Karlsson

Born 1964. CIO, Akademiska Hus.

Bengt Erlandsson

Born 1946. Regional Director, Akademiska Hus Linköping.

Lars Gustafsson

Born 1946. Regional Director, Akademiska Hus Norr.

Tomas Hallén

Born 1951. Technical Director, Akademiska Hus.

Katarina Hägg Peterson

Born 1969. Corporate Communications Director, Akademiska Hus.

Lennart Karlsson

Born 1954. Regional Director, Akademiska Hus Stockholm.

Eva Lindberg

Born 1958. Regional Director, Akademiska Hus Göteborg.

Thomas Norell

Born 1944. Vice-President, Akademiska Hus.

Gunnar Oders

Born 1956. CFO, Akademiska Hus.

Agneta Rodosi

Born 1957. Treasurer, Akademiska Hus.

Anders Rubensson

Born 1951. Planning Director, Akademiska Hus.

Sune Walter

Born 1943. Regional Director, Akademiska Hus Lund.



Per Brantsing-Karlsson



Bengt Erlandsson



Lars Gustafsson



Tomas Hallén



Katarina Hägg Peterson



Lennart Karlsson



Eva Lindberg



Thomas Norell



Gunnar Oders



Agneta Rodosi



Anders Rubensson



Sune Walter

Financial result summary

Group

Income and profit

The Group's turnover for 2004 was SEK 4,599 million (4,508). Of this amount, rental income accounted for SEK 4,482 million (4,364). Operating profit before net interest income and expense totalled SEK 1,616 million (1,604). Net interest income and expense totalled SEK -794 million (-895) and the pre-tax profit was SEK 821 million (710).

Property values

The book value of the property holdings, including construction in progress, totalled SEK 26,827 million at the year-end (25,967). The Group makes use of an internal valuation model, which forms the basis of the assessed fair value. For Akademiska Hus this value is SEK 38,230 million (36,118). This valuation model has also formed the basis of the write-downs and reversed write-downs reported for 2004.

Investments

The Group's net investments in fixed assets were primarily in the form of new construction, redevelopment and property acquisitions and during 2004 this totalled SEK 1,879 million (1,894).

Cash flow

The Group's cash flow before investments totalled SEK 1,200 million (1,591). Investments totalled SEK 1,502 million (1,894), which generated a cash flow after investments of SEK -302 million (-303).

Environmental impact

Environmental impact caused by buildings and their operation is extremely moderate within the Akademiska Hus Group. The greatest source of environmental impact, albeit indirect, is energy use for the running of buildings and tenants' operations. Energy use is reported separately in the Environmental Report. There are a number of facilities within the Group that either require a permit or which need to be reported to the supervisory authority. These facilities have been reported and applications for permits (where required) have been submitted to the supervisory authorities concerned. The facilities concerned are:

- Two boilers for combustion technology research on the Chalmers University of Technology campus in Göteborg.
- Two boilers for heating and electricity production at the Royal Institute of Technology in Stockholm. Not in operation.

- A number of heating pump facilities for extracting heat from bedrock, seawater and ground heating/cooling at, among other locations, Tjärnö outside Strömstad, Kristineberg in Lysekil, in Härnösand and at the mansion house at Chalmers University of Technology in Göteborg.
- Extraction of groundwater for cooling purposes in Umeå and at Åkroken, Sundsvall.
- Sewage facilities at Kronlund, Vindeln and at Askö, Trosa.
- Ground storage for the Astronomy and SOL Centre building in Lund. Academicum (Kunskapshuset) in Göteborg and the School of Music in Örebro.

The Group's dependence on facilities requiring permits and those carrying reporting obligations is of minor importance.

Parent Company

Turnover and profit

The Parent Company's income for 2004 was SEK 95 million (23). Operating profit before net interest income and expense totalled SEK -7 million (-2). Net interest income and expense was SEK 185 million (210), excluding dividends from subsidiaries totalling SEK 185 million (295). The pre-tax profit was SEK 345 million (474). On January 1, 2004 the operations that were previously carried on in Akademiska Hus Utveckling och Support AB were acquired by the Parent Company. Comparison figures for the Parent Company have not been recomputed, which also applies to the notes.

Proposed allocation of unappropriated earnings

According to the Consolidated Balance Sheet, the Group's non-restricted equity totalled SEK 1,639 million. No allocation to restricted reserves is proposed. Available for allocation at the Annual General Meeting:

| | |
|------------------------|-------------------|
| Profit brought forward | SEK 1,231,664,802 |
| Profit for the year | SEK 299,653,158 |
| Total | SEK 1,531,317,960 |

The Board and the President propose that the profit be allocated in such a way that SEK 394,000,000 is paid to the shareholder as a dividend and that SEK 1,137,317,960 is carried forward. For details of the financial results and the financial position in general, reference can be made to the following financial reports.

Income Statements

| Amounts in SEK 1,000 | Note | Group | | Parent Company | |
|---|-----------|------------------|------------------|----------------|----------------|
| | | 2004 | 2003 | 2004 | 2003 |
| Income from property management | 1 | | | | |
| Rental income | | 4,482,067 | 4,364,103 | – | – |
| Other property management income | 2 | 48,222 | 49,132 | – | – |
| Total operating income | | 4,530,289 | 4,413,235 | – | – |
| Property management expenses | | | | | |
| Operating costs | | –772,085 | –730,365 | – | – |
| Maintenance costs | | –805,981 | –835,059 | – | – |
| Property administration | | –233,526 | –215,560 | –64,986 | – |
| Other property management expenses | 3 | –71,844 | –58,863 | – | – |
| Net operating profit | | 2,646,853 | 2,573,388 | –64,986 | – |
| Property management depreciation and write-downs and reversed write-downs | 1,4 | –1,013,444 | –982,815 | –3,617 | – |
| Gross profit | | 1,633,409 | 1,590,573 | –68,603 | – |
| Central administration expenses | | –34,541 | –22,226 | –32,831 | –25,515 |
| Other operating income | 5 | 68,869 | 94,927 | 94,857 | 23,231 |
| Other operating expenses | 6 | –51,999 | –58,902 | –404 | – |
| Operating profit/loss | 1,7, 8,37 | 1,615,738 | 1,604,372 | –6,981 | –2,284 |
| <i>Result from financial items</i> | | | | | |
| Result from shares in Group companies | | – | – | 185,000 | 295,000 |
| Result from other securities and receivables reported as fixed assets | | – | – | 964,901 | 1,105,956 |
| Other interest income and similar profit/loss items | | 9,852 | 21,901 | 9,769 | 19,760 |
| Interest expense and similar profit/loss items | | –804,299 | –916,721 | –789,647 | –915,375 |
| Profit after financial items | 9 | 821,291 | 709,552 | 363,042 | 503,057 |
| Appropriations | 10 | – | – | –18,560 | –28,791 |
| Profit before taxes | | 821,291 | 709,552 | 344,482 | 474,266 |
| Taxes | 11 | –233,351 | –207,018 | –44,829 | –50,137 |
| NET PROFIT FOR THE YEAR | 12 | 587,940 | 502,534 | 299,653 | 424,129 |

Balance Sheets

| Amounts in SEK 1,000 | Note | Group | | Parent Company | |
|---|--------|-------------------|-------------------|-------------------|-------------------|
| | | 31-12-2004 | 31-12-2003 | 31-12-2004 | 31-12-2003 |
| ASSETS | | | | | |
| Fixed assets | | | | | |
| <i>Intangible assets</i> | | | | | |
| Goodwill | 13 | 22,929 | – | – | – |
| Development expenses brought forward | 14 | 9,775 | 6,117 | 9,775 | – |
| Total intangible assets | | 32,704 | 6,117 | 9,775 | – |
| <i>Tangible assets</i> | | | | | |
| Managed properties | 15 | 26,021,331 | 24,411,923 | – | – |
| Construction in progress in investment properties | 16 | 805,790 | 1,555,497 | – | – |
| Equipment and fittings | 17 | 41,216 | 52,109 | 6,023 | – |
| Total tangible assets | | 26,868,337 | 26,019,529 | 6,023 | – |
| <i>Financial assets</i> | | | | | |
| Shares in Group companies | 18 | – | – | 1,564,200 | 1,564,200 |
| Receivables from Group companies | 19 | – | – | 22,123,234 | 21,579,317 |
| Other securities held as fixed assets | 19, 20 | 50 | 50 | – | – |
| Deferred tax recoverable | 11, 19 | 194,082 | 185,167 | – | – |
| Total financial assets | | 194,132 | 185,217 | 23,687,434 | 23,143,517 |
| Total fixed assets | | 27,095,173 | 26,210,863 | 23,703,232 | 23,143,517 |
| Current assets | | | | | |
| <i>Current receivables</i> | | | | | |
| Rental income and accounts receivable | | 540,041 | 180,751 | 19 | – |
| Receivables from Group companies | | – | – | 47,430 | – |
| Other receivables | 11 | 121,298 | 222,388 | 26,050 | 29,361 |
| Prepaid expenses and accrued income | 21 | 355,278 | 357,559 | 324,373 | 303,764 |
| Total current assets | 19 | 1,016,617 | 760,698 | 397,872 | 333,125 |
| <i>Liquid funds</i> | | | | | |
| Current investments | 20 | 45,300 | 175,940 | 45,300 | 175,940 |
| Cash and bank balances | | 283,328 | 291,311 | 283,276 | 291,227 |
| Total liquid funds | | 328,628 | 467,251 | 328,576 | 467,167 |
| Total current assets | | 1,345,245 | 1,227,949 | 726,448 | 800,292 |
| TOTAL ASSETS | 1 | 28,440,418 | 27,438,812 | 24,429,680 | 23,943,809 |

| Amounts in SEK 1,000 | Note | Group | | Parent Company | |
|---|------|-------------------|-------------------|-------------------|-------------------|
| | | 31-12-2004 | 31-12-2003 | 31-12-2004 | 31-12-2003 |
| EQUITY, PROVISIONS AND LIABILITIES | | | | | |
| Equity | | | | | |
| <i>Restricted equity</i> | | | | | |
| Share capital | | 2,135,000 | 2,135,000 | 2,135,000 | 2,135,000 |
| Restricted reserves/Share premium reserve | | 4,053,381 | 3,816,662 | 2,134,950 | 2,134,950 |
| Total restricted equity | | 6,188,381 | 5,951,662 | 4,269,950 | 4,269,950 |
| <i>Non-restricted equity</i> | | | | | |
| Non-restricted reserves/Profit brought forward | | 1,050,841 | 1,051,896 | 1,231,665 | 1,057,536 |
| Profit for the year | | 587,940 | 502,534 | 299,653 | 424,129 |
| Total non-restricted equity | | 1,638,781 | 1,554,430 | 1,531,318 | 1,481,665 |
| Total equity | | 7,827,162 | 7,506,092 | 5,801,268 | 5,751,615 |
| Untaxed reserves | 10 | – | – | 280,178 | 261,619 |
| Provisions | | | | | |
| Provisions for pensions and similar commitments | 22 | 194,541 | 163,272 | 80,793 | 71,084 |
| Provision for deferred tax | 11 | 864,843 | 745,111 | – | – |
| Total provisions | | 1,059,384 | 908,383 | 80,793 | 71,084 |
| Interest-bearing liabilities | | | | | |
| Loans | 24 | 17,138,134 | 16,398,996 | 16,936,748 | 16,190,957 |
| Liabilities to Group companies | | – | – | 632,496 | 869,232 |
| Other interest-bearing liabilities | 26 | 316,045 | 395,475 | 316,045 | 395,475 |
| Total interest-bearing liabilities | | 17,454,179 | 16,794,471 | 17,885,289 | 17,455,664 |
| Non-interest-bearing liabilities | | | | | |
| Accounts payable | | 199,344 | 230,462 | 4,677 | 1,798 |
| Liabilities to Group companies | | – | – | 2,479 | 3,606 |
| Income tax liabilities | 11 | 11,155 | 19,322 | – | – |
| Other liabilities | | 180,041 | 214,355 | 9,851 | 25,519 |
| Accrued expenses and prepaid income | 27 | 1,709,153 | 1,765,727 | 365,145 | 372,904 |
| Total non-interest-bearing liabilities | | 2,099,693 | 2,229,866 | 382,152 | 403,827 |
| Total liabilities | 1,28 | 19,553,872 | 19,024,337 | 18,267,441 | 17,859,491 |
| TOTAL EQUITY, PROVISIONS AND LIABILITIES | | 28,440,418 | 27,438,812 | 24,429,680 | 23,943,809 |
| MEMORANDUM ITEMS | | | | | |
| Pledged assets | 29 | 76,767 | 120,730 | 76,767 | 120,730 |
| Contingent liabilities | 30 | 1,627 | 1,408 | 90,225 | 92,223 |

Changes in equity

| Amounts in SEK 1,000 | Share capital | Restricted reserves | Non-restricted equity | Total equity |
|--|------------------|---------------------|-----------------------|------------------|
| GROUP | | | | |
| EQUITY 31-12-2002 | 2,135,000 | 3,594,393 | 1,519,165 | 7,248,558 |
| Dividend | – | – | –245,000 | –245,000 |
| Movement between restricted and non-restricted equity | – | 222,269 | –222,269 | – |
| Profit for the year | – | – | 502,534 | 502,534 |
| EQUITY 31-12-2003 | 2,135,000 | 3,816,662 | 1,554,430 | 7,506,092 |
| Effect of change in accounting principle (RR29) | – | – | –16,870 | –16,870 |
| Adjusted opening balance following a change in accounting principle (net after tax) | 2,135,000 | 3,816,662 | 1,537,560 | 7,489,222 |
| Dividend | – | – | –250,000 | –250,000 |
| Movement between restricted and non-restricted equity | – | 236,719 | –236,719 | – |
| Profit for the year | – | – | 587,940 | 587,940 |
| EQUITY 31-12-2004 | 2,135,000 | 4,053,381 | 1,638,781 | 7,827,162 |

| Amounts in SEK 1,000 | Share capital | Restricted reserves | Non-restricted equity | Total equity |
|--------------------------|------------------|---------------------|-----------------------|------------------|
| PARENT COMPANY | | | | |
| EQUITY 31-12-2002 | 2,135,000 | 2,134,950 | 1,302,536 | 5,572,486 |
| Dividend | – | – | –245,000 | –245,000 |
| Profit for the year | – | – | 424,129 | 424,129 |
| EQUITY 31-12-2003 | 2,135,000 | 2,134,950 | 1,481,665 | 5,751,615 |
| Dividend | – | – | –250,000 | –250,000 |
| Profit for the year | – | – | 299,653 | 299,653 |
| EQUITY 31-12-2004 | 2,135,000 | 2,134,950 | 1,531,318 | 5,801,268 |

The share capital is divided into 2,135,000 shares at a nominal value of SEK 1,000 per share and one (1) vote per share.

Cash Flow Statements

| Amounts in SEK 1,000 | Note | Group | | Parent Company | |
|--|-------|-------------------|-------------------|-----------------|-------------------|
| | | 2004 | 2003 | 2004 | 2003 |
| Current operations | | | | | |
| Profit after financial items | 31 | 821,291 | 709,552 | 363,042 | 503,057 |
| Adjustment for items not included in the cash flow | 32 | 1,011,473 | 964,892 | 13,730 | -3,388 |
| Tax paid | | -142,997 | -132,814 | -51,809 | -41,860 |
| Cash flow from current operations before changes in working capital | | 1,689,767 | 1,541,630 | 324,963 | 457,809 |
| Cash flow from changes in working capital | | | | | |
| Increase (-)/decrease (+) in current receivables | | -263,544 | 107,417 | -57,768 | 16,393 |
| Increase (+)/decrease (-) in non-interest-bearing liabilities | | -226,168 | -58,174 | -21,675 | -89,861 |
| Cash flow from current operations | | 1,200,055 | 1,590,873 | 245,520 | 384,341 |
| Investments | | | | | |
| | 33 | | | | |
| Investments in shares in Group companies | | -118,715 | - | - | - |
| Investments in investment properties | | -1,393,831 | -1,996,011 | - | - |
| Sale of investment properties | | 25,129 | 119,190 | - | - |
| Investments in other fixed assets | | -15,241 | -17,660 | -19,819 | - |
| Sale of other fixed assets | | 305 | 340 | - | - |
| Increase (-)/decrease (+) in long-term receivables | | - | 374 | -543,917 | -609,927 |
| Cash flow from investments | | -1,502,353 | -1,893,767 | -563,736 | -609,927 |
| Financing | | | | | |
| Raising of interest-bearing loans, excluding refinancing | | 413,675 | - | 429,625 | - |
| Amortisation of interest-bearing loans | | - | -595,447 | - | -672,064 |
| Dividend paid | | -250,000 | -245,000 | -250,000 | -245,000 |
| Cash flow from financing | | 163,675 | -840,447 | 179,625 | -917,064 |
| Cash flow for the year | | -138,263 | -1,143,341 | -138,591 | -1,142,650 |
| Opening liquid funds | | 467,251 | 1,610,592 | 467,167 | 1,609,817 |
| Closing liquid funds | 34,35 | 328,628 | 467,251 | 328,576 | 467,167 |

Accounting and valuation principles

General information

Akademiska Hus AB (publ) (registration number 556459-9156) is a limited liability company registered in Sweden. The Company's registered office is in Göteborg.

The Company is the parent company in the Akademiska Hus Group and its principal task is to own and manage university and college properties. The Company's core operations and its regional companies are presented in the "Property Operations" section (pages 27–45).

All amounts are stated in SEK 1,000.

General accounting principles

This Annual Report has been prepared in accordance with the Swedish Annual Accounts Act and the recommendations of the Swedish Financial Accounting Standards Council as well as the statements by the Emerging Issues Task Force. In the Annual Report, items have been valued at the acquisition value. The following are the accounting principles that have been applied.

When preparing the Annual Report according to the accounting principles applied by the Group it is required that the management makes certain estimates, assessments and assumptions, which affect the Balance Sheet and Income Statement. Estimates, assessments and assumptions are based on historical facts and other factors which the management have considered to be relevant and reasonable under the prevailing circumstances. The conclusions drawn form the basis for decisions regarding reported values of assets and liabilities in those cases where these cannot simply be established through information from other sources. The actual outcome could differ from these assessments if other assumptions are made or if other conditions emerge. The management revises the underlying estimates, assessments and assumptions on a continuous basis. Any effects of changes in assessments and estimates are reported during the period in which the changes were made.

New recommendations from the Swedish Financial Accounting Standards Board 2004

With effect from 2004, Akademiska Hus has applied the Swedish Financial Accounting Standards Board recommendation RR29 Payments to employees, in the Group accounts. The introduction of RR29 has meant that the Group's accounting principles for benefit-defined pension schemes has changed (see also Note 22 and below under "Payments to employees"). The transition to RR29 meant that the Group's pension liabilities increased by SEK 23.4 million. Net after deduction for deferred tax the Group's equity was affected negatively to the amount of SEK 16.9 million. In accordance with the transition rules in RR29, Akademiska Hus has chosen to report this effect as a correction item in the opening equity as of January 1, 2004.

Consolidated accounts

The consolidated accounts cover the Parent Company and companies over which the Parent Company has a deciding influence

(regional companies). A deciding influence means a right to formulate strategies for financial activities with the aim of securing economic advantages. All regional companies are wholly owned.

The Group's year-end accounts have been prepared according to the acquisition method, which means that the Parent Company's book value for shares in a regional company is eliminated against equity, including the capital part of untaxed reserves in the regional company.

When necessary, the accounts of the regional companies have been adjusted in such a way that a regional company can apply the same principles applied by other Group companies. All intra-Group transactions and Group dealings are eliminated when preparing the consolidated accounts.

Reporting of income and net sales

The Group's reported net sales refer mainly to rental income. Net turnover has, where applicable, been reduced by the value of discounts granted to tenants.

Rental income, leasehold income and parking income are reported in advance and allocation of rents to a particular period therefore takes place so that only the part of the rents accruing to the period is reported as income.

Property administration expenses

Sales costs are reported in the Income Statement under Property administration expenses. Sales costs are minor and these items have consequently been combined.

Other operating income and operating expenses

Property sales are reported in conjunction with the risks and benefits associated with title being transferred to the purchaser, which normally takes place on the completion date.

Other operating income and operating expenses also include income and expenses that are attributable to normal operations but which derive from secondary activities or which cannot in a natural way be recorded under any of the other items in the Income Statement.

Depreciation

Depreciation according to plan is based on the original acquisition values, reduced by the estimated residual value, and takes place on a straight-line basis over the expected economic life of the asset.

Depreciation according to plan normally takes place using the following percentages of the acquisition value:

| | |
|--|------|
| Goodwill | 10% |
| Expenses brought forward for IT projects | 20% |
| Land improvements | 5% |
| Buildings | 2.5% |
| Building equipment | 10% |
| Land equipment | 20% |
| Computer equipment | 33% |
| Equipment, fixtures and fittings | 20% |

Write-downs

Write-downs are made in those cases where the reported value of the asset exceeds the recoverable value. The reported values for the Company's assets are checked at each year-end to determine if there is any indication of a write-down requirement. If such an indication exists, the recoverable value of the asset is calculated. The recoverable value is the higher of the beneficial value and the net sales value.

When calculating the beneficial value, future cash flows are discounted at a rate of interest before tax that is envisaged will take into account the market's assessment of risk-free interest and the risk associated with the specific asset. In the case of an asset that does not generate any cash flow independent of other assets, the recoverable value is calculated for the cash-generating unit to which the asset belongs.

Reversal of a write-down made previously takes place when the recoverable value of a property previously written down exceeds the book value and the need for a write-down made previously is no longer considered necessary and is reported in the Income Statement. Write-downs made previously are examined on an individual basis.

Tax

The tax cost for the period (- income) comprises actual and deferred tax. Taxes are reported in the Income Statement with the exception of the underlying transaction, which is reported directly against equity, whereupon the associated tax effect is reported under equity.

Actual tax is the tax computed on the taxable profit for the period. The taxable profit for the year differs from the reported profit for the year in the fact that an adjustment has been made for non-taxable and non-deductible items. The Group's current tax liability is computed according to the tax rates stipulated or notified as of the year-end.

Deferred tax is reported in accordance with the balance sheet method. According to this method deferred tax liabilities are reported in the Balance Sheet for all taxable temporary differences between the book and taxable values of assets and liabilities. Deferred tax liabilities are reported in the Balance Sheet with regard to deficit deductions and all deductible temporary differences to the extent it is likely that the amounts can be set off against future taxable surpluses. The reported value of the untaxed reserves is examined at each year-end and reduced to the extent it is no longer probable that a sufficient taxable surplus will be available for utilisation.

Deferred tax is computed using the tax rates that are expected to apply for the period in which the asset is recovered or the liability settled.

Intangible fixed assets

The Group's intangible fixed assets comprise mainly charges brought forward for IT projects.

The reported goodwill item is attributable to the Company acquisitions made during 2004. The depreciation period for goodwill is set at 10 years. Amortisation of goodwill is reported under "Property management depreciation and write-downs and reversed write-downs" in the Income Statement.

Costs for IT projects are reported as an asset in the Balance Sheet if they entail future economic benefits. All other expenditure is expensed as it arises. Costs brought forward for IT projects are depreciated over five years.

Tangible assets

Investment properties and new construction in progress

Investment properties, i.e. properties that are held for the purpose of generating rental income or profits accruing from an increase in value, are reported at the acquisition value with a supplement for any value-enhancing improvement work, reduced by depreciation according to plan and any write-downs. In conjunction with construction under the Company's auspices, direct and indirect expenditure is added, although not interest costs.

Investment properties include buildings and land, land improvements and building and land equipment. The profit or loss that arises in conjunction with scrapping or disposal of managed properties is reported under Other operating income or Other operating expenses.

New construction in progress in investment properties is reported at the cost incurred until the new investment is completed, whereupon it is reclassified as investment properties.

Equipment, fixtures and fittings

Equipment, fixtures and fittings mainly comprise IT equipment and office equipment. These are reported at the acquisition value, reduced by depreciation according to plan and any write-downs. Depreciation takes place on a straight-line basis over the estimated economic life. The profit or loss that arises in conjunction with scrapping or disposal of equipment and installations is reported under Other operating income or Other operating expenses.

Change of tangible assets

When a tangible asset is acquired in exchange for a similar asset, no profit or loss is reported as a result of the transaction. The acquisition value of the acquired asset comprises the reported value of the asset or assets provided in exchange, with an adjustment made for any payments that are received or made for equalisation purposes.

Receivables

Receivables are reported at the amount which, following individual assessment, they are expected to be paid.

Translation of items in a foreign currency

Financial assets and liabilities in a foreign currency are translated at the year-end rate. When hedging takes place, the asset or liability is reported at the hedged exchange rate.

Liquid funds

Liquid funds comprise cash and bank balances and current investments. Current investments comprise interest-bearing securities with a term of less than three months. Current receivables are reported at the acquisition value and are valued on an ongoing basis according to the lowest-value principle. Unrealised exchange losses are expensed on an ongoing basis over net financial income/expense.

Payments to employees

Charge-defined pension plans are reported as a cost for the period during which the premiums paid are attributable.

The pension liability for benefit-defined plans is calculated using the so-called Projected Unit Credit Method in a manner where the cost is spread throughout the employee's working life. The calculation is made annually by independent actuaries. These assumptions are valued at the current value of expected future payments, where the computed future salary increases are taken into account using a discount rate of interest which is equivalent to the rate of interest on first-class corporate bonds or government bonds with a remaining term which is roughly equivalent to the undertakings in question. Accumulated actuarial gains and losses, outside the so-called 10 per cent corridor, are divided over the employees' average remaining estimated period of employment.

The part of the ITP plan which refers to a family pension, sickness pension and occupational group life insurance, which are financed through insurance with Alecta is a benefit-defined pension plan, which covers several employers. For this pension plan the new recommendation means that a company should as a main rule report its proportional part of the benefit-defined pension commitment and the management assets and costs which are linked to the pension plan. The report should also include information submitted according to the demands for benefit-defined pension plans. For reporting according to the above, information is required in accordance with the demands in RR29. At present, Alecta is unable to provide the requisite information and consequently the above-mentioned pension plan is reported as a charge-defined pension plan according to point 32 in RR29. This means that premiums paid to Alecta will also be reported as a cost on a continuous basis in the future.

The Group's payments with regard to charge-defined plans are reported as costs during the period when the employees perform the services to which the charge refers.

In the Parent Company costs for benefit-defined pension plans are reported according to the Safeguarding of Pension Commitments Act.

Provisions

Provisions are reported in the Balance Sheet when the company has a formal or informal undertaking as a result of an event that has occurred and it is probable that an outflow of resources is required to meet the undertaking and a reliable estimate of the amount can be made.

Loan financing

Loan financing is reported at the nominal amount, with the exception of bonds issued, commercial paper and Euro Commercial Paper (ECP). Bonds issued are reported at the amount received with a supplement for the price difference, which comprises the difference between the bond's nominal value and the cash amount received on issue. The price difference is divided and expensed on a straight-line basis over the term of the bond. Accrued coupon interest is allocated to a period and expensed over the term. Commercial paper and ECP issued are reported at the cash amount received, i.e. the nominal amount with a deduction for the interest that runs up to the due date. The interest costs are allocated to a specific period over the term and added to the reported value.

Realised profits on derivative transactions, repurchase of bonds and premature repayment of loans are periodised over the remaining term of each instrument/loan. This principle provides an even distribution of financing costs over the term. Loan costs are reported as a cost during the period in which they arise, regardless of whether the funds borrowed have been used. The financing costs for the Group's current new construction are charged in full to each year's net financial interest/expense.

Fair value

Financial instruments

When valuing financial instruments at the assessed fair value, the official market prices at the year-end are used. Translation into Swedish kronor takes place at the listed year-end exchange rate and according to generally accepted methods.

Investment properties

When valuing investment properties at the assessed fair value, an internal valuation model is used which is quality-assured through reconciliation of conditions with external property valuers and also via externally performed valuations. The valuation is based on each property's direct yield. The return requirement has been differentiated for different types of objects, lease periods and town and location assessments. The rental income included in the valuation is assessed on market terms and in the model normal operating costs have been used. Maintenance costs have been calculated on a standard basis based on the use of the property. All properties have been designated as investment properties even if in exceptional cases there are properties where a slightly more significant part is used by Akademiska Hus, mainly for administrative purposes.

Financial derivative instruments

Derivative instruments are used mainly with the aim of securing cost-effective financing and to handle or eliminate the Group's risk exposure to fluctuations in interest levels and currency exchange rates.

Interest and currency derivatives

Interest derivatives, interest forward contracts, interest swaps, FRA contracts and interest options are used mainly to adjust the fixed interest period. The accrued net interest income and net interest expense, are allocated to a specific period and are expensed over the term.

In conjunction with financing in a foreign currency, all future payment flows are hedged so that no currency risk remains. Hedging takes place with the aid of currency derivatives (forward exchange contracts and currency swap agreements or, alternatively, combined with interest swap agreements). The Company applies hedge accounting, which means that underlying loans are reported in the currency that it has been swapped to, i.e. Swedish kronor. Interest income and interest expense are reported net.

The result from closed derivative contracts is balanced and allocated to a specific period over the remaining term for each underlying instrument.

Electricity derivatives

With the aim of evening out price variations on the electricity spot market and in doing so achieve an even trend for the Group's electricity costs, future electricity consumption is hedged with the aid of electricity derivatives. The effects of price hedging, i.e. the difference between the fixed price of the electricity derivative, and the average spot price during the term of the derivative, is offset against profit. The effect of the derivative is reported as a cost or income and together with the Group's physical electricity purchases it comprises the actual electricity cost for the Group.

Segment reporting

The Group is organised and controlled based on a geographical division into markets/management areas which are used as primary segments. The geographical segments are exposed to similar risks and opportunities and correspond to each regional company. As internal accounting and follow-up take place based on the division into regional companies no secondary segment is reported.

Cash flow statement

The cash flow statement is prepared according to the indirect method. The reported cash flow only includes transactions that entail incoming or outgoing payments.

Group contributions

Group contributions are reported according to the Swedish Financial Accounting Standards Council Emerging Issues Task Force statement URA 7, Group contributions and shareholders' contributions. This means that a group contribution is reported according to its economic content. Contributions are reported as a capital transfer, i.e. as an increase or decrease in non-restricted equity. The tax effect of the group contribution is reported according to the Swedish Financial Accounting Standards Council recommendation RR 9, Income taxes, directly against equity. As a result of this reporting, only the tax attributable to the income and costs in the Income Statement will be reported in the Income Statement.

Notes

1 Geographical areas (Group)

The geographical segment presentation has been prepared according to the same principles applied to the Group as a whole. Net sales per segment are based on the tenant's geographical location whilst assets and liabilities are based on their physical location.

| Income, including Other operating income | 2004 | 2003 |
|--|------------------|------------------|
| Lund | 641,628 | 616,248 |
| Göteborg | 823,160 | 793,207 |
| Linköping | 442,995 | 431,160 |
| Uppsala | 733,650 | 737,635 |
| Stockholm | 1,507,858 | 1,471,939 |
| North | 449,828 | 458,205 |
| Other operations | 94,857 | 87,167 |
| Elimination of intra-Group income | -94,818 | -87,399 |
| Total income | 4,599,158 | 4,508,162 |

In addition to the sales between the Parent Company and the Group's geographical segments, no significant sales between the segments have occurred.

| Operating profit, excluding central overheads | 2004 | 2003 |
|--|------------------|------------------|
| Lund | 211,786 | 226,338 |
| Göteborg | 286,543 | 254,395 |
| Linköping | 203,021 | 221,488 |
| Uppsala | 157,538 | 221,435 |
| Stockholm | 582,797 | 506,519 |
| North | 183,286 | 178,660 |
| Other operations | 4,148 | -633 |
| Elimination of intra-Group income | 21,160 | 18,396 |
| Total operating profit, excluding central overheads | 1,650,279 | 1,626,598 |

Reconciliation of Income Statement

| | | |
|--|----------------|----------------|
| Operating profit, excluding central overheads | 1,650,279 | 1,626,598 |
| Central overheads | -34,541 | -22,226 |
| Result from financial items (net) | -794,447 | -894,820 |
| Tax for the year | -233,351 | -207,018 |
| Profit for the year according to the Income Statement | 587,940 | 502,534 |

| Depreciation and write-downs and reversed write-downs in property management | 2004 | 2003 |
|--|-------------------|-----------------|
| Lund | -122,012 | -99,620 |
| Göteborg | -169,555 | -161,358 |
| Linköping | -99,679 | -91,634 |
| Uppsala | -165,986 | -123,269 |
| Stockholm | -365,962 | -382,384 |
| North | -86,239 | -118,880 |
| Other operations | -3,617 | -5,276 |
| Elimination of depreciation on intra-Group property sales | -394 | -394 |
| Total depreciation, write-downs and reversed write-downs | -1,013,444 | -982,815 |

| Assets (Balance Sheet total) | 31-12-2004 | 31-12-2003 |
|---|-------------------|-------------------|
| Lund | 3,379,371 | 3,253,505 |
| Göteborg | 4,768,249 | 4,705,777 |
| Linköping | 2,690,181 | 2,549,479 |
| Uppsala | 3,577,496 | 3,576,429 |
| Stockholm | 11,066,202 | 10,265,353 |
| North | 2,250,202 | 2,256,095 |
| Other operations | 24,432,159 | 23,967,208 |
| Elimination of intra-Group transactions | -23,723,442 | -23,135,034 |
| Total assets | 28,440,418 | 27,438,812 |

| Liabilities | 31-12-2004 | 31-12-2003 |
|---|-------------------|-------------------|
| Lund | 2,765,355 | 2,677,587 |
| Göteborg | 4,070,210 | 4,097,638 |
| Linköping | 2,215,799 | 2,111,205 |
| Uppsala | 3,050,954 | 3,038,349 |
| Stockholm | 9,598,608 | 9,001,207 |
| North | 1,758,615 | 1,814,201 |
| Other operations | 18,267,441 | 17,869,331 |
| Elimination of intra-Group transactions | -22,173,110 | -21,585,181 |
| Total liabilities | 19,553,872 | 19,024,337 |

| Investments | 2004 | 2003 |
|--------------------------|------------------|------------------|
| Lund | 226,490 | 348,439 |
| Göteborg | 207,821 | 360,466 |
| Linköping | 239,083 | 188,791 |
| Uppsala | 86,683 | 318,522 |
| Stockholm | 1,074,184 | 755,076 |
| North | 63,128 | 36,353 |
| Other operations | 7,073 | 6,024 |
| Total investments | 1,904,462 | 2,013,671 |

"Investments" refers to gross investments in intangible and tangible assets. "Other operations" refers to the parent company Akademiska Hus AB and Akademiska Hus Utveckling och Support AB.

2 Other property management income

| | Group | | Parent Company | |
|----------------|---------------|---------------|----------------|----------|
| | 2004 | 2003 | 2004 | 2003 |
| Parking income | 41,058 | 38,708 | - | - |
| Miscellaneous | 7,164 | 10,424 | - | - |
| Total | 48,222 | 49,132 | - | - |

3 Other property management expenses

| | Group | | Parent Company | |
|---|----------------|----------------|----------------|----------|
| | 2004 | 2003 | 2004 | 2003 |
| Site leasehold charges, property tax and other risk costs | -65,153 | -48,673 | - | - |
| Miscellaneous | -6,691 | -10,190 | - | - |
| Total | -71,844 | -58,863 | - | - |

4 Depreciation, write-downs and reversed write-downs within property management

| | Group | | Parent Company | |
|--|-------------------|-----------------|----------------|----------|
| | 2004 | 2003 | 2004 | 2003 |
| <i>Depreciation according to plan within property management</i> | | | | |
| Land improvements | -30,136 | -24,571 | - | - |
| Buildings | -640,852 | -606,819 | - | - |
| Buildings and land equipment | -287,806 | -250,933 | - | - |
| Equipment and fittings | -20,800 | -21,552 | -2,384 | - |
| Goodwill | -617 | - | - | - |
| Expenses brought forward for IT projects | -1,233 | -763 | -1,233 | - |
| <i>Write-downs within property management</i> | | | | |
| Buildings | -32,000 | -192,128 | - | - |
| <i>Reversed write-downs within property management</i> | | | | |
| Buildings | - | 113,951 | - | - |
| Total | -1,013,444 | -982,815 | -3,617 | - |

Of the write-downs for the year, SEK 17 million refers to properties owned by Akademiska Hus i Göteborg AB and SEK 15 million to properties owned by Akademiska Hus i Uppsala AB.

Write-downs can be attributed mainly to a change in market conditions.

5 Other operating income

| | Group | | Parent Company | |
|---|---------------|---------------|----------------|---------------|
| | 2004 | 2003 | 2004 | 2003 |
| Profit on the sale of investment properties | 17,458 | 35,501 | - | - |
| Profit on the sale of other fixed assets | 292 | 837 | - | - |
| Income from external management assignments and similar assignments | 18,761 | 20,243 | - | - |
| Income from services performed for tenants | 27,832 | 21,751 | - | - |
| Invoicing to regional companies | - | - | 94,293 | 23,168 |
| Payment for building damage | - | 12,005 | - | - |
| Miscellaneous | 4,526 | 4,590 | 564 | 63 |
| Total | 68,869 | 94,927 | 94,857 | 23,231 |

6 Other operating expenses

| | Group | | Parent Company | |
|--|----------------|----------------|----------------|----------|
| | 2004 | 2003 | 2004 | 2003 |
| Loss on sale and disposal of investment properties | -7,510 | -12,862 | - | - |
| Loss on sale and disposal of other fixed assets | -430 | -19 | -404 | - |
| Costs, external management assignments and similar assignments | -16,814 | -17,870 | - | - |
| Costs, services performed for tenants | -26,127 | -20,351 | - | - |
| Evacuation costs | -1,118 | -7,800 | - | - |
| Total | -51,999 | -58,902 | -404 | - |

7 Employees and personnel costs

The average number of employees was as follows:

| | 2004 | 2003 |
|-----------------------|------|------|
| <i>Parent Company</i> | | |
| Göteborg | 40 | 11 |

Regional companies

| | | |
|---------------------------------------|------------|------------|
| Akademiska Hus Utveckling och Support | - | 26 |
| Göteborg | 72 | 69 |
| Linköping | 36 | 35 |
| Lund | 75 | 75 |
| North | 38 | 38 |
| Stockholm | 104 | 101 |
| Uppsala | 77 | 75 |
| Group total | 442 | 430 |

The proportion of women in the Parent Company is 45 per cent (54) and in the Group 24 per cent (23).

Gender division Board, Group management and other persons in leading positions

The Board comprises nine members (9), of whom five (5) are women, i.e. 56 per cent (56).

The Group management as of January 1, 2005 comprises 11 (11) men and three (2) women, i.e. 79 per cent men (85) and 21 per cent women (15). The Group management included the regional directors of the regional companies. The Parent Company's executive management comprises six men (6) and three women (1), i.e. 67 per cent men (86) and 33 per cent women (14).

Other people in leading positions within the Group consist of 29 men (34) and 12 women (11), i.e. 71 per cent men (76) and 29 per cent women (24).

Note 7 cont'd

Salaries, other remuneration and social security costs

| | 2004 | | | 2003 | | |
|----------------------------------|----------------|--------------------|----------------|----------------|--------------------|----------------|
| | Parent Company | Regional companies | Group | Parent Company | Regional companies | Group |
| Salaries and remuneration | | | | | | |
| Board members, President | 2,504 | 6,380 | 8,884 | 2,380 | 7,290 | 9,670 |
| Other employees | 21,250 | 136,017 | 157,267 | 6,219 | 140,108 | 146,327 |
| Total | 23,754 | 142,397 | 166,151 | 8,599 | 147,398 | 155,997 |
| Social security costs | | | | | | |
| Board members, President | 1,918 | 9,579 | 11,497 | 2,057 | 4,682 | 6,739 |
| (pension costs, President) | (1,111) | (7,599) | (8,710) | (1,313) | (2,248) | (3,561) |
| Other employees | 17,526 | 65,521 | 83,047 | 1,690 | 66,398 | 68,088 |
| (pension costs) | (10,555) | (21,827) | (32,382) | (-283) | (21,122) | (20,839) |
| Total | 19,444 | 75,100 | 94,544 | 3,747 | 71,080 | 74,827 |
| (pension costs) | (11,666) | (29,426) | (41,092) | (1,030) | (23,370) | (24,400) |

During 2004, a total of KSEK 11,789 (11,493) was allocated within the Group in the form of incentive payments, including social insurance charges. The Parent Company accounted for KSEK 1,536 (533) of this amount. The incentive programme commenced in 2000. The Group incentive programme is directed at all employees, excluding the CEO, and can amount to a maximum of one month's salary. With effect from 2005 there will be no general collective reward system at Akademiska Hus as the owner has declared that, as a rule, state-owned companies should not have any reward systems.

The Group's outstanding pension obligations to the President totalled KSEK 4,433 (4,526). The corresponding amount in the Parent Company is KSEK 0 (0).

Payments to the Board

| | | Board fee | Remuneration committee | Finance committee | Audit committee |
|-------------------------|---|------------|------------------------|-------------------|-----------------|
| Chairman of the Board | Claes Ljungh | 105 | 5 | 13 | - |
| Deputy chairman | Lennart Nilsson | 123 | 5 | 25 | - |
| Member | Charlotte Axelsson | 70 | 5 | - | - |
| Member | Sigbrit Franke | 70 | - | - | - |
| Member | Marianne Förander | 70 | - | - | 5 |
| Member | Birgitta Kantola | 70 | - | 25 | - |
| Member | Maj-Charlotte Wallin ¹⁾ | 35 | - | - | 5 |
| Member | Veronika Rundkvist-Nihlén ¹⁾ | 35 | - | - | - |
| Employee representative | Sveinn Jonsson | - | - | - | - |
| Employee representative | Parzin Seradji | - | - | - | - |
| Total | | 578 | 15 | 63 | 10 |

¹⁾ Member during part of 2004.

Payments to the executive management

| | | Basic salary | Floating remuneration | Total | Pension cost |
|--|--------------------------------------|---------------|-----------------------|---------------|---------------------|
| CEO and President | Joakim Ollén | 1,841 | - | 1,841 | 894 |
| Vice-President, Akademiska Hus AB | Thomas Norell | 1,234 | 77 | 1,311 | 3,732 ²⁾ |
| Regional Director, Akademiska Hus i Lund AB | Sune Walter | 868 | 54 | 922 | 3,433 ²⁾ |
| Regional Director, Akademiska Hus i Göteborg AB | Eva Lindberg | 919 | 58 | 977 | 342 |
| Regional Director, Akademiska Hus i Linköping AB | Bengt Erlandsson | 676 | 66 | 742 | 1,935 ²⁾ |
| Regional Director, Akademiska Hus i Uppsala AB | Hans Antonsson | 902 | 53 | 955 | 638 |
| Regional Director, Akademiska Hus i Stockholm AB | Lennart Karlsson | 1,103 | 73 | 1,176 | 334 |
| Regional Director, Akademiska Hus i Norr AB | Lars Gustafsson | 765 | 50 | 815 | 439 |
| CIO, Akademiska Hus AB | Per Brantsing-Karlsson | 618 | 42 | 660 | 133 |
| Technical Director, Akademiska Hus AB | Tomas Hallén | 699 | 40 | 739 | 255 |
| Corporate Communications Director, Akademiska Hus AB | Katarina Hägg Peterson ¹⁾ | 339 | 20 | 359 | 70 |
| CFO, Akademiska Hus AB | Gunnar Odors | 625 | 40 | 665 | 165 |
| Treasurer, Akademiska Hus AB | Agneta Rodosi | 756 | 50 | 806 | 98 |
| Planning Director, Akademiska Hus AB | Anders Rubensson | 922 | 57 | 979 | 277 |
| Total | | 12,267 | 680 | 12,947 | 12,745 |

¹⁾ Employed during part of 2004.

²⁾ A "catch-up" purchase has been made for the shortfall in pension rights. The benefits fall within the framework of the customary ITP level.

Note 7 cont'd

Principles governing remuneration to the Board and executive management

The members of the Board received a fee as decided at the Annual General Meeting. Board members who are employed within the Akademiska Hus Group do not receive any fee for this work.

Payment for committee work was set at the 2004 Annual General Meeting.

Payment to the CEO and other senior executives comprises a basic salary, a floating payment and a pension. The Floating payments item refers to payment from the Group's incentive programme. The pension cost refers to the cost that has had an impact on the profit for the year. All payments are excluding social insurance charges and employer's contribution. Payment to the CEO is decided by the Board following a recommendation by the Remuneration Committee. Payments to other senior executives have been decided by the President of the Parent Company following consultation with the Remuneration Committee. Payment comprises a basic salary, other benefits and a charge-defined pension.

Pensions

Akademiska Hus has taken out individual occupational pension insurance for the CEO. The agreed retirement age is 62 years. For the CEO, the company allocates 45 per cent of the agreed fixed salary to pension insurance.

For other persons in leading positions (Group management) the pension is equivalent to the ITP plan from the age of 65.

Severance pay

An agreement has been reached with the CEO regarding a period of notice issued by the Company of 12 months. In the event of such notice being issued, a lump sum can be paid in the form of salary for a maximum of 24 months (including the period of notice). Other persons in leading positions within the Group have an agreed period of notice of between 6 and 12 months. In the event of notice being given by the Company, a lump-sum payment can be paid in the form of salary for 6 to 24 months (including the period of notice).

Absenteeism due to sickness, Group and the Parent Company

| | Group | | Parent Company | |
|---|-------|-------|----------------|-------|
| | 2004 | 2003 | 2004 | 2003 |
| Total absenteeism due to sickness | 5.1% | 5.2% | 4.3% | 4.6% |
| Long-term absenteeism due to sickness, % of total absenteeism due to sickness | 68.4% | 62.6% | 60.9% | 60.7% |
| Absenteeism due to sickness, men | 4.1% | 4.0% | 3.8% | 1.6% |
| Absenteeism due to sickness, women | 8.3% | 8.9% | 4.9% | 8.5% |
| Absenteeism due to sickness, employees under 29 years | 1.6% | 1.5% | 1.8% | 2.1% |
| Absenteeism due to sickness, employees 30–49 years | 4.3% | 4.4% | 4.3% | 3.3% |
| Absenteeism due to sickness, employees 50 years and older | 6.7% | 6.6% | 5.0% | 4.6% |

The total absenteeism due to sickness is stated as a percentage of the employees' total ordinary working time. Long-term absenteeism refers to absenteeism over a continuous period of 60 days or more.

8 Fees and expenses paid to auditors and auditing companies

| | Parent Company | Regional companies | Group |
|---------------------------------|----------------|--------------------|--------------|
| 2004 | | | |
| Deloitte & Touche AB | | | |
| Audit assignments | 1,157 | 780 | 1,937 |
| Other assignments | 1,256 | 45 | 1,301 |
| National Audit Office | | | |
| Audit assignments | 65 | – | 65 |
| Total | 2,478 | 825 | 3,303 |
| 2003 | | | |
| Deloitte & Touche AB | | | |
| Audit assignments | 860 | 850 | 1,710 |
| Other assignments | 777 | 55 | 832 |
| National Audit Office | | | |
| Audit assignments | 19 | – | 19 |
| Total | 1,656 | 905 | 2,561 |

The term 'Audit assignment' refers to the examination of the Annual Report and the accounting records as well as the administration by the Board and the President, other duties that are incumbent on the Company's auditor to perform (e.g. examination of a prospectus for an EMTN programme) as well as advice or other assistance as a result of observations made in conjunction with such an examination or the performance of such other duties. Everything else is classified as Other assignments.

9 Result from financial items

| | Group | | Parent Company | |
|--|-----------------|-----------------|-----------------|------------------|
| | 2004 | 2003 | 2004 | 2003 |
| Result from shares in Group companies | | | | |
| Dividend | – | – | 185,000 | 295,000 |
| Total | – | – | 185,000 | 295,000 |
| Result from other securities and receivables reported as fixed assets | | | | |
| Interest income, Group companies | – | – | 964,901 | 1,105,956 |
| Total | – | – | 964,901 | 1,105,956 |
| Other interest income and similar profit/loss items | | | | |
| Interest income, Group companies | – | – | 2,708 | 1,685 |
| Interest income, miscellaneous | 9,852 | 21,901 | 7,061 | 18,075 |
| Total | 9,852 | 21,901 | 9,769 | 19,760 |
| Interest expense and similar profit/loss items | | | | |
| Interest expense, Group companies | – | – | –5,265 | –14,253 |
| Interest expense, miscellaneous | –804,299 | –916,721 | –784,382 | –901,122 |
| Total | –804,299 | –916,721 | –789,647 | –915,375 |
| Net financial income | –794,447 | –894,820 | 370,023 | 505,341 |

Of the external interest expense, KSEK 49,057 (55,605) is the profit on derivatives allocated to a particular period.

10 Appropriations and untaxed reserves

| | Parent Company | |
|---|----------------|----------------|
| | 2004 | 2003 |
| Appropriations | | |
| Change in tax allocation reserve | -17,250 | -28,791 |
| Difference between book depreciation and depreciation according to plan | -1,310 | - |
| Total | -18,560 | -28,791 |

Untaxed reserves

| | | |
|---|----------------|----------------|
| Allocation to tax allocation reserve, 1999 tax assessment | - | 36,118 |
| Allocation to tax allocation reserve, 2000 tax assessment | 27,166 | 27,166 |
| Allocation to tax allocation reserve, 2001 tax assessment | 42,317 | 42,317 |
| Allocation to tax allocation reserve, 2002 tax assessment | 46,497 | 46,497 |
| Allocation to tax allocation reserve, 2003 tax assessment | 49,834 | 49,834 |
| Allocation to tax allocation reserve, 2004 tax assessment | 59,687 | 59,687 |
| Allocation to tax allocation reserve, 2005 tax assessment | 53,367 | - |
| Additional depreciation | 1,310 | - |
| Total | 280,178 | 261,619 |

11 Taxes

The following components are included in the Group's and Parent Company's tax expense.

| | Group | | Parent Company | |
|--|-----------------|-----------------|----------------|----------------|
| | 2004 | 2003 | 2004 | 2003 |
| Tax on profit for the year | | | | |
| Actual tax | | | | |
| Actual tax on profit for the year | -150,440 | -134,057 | -44,829 | -50,137 |
| Total actual tax | -150,440 | -134,057 | -44,829 | -50,137 |
| Deferred tax | | | | |
| Deferred tax attributable to a change in temporary differences | -82,911 | -71,300 | - | - |
| Deferred tax attributable to a change in the value of previous temporary differences | - | -1,661 | - | - |
| Total deferred tax | -82,911 | -72,961 | - | - |
| Total tax on profit for the year | -233,351 | -207,018 | -44,829 | -50,137 |

The difference between the reported tax expense and tax expense based on the current tax rate comprises the following components:

| | Group | | Parent Company | |
|--|-----------------|-----------------|----------------|----------------|
| | 2004 | 2003 | 2004 | 2003 |
| Reported profit before tax | 821,291 | 709,552 | 344,482 | 474,266 |
| Tax according to the current tax rate, 28% | -229,961 | -198,675 | -96,455 | -132,794 |
| Tax effect of expenses that are not tax deductible/taxable (permanent differences): | | | | |
| Non-deductible expenses | -2,274 | -1,016 | -215 | -46 |
| Non-taxable income | 553 | 1,115 | 41 | 103 |
| Dividend from regional companies | - | - | 51,800 | 82,600 |
| Adjustment of tax expense from previous years | -1,669 | -8,442 | - | - |
| Total reported tax expense | -233,351 | -207,018 | -44,829 | -50,137 |

Actual tax claims

| | Group | | Parent Company | |
|---|---------------|---------------|----------------|--------------|
| | 31-12-2004 | 31-12-2003 | 31-12-2004 | 31-12-2003 |
| Other claims include current tax claims totalling | 65,242 | 74,694 | 16,753 | 9,774 |
| Total current tax claims | 65,242 | 74,694 | 16,753 | 9,774 |

Reported deferred tax claim/liability

| | Group | | Parent Company | |
|--|----------------|----------------|----------------|----------|
| | 2004 | 2003 | 2004 | 2003 |
| Deferred tax claims attributable to temporary differences | | | | |
| Write-downs of fixed assets | 194,082 | 185,122 | - | - |
| Miscellaneous | - | 45 | - | - |
| Reported deferred tax claim | 194,082 | 185,167 | - | - |

Deferred tax liabilities attributable to temporary differences

| | | | | |
|--|-----------------|-----------------|----------|----------|
| Allocation to tax allocation fund | -244,483 | -222,097 | - | - |
| Accumulated additional depreciation | -591,094 | -523,014 | - | - |
| Miscellaneous | -29,266 | - | - | - |
| Reported deferred tax liability | -864,843 | -745,111 | - | - |

Unreported deferred tax

In the Parent Company no deferred tax regarding untaxed reserves has been reported. The deferred tax liability related to untaxed reserves totals KSEK 78,450 (73,253). The consolidated accounts do not include any material unreported temporary differences between book and tax values for assets and liabilities. All tax deficit deductions within the Group can be utilised for an unlimited time in the future.

12 Dividend

A dividend per share was paid to the shareholder on May 12, 2004, totalling SEK 250,000,000 (245,000,000). The dividend per share was SEK 117.10 (114.75). As regards the dividend for the year, the Board proposes a dividend of SEK 184.54 per share to be paid to the shareholder on April 27, 2005. A decision regarding a dividend will be reached by the shareholder at the Annual General Meeting. The dividend has not been recorded as a liability in the Annual Report. The dividend is estimated at SEK 394,000,000.

13 Goodwill (Group)

| | 31-12-2004 | 31-12-2003 |
|--|---------------|------------|
| Opening acquisition value | – | – |
| Purchases | 23,546 | – |
| Closing accumulated acquisition value | 23,546 | – |
| Opening depreciation | – | – |
| Depreciation for the year | –617 | – |
| Closing accumulated depreciation | –617 | – |
| Book value | 22,929 | – |

14 Costs brought forward for development work

| | Group | | Parent Company | |
|--|---------------|---------------|----------------|------------|
| | 31-12-2004 | 31-12-2003 | 31-12-2004 | 31-12-2003 |
| Opening acquisition value | 7,232 | 3,457 | – | – |
| Sales and disposals | –7,232 | 3,775 | – | – |
| Purchases | 11,088 | – | 11,108 | – |
| Closing accumulated acquisition value | 11,008 | 7,232 | 11,008 | – |
| Opening depreciation | –1,115 | –352 | – | – |
| Sales and disposals | 1,115 | – | – | – |
| Depreciation for the year | –1,233 | –763 | –1,233 | – |
| Closing accumulated depreciation | –1,233 | –1,115 | –1,233 | – |
| Book value | 9,775 | 6,117 | 9,775 | – |

Development costs totalling KSEK 3,577 (1,513) were expensed during the year.

15 Investment properties (Group)

| Assessed fair value, SEK m | 2004 | 2003 |
|---|---------------|---------------|
| Opening assessed fair value | 36,118 | 36,475 |
| Investments and reclassification, investment properties | 2,615 | 1,691 |
| Sales | –25 | –119 |
| Other increase in value | –478 | –1,929 |
| Closing assessed fair value | 38,230 | 36,118 |

The assessed fair value of the Group's investment properties as of December 31, 2004 has been set following an internal property valuation. The valuation is based on the direct yield on each property. The prerequisites in the valuation model have been confirmed with external property consultants.

The term 'investments' refers to direct investments in investment properties. Investments in new construction in progress are reported at the accrued acquisition value until the new construction and/or redevelopment is reclassified as an investment property and thus valued at the fair value.

The starting points in the valuation model were:

- A classification of the buildings in the light of the main area of use and depreciation requirement. Buildings with similar depreciation requirements have been categorised together.
- Current rental agreements have been assumed to be valid through to the end of the rental period. The rent is adapted to the current rent level at the end of the lease. In other cases it has been adjusted to the assessed market rent with consideration given to excess rent paid or insufficient rent paid at the time of renegotiation.
- The current value of rent supplements with regard to capital service costs is included.

- Actual (normal) operating costs, including administration costs and possible site leasehold charges and property operation costs have been used.
- Standard calculated maintenance costs:
 - SEK 140/m² floor space has been used for technically advanced laboratory buildings older than 10 years
 - SEK 90/m² floor space has been used for other buildings
- The return requirement has been differentiated for different categories of objects, different rental periods as well as a town and location assessment, and is between 7.25 per cent and 13 per cent.
- Expansion reserves are included and have been valued on a standard basis at 50 per cent of the assessed market value for each location.

All investment properties are rented out under operational leases and generate rental income. The rental income during the period amounted to KSEK 4,482,067 (4,364,103) and the direct costs for the investment properties during the period totalled KSEK 1,883,436 (1,839,847).

There are no limitations with regard to the right to sell investment properties or to use the rental income.

The book value of the investment properties during the year has changed as follows:

| | 31-12-2004 | 31-12-2003 |
|--|-------------------|-------------------|
| Opening acquisition value | 30,937,573 | 29,370,246 |
| Purchases | 1,185,300 | 855,521 |
| Sales and disposals | –18,830 | –123,989 |
| Reclassifications | 1,430,083 | 835,795 |
| Closing accumulated acquisition value | 33,534,126 | 30,937,573 |

| | | |
|---|-------------------|-------------------|
| Opening depreciation | –5,860,774 | –4,982,086 |
| Sales and disposals | 3,649 | 27,432 |
| Reclassifications | – | –23,797 |
| Depreciation for the year | –958,794 | –882,323 |
| Closing accumulated depreciation | –6,815,919 | –5,860,774 |

| | | |
|--|-------------------|-------------------|
| Opening write-downs | –664,876 | –610,496 |
| Sales and disposals | – | – |
| Reversed write-downs | – | 113,951 |
| Reclassifications | – | 23,797 |
| Write-downs for the year | –32,000 | –192,128 |
| Closing accumulated write-downs | –696,876 | –664,876 |
| Closing book value | 26,021,331 | 24,411,923 |

The tax assessment values are as follows:

| | 31-12-2004 | 31-12-2003 |
|------------------------------|-------------------|-------------------|
| Land | 1,838,789 | 1,676,150 |
| Land improvements | 527,198 | 434,463 |
| Buildings | 21,886,400 | 20,666,684 |
| Buildings and land equipment | 1,768,944 | 1,634,626 |
| Total | 26,021,331 | 24,411,923 |

The tax assessment values are as follows:

| | 31-12-2004 | 31-12-2003 |
|--------------|----------------|----------------|
| Buildings | 118,111 | 155,944 |
| Land | 53,511 | 57,612 |
| Summa | 171,622 | 213,556 |

The majority of the Group's properties are taxed as specialist buildings and have thus not been allocated any tax values.

Note 15 cont'd

Division of investment properties into buildings and land, land improvements and building equipment

| | 31-12-2004 | 31-12-2003 |
|--|-------------------|-------------------|
| Buildings and land | | |
| Opening acquisition value | 27,042,552 | 26,006,923 |
| Purchases | 1,030,391 | 632,336 |
| Sales and disposals | -15,959 | -113,706 |
| Reclassifications | 1,037,352 | 516,999 |
| Closing accumulated acquisition value | 29,094,336 | 27,042,552 |

| | | |
|---|-------------------|-------------------|
| Opening depreciation | -4,034,842 | -3,421,988 |
| Sales and disposals | 3,423 | 17,762 |
| Reclassifications | - | -23,797 |
| Depreciation for the year | -640,852 | -606,819 |
| Closing accumulated depreciation | -4,672,271 | -4,034,842 |

| | | |
|----------------------------------|-------------------|-------------------|
| Opening depreciation | -664,876 | -610,496 |
| Sales and disposals | - | - |
| Reclassifications | - | 113,951 |
| Reversed write-downs | - | 23,797 |
| Write-downs for the year | -32,000 | -192,128 |
| Depreciation for the year | -696,876 | -664,876 |
| Book value | 23,725,189 | 22,342,834 |

| | 31-12-2004 | 31-12-2003 |
|--|----------------|----------------|
| Land improvements | | |
| Opening acquisition value | 529,104 | 413,564 |
| Purchases | 24,976 | 19,079 |
| Reclassifications | 97,895 | 96,461 |
| Closing accumulated acquisition value | 651,975 | 529,104 |

| | | |
|---|-----------------|----------------|
| Opening depreciation | -94,641 | -70,070 |
| Depreciation for the year | -30,136 | -24,571 |
| Closing accumulated depreciation | -124,777 | -94,641 |
| Book value | 527,198 | 434,463 |

| | 31-12-2004 | 31-12-2003 |
|--|------------------|------------------|
| Building and land equipment | | |
| Opening acquisition value | 3,365,917 | 2,949,759 |
| Purchases | 129,933 | 204,104 |
| Sales and disposals | -2,871 | -10,283 |
| Reclassifications | 294,836 | 222,337 |
| Closing accumulated acquisition value | 3,787,815 | 3,365,917 |

| | | |
|---|-------------------|-------------------|
| Opening depreciation | -1,731,291 | -1,490,028 |
| Sales and disposals | 226 | 9,670 |
| Depreciation for the year | -287,806 | -250,933 |
| Closing accumulated depreciation | -2,018,871 | -1,731,291 |
| Book value | 1,768,944 | 1,634,626 |

16 Construction in progress in investment properties (Group)

| | 31-12-2004 | 31-12-2003 |
|--|----------------|------------------|
| Opening acquisition value | 1,555,497 | 1,250,800 |
| Purchases | 680,376 | 1,140,492 |
| Reclassifications | -1,430,083 | -835,795 |
| Closing accumulated acquisition value | 805,790 | 1,555,497 |

17 Equipment, fixtures and fittings

| | Group | | Parent Company | |
|--|----------------|----------------|----------------|------------|
| | 31-12-2004 | 31-12-2003 | 31-12-2004 | 31-12-2003 |
| Opening acquisition value | 127,951 | 119,986 | - | - |
| Purchases | 10,349 | 13,885 | 8,811 | - |
| Sales/disposals | -3,532 | -5,920 | -404 | - |
| Reclassifications | - | - | - | - |
| Closing accumulated acquisition value | 134,768 | 127,951 | 8,407 | - |
| Opening depreciation | -75,842 | -60,062 | - | - |
| Sales and disposals | 3,090 | 5,772 | - | - |
| Depreciation for the year | -20,800 | -21,552 | -2,384 | - |
| Closing accumulated depreciation | -93,552 | -75,842 | -2,384 | - |
| Book value | 41,216 | 52,109 | 6,023 | - |

18 Shares in Group companies

| | Parent Company | |
|--|------------------|------------------|
| | 31-12-2004 | 31-12-2003 |
| Opening acquisition value | 1,564,200 | 1,564,200 |
| Shareholders' contributions granted | - | - |
| Purchase of shares in regional companies | - | - |
| Sale of shares in regional companies | - | - |
| Book value at the year-end | 1,564,200 | 1,564,200 |

Note 18 cont'd

Specification of the Parent Company's shareholdings in Group companies

| | Company reg. no. | Registered office | Total number of shares | Share of equity in % ¹⁾ | Book value |
|--|---------------------|-------------------|---------------------------|---------------------------------------|------------------|
| Akademiska Hus i Göteborg AB | 556467-8760 | Göteborg | 95,000 | 100 | 189,950 |
| Akademiska Hus i Linköping AB | 556467-8778 | Linköping | 50,000 | 100 | 99,950 |
| Akademiska Hus i Lund AB | 556467-8786 | Lund | 85,000 | 100 | 169,950 |
| Akademiska Hus i Norr AB | 556467-8752 | Umeå | 50,000 | 100 | 159,950 |
| Akademiska Hus i Stockholm AB | 556467-8737 | Stockholm | 335,000 | 100 | 669,950 |
| Akademiska Hus i Uppsala AB | 556467-8745 | Uppsala | 55,000 | 100 | 273,950 |
| Akademiska Hus Utveckling och Support AB | 556610-2975 | Göteborg | 500 | 100 | 500 |
| Total | | | | | 1,564,200 |

1) Corresponds to the number of votes.

19 Receivables

| | Group | | Parent Company | |
|---|------------------|----------------|-------------------|-------------------|
| | 31-12-2004 | 31-12-2003 | 31-12-2004 | 31-12-2003 |
| Due date structure | | | | |
| Receivables expected to be realised within one year of the year-end | 974,005 | 718,643 | 162,828 | 105,903 |
| Receivables expected to be realised within 1–5 years of the year-end | 201,992 | 188,736 | 201,442 | 188,736 |
| Receivables expected to be realised later than 5 years after the year-end | 34,752 | 38,536 | 22,156,836 | 21,617,803 |
| Total | 1,210,749 | 945,915 | 22,521,106 | 21,912,442 |

20 Financial assets

Current investments refer to bank deposits and investment in interest-bearing securities. Collateral granted attributable to a Credit Support Annex agreement (CSA) is reported as a bank deposit. At the year-end, the Group had furnished collateral through the CSA agreement totalling SEK 45 million.

| | Group | | | | Parent Company | | | |
|-----------------------------|-------------------|---------------|-------------------|----------------|-------------------|---------------|-------------------|----------------|
| | 31-12-2004 | | 31-12-2003 | | 31-12-2004 | | 31-12-2003 | |
| | Reported value | Fair value | Reported value | Fair value | Reported value | Fair value | Reported value | Fair value |
| Long-term security holdings | 50 | 50 | 50 | – | – | – | – | – |
| Current investments | 45,300 | 45,300 | 175,940 | 175,938 | 45,300 | 45,300 | 175,940 | 175,938 |
| Total | 45,350 | 45,350 | 175,990 | 175,938 | 45,300 | 45,300 | 175,940 | 175,938 |

21 Prepaid expenses and accrued income

| | Group | | Parent Company | |
|--|----------------|----------------|----------------|----------------|
| | 31-12-2004 | 31-12-2003 | 31-12-2004 | 31-12-2003 |
| Prepaid rent | 3,095 | 3,706 | – | – |
| Accrued interest income | 278 | 168 | 71 | 120 |
| Prepaid interest expense | 857 | 1,306 | 857 | 1,306 |
| Losses on closed derivative contracts allocated to a specific period | 314,712 | 296,326 | 314,712 | 296,326 |
| Miscellaneous | 36,336 | 56,053 | 8,733 | 6,012 |
| Total | 355,278 | 357,559 | 324,373 | 303,764 |

The amounts reported for the Group and the Parent Company for losses on closed derivative contracts allocated over a period, refer to FRA contracts, interest swaps, forward rate agreements and options, which are divided between the terms of the underlying instruments. The amount as of 31-12-2004 will be allocated during the period 2005–2014, of which SEK 281.1 million will be allocated during the period 2005–2009 although in conjunction with the transition to IFRS it will be included in the opening balance and remain as profit brought forward.

22 Allocations to pensions and similar undertakings (Group)

Defined benefit pension plans

Almost all employees in the Akademiska Hus Group are covered by defined benefit pension plans, which means that the employees are guaranteed a pension equivalent to a certain percentage of their salary. The pension plan mainly comprises a retirement pension, sickness pension and family pension. The pension commitments regarding the ITP plan retirement pension are secured mainly through provisions in the Balance Sheet, the FPG/PRI system and the ITP plan family pension, sickness pension and occupational group life insurance are secured through insurance premiums. All pension undertakings which the Akademiska Hus Group took over from the National Board of Public Building when the company was formed on October 1, 1993 are defined benefit plans, secured through provisions in the Balance Sheet, guaranteed by the National Debt Office and administered by the National Government Employees Pension Board (SPV). The Group also has employees who are covered by defined contribution pension plans, so-called alternative ITP for high-income earners, as well as individual pension assurances to senior executives. The charges for the latter plans are normally a percentage of the employee's salary.

Note 22 cont'd

The following provisions have been made in the Balance Sheet:

| | 31-12-2004 |
|---|----------------|
| Current value of the commitment at the period-end | 194,541 |
| Minus the fair value of the administration assets at the period-end | – |
| Actuarial profits (+) losses (–) brought forward | – |
| Allocated to pensions | 194,541 |

The total pension cost is as follows:

| | 31-12-2004 |
|---|---------------|
| Benefits earned during the year | 5,906 |
| Interest on the pension provision | 8,465 |
| Actuarial gains (–) and losses (+) | – |
| Pension costs, benefit-defined plans | 14,371 |

| | |
|---|---------------|
| Pension costs, charge-based plans | 26,172 |
| Employer's contribution and tax on returns, other pension costs | 7,633 |
| Total pension costs | 48,176 |

As a result of the fact that Akademiska Hus began to apply RR29 with effect from January 1, 2004 in accordance with the transition rules in RR29 Employee benefits, there are no comparison figures for the preceding year. Amortisation of actuarial gains and losses first arises in 2005.

The actuarial computation of the pension undertakings and pension costs are based on the following assumptions:

| | 31-12-2004 | 01-01-2004 |
|------------------------------------|------------|------------|
| Discount rate | 5.00 | 5.40 |
| Salary increase | 3.00 | 3.00 |
| Inflation | 2.00 | 2.00 |
| Income base amount | 2.75 | 3.00 |
| Personnel turnover | – | – |
| Remaining period of service, years | 15.7 | 16.1 |

Pension commitments and provisions for pension undertakings for the defined benefit plans have developed as follows:

| | 31-12-2004 |
|--|----------------|
| Opening balance | 163,272 |
| Increased pension liability in conjunction with the transition to RR29 as of January 1, 2004 ¹⁾ | 23,430 |
| Benefits earned during the year | 5,906 |
| Interest costs | 8,465 |
| Benefits paid | –6,532 |
| Costs for early retirement pensions | – |
| Redemption of pension commitments | – |
| Closing balance | 194,541 |

¹⁾ Net after deduction of deferred tax the Group's non-restricted equity is affected to the amount of SEK 17 million.

Information about reporting of defined benefit pension plans which cover several employers – Alecta

The retirement pension and family pension undertaking for white-collar workers in Sweden is secured through insurance with Alecta. According to a statement from the Swedish Financial Accounting Standards Council Emerging Issues Task Force, URA 42, this is a defined benefit plan covering several employers. For the 2004 financial year the Company has not had access to such information, making it possible to report this plan as a defined benefit plan. The pension plan according to ITP, which is secured through insurance with Alecta, is therefore reported as a defined contribution plan. The charges for the year for pension insurance taken out with Alecta total SEK 9.1 million (7.8). Alecta's surplus can be distributed to the policyholders and/or the insured. At the end of 2004, Alecta's surplus in the form of the collective consolidation level amounted to 128.0 per cent (119.9). The collective consolidation level comprises the market value of Alecta's assets as a percentage of the insurance undertakings, calculated according to Alecta's insurance computation assumptions, which do not concur with RR29.

Provisions for pensions and similar commitments (Parent Company)

| | 31-12-2004 | 31-12-2003 |
|------------------|---------------|---------------|
| FPG/PRI Pensions | 12,721 | 1,778 |
| Other pensions | 68,072 | 69,306 |
| Total | 80,793 | 71,084 |

Other pensions refer mainly to the historical pension liability that was taken over from the National Board of Public Building when the Akademiska Hus Group was founded.

23 Financial risk management (Group)

In its capacity as a net borrower, Akademiska Hus is exposed to financial risks, particularly interest rate risks, refinancing risks, credit risks and exchange rate risks. The risk approach adopted by the Group is defined in a finance policy laid down by the Board. The Group's financial management is centralised at the Parent Company's Treasury Department, which results in effective and co-ordinated financial risk management.

Interest risk

The term 'interest risk' refers to the negative impact on Group profit as a result of a change in market interest rates. The Group's interest rate risk exposure is high due to the relatively high leverage and interest expense is the single largest cost item. The handling of the interest risk in the form of a choice of a fixed interest period in the liability portfolio is consequently one of the most important tasks of the Treasury Department. The finance policy states that the interest risk should be handled within a fixed interest mandate adopted by the Board. In 2004, the fixed interest mandate was 1.5 years to 3.5 years. The current mandate states that the average fixed interest period, including interest derivatives, shall be between one and three years. The current mandate states that the fixed interest period shall be between one and three years. The Group defines the average fixed interest period as a measurement of the sensitivity in net interest income and expense in conjunction with a change in the market interest rates. The Group uses derivatives as a means of adjusting the fixed interest period. The point of departure, however, is that these instruments should be used mainly when the desired fixed interest period is difficult to achieve within existing borrowing or can only be achieved at a considerable additional cost.

The fixed interest period at the year-end was 1.6 years (2.4), including interest derivatives. The average during the year was 2.09 years (3.0).

To diversify the Group's financing, bonds with a real interest rate construction have been issued. These are handled in a separate portfolio outside the fixed interest mandate. As a result, the Group is not exposed exclusively to changes in nominal interest rates. The net exposure in real interest rates at the year-end totalled SEK 700 million.

Note 23 cont'd

Interest-bearing and non-interest-bearing financial assets and liabilities

| | 31-12-2004 | | | 31-12-2003 | | |
|---------------------------------------|------------------|-------------------|----------------------|------------------|-------------------|----------------------|
| | Interest-bearing | | Non-interest-bearing | Interest-bearing | | Non-interest-bearing |
| | Fixed interest | Floating interest | | Fixed interest | Floating interest | |
| Assets | | | | | | |
| Current investments | - | 45 | - | 176 | - | - |
| Current receivables | - | - | 315 | - | - | 296 |
| Interest swaps received | 4,350 | - | - | 4,350 | - | - |
| Interest swaps paid | - | -4,350 | - | - | -4,350 | - |
| Exchange rate interest swaps received | 10,452 | 468 | - | 11,696 | 782 | - |
| Exchange rate interest swaps paid | - | -10,920 | - | - | -12,478 | - |
| Exchange rate swaps | - | - | 966 | - | - | 469 |
| Liabilities | | | | | | |
| Pension provision | - | 195 | - | - | 164 | - |
| Loans | 1,632 | 15,506 | - | 15,395 | 1,004 | - |
| Other liabilities | 316 | - | 356 | - | 395 | 377 |
| Interest swaps received | -1,100 | -9,961 | - | -1,100 | -10,941 | - |
| Interest swaps paid | 11,061 | - | - | 12,041 | - | - |
| FRA, forward rate agreements, options | 1,300 | - | - | 688 | - | - |
| Exchange rate swaps | - | - | 966 | - | - | 469 |

The table above includes non-interest-bearing financial instruments as well as cash and bank balances, accounts receivable and accounts payable. The table shows the reported value for items within the balance sheet and the nominal amount for items outside the balance sheet.

Refinancing risk

The term 'refinancing risk' refers to the risk that the cost is higher and that the financing opportunities are limited when the loans that fall due are to be renewed. The finance policy states that unutilised credit facilities should be in place to a sufficient extent to guarantee good payment capacity. The aim is to

limit the costs by seeking to strike a balance between short-term, medium-term and long-term financing, and endeavouring to achieve diversification between different financing arrangements and markets

The Group has a very good credit rating, which offers a good opportunity to achieve the diversification aimed for through the public financing programmes

The Group's liquid assets at the end of 2004 totalled SEK 329 million (467). At the year-end, bank facilities granted totalled SEK 4,200 million (4,200), of which SEK 2,700 million (2,700) was unconfirmed.

Facilities and rating

| | Framework 31-12-2004 | Utilised nom. 31-12-2004 | Rating Standard & Poor's |
|------------------------------|-------------------------|--------------------------------|--------------------------------|
| Bank | SEK 4,200 m | SEK 395 m | |
| Företagscertifikat | SEK 4,000 m | SEK 2,330 m | A1+/K1 |
| ECP (Euro Commercial Paper) | USD 600 m | SEK 966 m | A1+ |
| MTN (Medium Term Note) | SEK 8,000 m | SEK 2,164 m | AA |
| EMTN (Euro Medium Term Note) | USD 1,500 m | SEK 9,645 m | AA/A1+ |

Credit risk and counter-party risk

The term 'credit and counter-party risk' refers to the risk of a loss when a counter-party does not fulfil its undertakings. The Group is exposed when surplus liquidity is placed in financial assets and also in conjunction with trade in derivatives. The Group applies a relatively conservative counter-party risk policy in the form of a limit system, where the permitted exposure depends on the counter-party's rating and the maturity of the involvement. The limits are related to the Group's risk capacity in the form of equity.

As the Group is in the long term a net borrower, periods of surplus liquidity are more of a temporary nature. Investments should therefore be characterised by good liquidity in the secondary market and be in accordance with the limit structure laid down in the finance policy.

The Group's policy is that an internationally standardised netting agreement, a

so-called ISDA agreement, should always be signed with a counter-party before derivative transactions take place. As of December 31, 2004, the total counter-party exposure in derivatives (calculated as the net claim per counter-party) stood at SEK -445 million (-275). With the aim of further reducing exposure to a counter-party risk, the parent company has entered into a number of supplementary agreements, Credit Support Annexes (CSA), to the ISDA agreements. These mean that the parties mutually undertake to place collateral in the form of liquid funds or bonds for the value deficit in the outstanding derivative contracts. At the year-end, the Group had received SEK 271 million net (324).

The table below shows the Group's exposure to counter-party risks divided according to different rating categories and maturities.

Note 23 cont'd

Counter-party risks, SEK m

| Counter-party | Term | | | | | | Collateral received/granted |
|---|-------------|-------------|--------------|------------|------------|-------------|-----------------------------|
| | 1-7 days | 8-180 days | 181-360 days | 1-6 years | 6-10 years | | |
| <i>Institute with a long rating</i> | | | | | | | |
| AAA/Aaa | - | - | - | - | - | - | - |
| AA+/Aa1 | -62 | 20 | 20 | 20 | - | - | - |
| AA/Aa2 | - | - | - | - | - | - | - |
| AA-/Aa3 | -556 | -566 | -536 | -375 | -54 | -76 | - |
| A+/A1 | 906 | 315 | 315 | 315 | - | -240 | - |
| A/A2 | -475 | -123 | -42 | -39 | -44 | 45 | - |
| <i>Institute with only a short rating</i> | | | | | | | |
| K1 | - | - | - | - | - | - | - |
| <i>Clearing institute</i> | -8 | - | - | - | - | - | 31 |
| Total | -195 | -354 | -243 | -79 | -98 | -240 | |

Positive figure = Group receivable

Negative figure = Group liability

Credit risk attributable to rent receivables

The Group has a relatively high concentration of credit risk in rent receivables. The assessed credit risk in rent receivables, however, is low on account of the type of tenant.

Exchange rate risk

A currency risk constitutes a risk that exchange rate changes will have a negative impact on the Group's Income Statement and Balance Sheet. In con-

junction with borrowing in a foreign currency, the Group is exposed to an exchange rate risk. As the Group's operations are exclusively in Swedish kronor the policy is that all exchange rate risk in conjunction with financing in a foreign currency should be eliminated. All payment flows are hedged with the aid of forward rate agreements and currency swaps.

24 Financing (Group)

The Group's financing takes place mainly through borrowing via four public financing programmes. These make it possible through their standardised terms and conditions to secure rational, cost-effective financing. The Group has a domestic commercial paper programme and an MTN programme as

well as international ECP and EMTN programmes. The Group also uses bank financing to a minor extent. The average capital for bank financing was SEK 257 million (282) during 2004.

Loans, SEK m

| | Group | | | | Parent Company | | | |
|------------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|
| | 31-12-2004 | | 31-12-2003 | | 31-12-2004 | | 31-12-2003 | |
| | Reported value | Actual value |
| Bank financing | - | - | 14 | 14 | - | - | 14 | 14 |
| Commercial paper | 2,323 | 2,324 | 398 | 398 | 2,323 | 2,324 | 398 | 398 |
| ECP | 963 | 882 | 461 | 449 | 963 | 882 | 461 | 449 |
| Bonds and MTN | 2,431 | 2,632 | 2,540 | 2,745 | 2,431 | 2,632 | 2,540 | 2,745 |
| EMTN | 9,645 | 9,772 | 11,204 | 11,274 | 9,645 | 9,772 | 11,204 | 11,274 |
| Other loans | 1,776 | 1,544 | 1,782 | 1,641 | 1,575 | 1,339 | 1,574 | 1,433 |
| Total | 17,138 | 17,154 | 16,399 | 16,521 | 16,937 | 16,949 | 16,191 | 16,313 |

Financing cost

Net interest income and expense totalled SEK -794 million (-895) and the average liability portfolio was SEK 17,547 million (16,876). Financing costs totalled 4.50 per cent (5.30), measured as interest cost in relation to the average interest-bearing liability. This interest rate was divided between loans 3.05 (3.97), the cost for derivatives, including periodisation, 1.42 (1.30) and other financing costs 0.03 (0.03). As of December 31, 2004, the average rate of

interest on outstanding liabilities was 2.82 per cent (3.50), excluding interest derivatives, and 4.26 per cent (4.91) including interest derivatives.

A permanent change in the market interest rate of one percentage point would affect Akademiska Hus's financing cost to the amount of SEK 171 million (164). In the calculation the interest tie-up for loans or derivatives has not been taken into account.

Note 24, cont'd

Due date structure, loans, SEK m

| | Fixed interest | | | Floating interest | | | | Total |
|----------------|----------------|---------------|--------------|-------------------|----------------------|--------------|--------------|---------------|
| | Loans | Derivatives | Total | Loans | ECP and Certificates | Derivatives | Total | |
| 2005 | 1,723 | 577 | 2,300 | 468 | 3,296 | -577 | 3,187 | 5,487 |
| 2006 | 3,460 | -3,346 | 114 | - | - | 3,346 | 3,346 | 3,460 |
| 2007 | 550 | 2,800 | 3,350 | - | - | -2,800 | -2,800 | 550 |
| 2008 | 1,881 | -2,681 | -800 | 1,000 | - | 2,681 | 3,681 | 2,881 |
| 2009 | 2,250 | -950 | 1,300 | - | - | 950 | 950 | 2,250 |
| 2010 | 1,942 | -1,642 | 300 | - | - | 1,642 | 1,642 | 1,942 |
| 2011 | - | - | - | - | - | - | - | - |
| 2012 and later | 310 | 951 | 1,261 | 201 | - | -951 | -750 | 511 |
| Total | 12,116 | -4,291 | 7,825 | 1,669 | 3,296 | 4,291 | 9,256 | 17,081 |

The table above shows the nominal values. Positive figure = the Group pays interest, negative figure = the Group receives interest.

Important contractual terms and conditions

The Group's bond programmes, MTN and EMTN, include a clause regarding state ownership. In the event that the state ceases to be the holder, directly or indirectly, of more than 50 per cent of the shares in Akademiska Hus AB, equivalent to more than 50 per cent of the number of shares and more than 50 per cent of the number of votes, the bonds fall due for payment immediately. The Group has no agreement where the terms and conditions are linked to a certain rating level.

Currency distribution loans

Akademiska Hus's long-term liabilities were, as of the year-end, distributed as follows under the original currency and in SEK m after currency and interest swaps.

| Currency | 31-12-2004 | | | | 31-12-2003 | | | |
|-----------------------------|----------------|-------------|--------------------|---------------|----------------|-------------|--------------------|---------------|
| | Nominal amount | Interest, % | Interest, % in SEK | Amount, SEK m | Nominal amount | Interest, % | Interest, % in SEK | Amount, SEK m |
| Swapped to SEK | | | | | | | | |
| <i>ECP</i> | | | | | | | | |
| EUR | 134 | 2.03 | 2.12 | 963 | 30 | 2.18 | 2.79 | 268 |
| USD | - | - | - | - | 25 | 1.45 | 3.04 | 193 |
| Total | | | 2.12 | 963 | | | 2.90 | 461 |
| <i>EMTN</i> | | | | | | | | |
| CHF | 1,150 | 3.34 | 2.36 | 6,851 | 1,400 | 3.11 | 3.05 | 8,409 |
| EUR | 250 | 4.50 | 2.49 | 2,250 | 250 | 4.50 | 3.11 | 2,250 |
| JPY | 3,000 | 1.97 | 2.20 | 244 | 3,000 | 1.97 | 2.93 | 244 |
| Total | | | 2.38 | 9,345 | | | 3.06 | 10,903 |
| <i>Other loans</i> | | | | | | | | |
| JPY | 15,000 | 1.78 | 2.22 | 1,107 | 15,000 | 1.76 | 2.93 | 1,107 |
| USD | 50 | 2.56 | 2.16 | 468 | 50 | 1.16 | 2.88 | 468 |
| Total | | | 2.20 | 1,575 | | | 2.92 | 1,575 |
| Total | | | 2.34 | 11,883 | | | 3.04 | 12,939 |
| <i>Unswapped (in SEK m)</i> | | | | | | | | |
| Bank financing | - | - | - | - | 14 | - | 3.00 | 14 |
| Commercial paper | 2,330 | - | 2.09 | 2,323 | 400 | - | 2.79 | 398 |
| Bonds and MTN | 2,664 | - | 5.57 | 2,731 | 2,787 | - | 5.73 | 2,840 |
| Other loans | 201 | - | 4.30 | 201 | 208 | - | 4.39 | 208 |
| Total | | | 3.84 | 5,255 | | | 5.01 | 3,460 |
| Total | | | 2.82 | 17,138 | | | 3.50 | 16,399 |

25 Financial derivatives (Group)

Derivatives are used to handle interest risk exposure and to eliminate currency risks in conjunction with financing in foreign currency. The fair value of interest swaps and exchange interest swaps includes the underlying capital amount and accrued interest.

Hedge accounting

When financing in foreign currency all future payment flows are hedged so that no exchange risk remains. Through an exchange interest swap all interest payments in foreign currency, both fixed and floating, are hedged and all future interest sums are exchange-hedged. The measures taken have the

express purpose of hedging and eliminating an exchange risk so that all financing is denominated in Swedish kronor. Effective hedging means that changes in value of the hedged position and the actual hedging transaction on balance counteract each other.

Exchange and interest derivatives entered into for the purpose of hedging future payment flows are hedge-reported and the deferred impact on profit of these derivatives was SEK –759 million (–548) as of 31-12-2004, of which SEK –221 million (–193) referred to closed derivatives brought forward to the actual due date.

Interest derivatives, SEK m

| | 31-12-2004 | | | | 31-12-2003 | | | |
|--|----------------|----------------|--------------|---------------------|----------------|----------------|--------------|---------------------|
| | Nominal amount | Reported value | Actual value | Average term, years | Nominal amount | Reported value | Actual value | Average term, years |
| <i>Contracts with a remaining term of less than one year</i> | | | | | | | | |
| FRA, options, forward rate agreements, SEK | 1,000 | –4 | –1 | 0.2 | – | –4 | 10 | – |
| Interest swaps, SEK | 1,850 | –41 | –55 | 0.4 | 980 | –12 | –23 | 0.7 |
| <i>Contracts with a remaining term of more than one year</i> | | | | | | | | |
| Forward rate agreements, options, SEK | 300 | –208 | –4 | 5.0 | 688 | –169 | –20 | 7.8 |
| Interest swaps, SEK | 3,761 | –88 | –410 | 5.1 | 5,611 | –130 | –374 | 4.7 |
| Interest swaps, foreign currency | –3,750 | 97 | 309 | –3.9 | –3,750 | 99 | 271 | –4.9 |
| Total | 3,161 | –244 | –161 | | 3,529 | –216 | –136 | |

The average maturity in years has been calculated for open positions as of the year-end. Positive amounts represent an extension of the portfolio.

Exchange rate derivatives, SEK m

| | 31-12-2004 | | | | 31-12-2003 | | | |
|--|----------------|----------------|--------------|---------------------|----------------|----------------|--------------|---------------------|
| | Nominal amount | Reported value | Actual value | Average term, years | Nominal amount | Reported value | Actual value | Average term, years |
| <i>Contracts with a remaining term of less than one year</i> | | | | | | | | |
| Exchange rate swaps | 966 | – | –81 | 0.2 | 469 | – | –11 | 0.6 |
| Exchange rate interest swaps | 1,741 | 27 | –221 | 0.1 | 1,559 | 7 | –82 | 0.6 |
| <i>Contracts with a remaining term of 1–5 years</i> | | | | | | | | |
| Exchange rate interest swaps | 6,927 | 84 | 191 | 2.7 | 6,418 | 101 | 98 | 2.4 |
| <i>Contracts with a remaining term of more than five years</i> | | | | | | | | |
| Exchange rate interest swaps | 2,252 | 12 | –171 | 5.8 | 4,501 | 5 | –142 | 6.0 |
| Total | 11,886 | 123 | –282 | | 12,947 | 113 | –137 | |

Currency distribution, outstanding derivatives, SEK m

| | 31-12-2004 | 31-12-2003 |
|--------------|---------------|---------------|
| CHF | 6,851 | 8,409 |
| EUR | 2,250 | 2,521 |
| JPY | 1,351 | 1,351 |
| USD | 1,434 | 666 |
| Total | 11,886 | 12,947 |

The above table shows the nominal amounts.

26 Other interest-bearing liabilities

The Parent Company has entered into a supplementary agreement, Credit Support Annex, (CSA) to the ISDA, with the aim of reducing exposure to counter-party risks in derivative contracts. The agreement means that the parties mutually undertake to furnish collateral in the form of liquid funds or securities with a good rating for undervalues in outstanding derivative contracts. The agreement in turn gives the secured party right of disposal of collateral received. As of December 31, 2004, collateral received increased net the Group's gross debt and at the same time it was included as part of the Group's liquidity surplus. The Group in turn furnished collateral to a clearing institute totalling SEK 31 million.

As of the year-end, collateral received is reported in accordance herewith as an asset in the Company's Balance Sheet. Other interest-bearing liabilities are an equivalent liability to the party furnishing the collateral.

27 Accrued expenses and prepaid income

| | Group | | Parent Company | |
|---|------------------|------------------|----------------|----------------|
| | 31-12-2004 | 31-12-2003 | 31-12-2004 | 31-12-2003 |
| Prepaid rental income | 1,110,171 | 1,129,974 | – | – |
| Periodised profits on closed derivative contracts | 93,389 | 103,737 | 93,389 | 103,737 |
| Accrued holiday pay | 8,180 | 7,745 | 2,076 | 389 |
| Accrued social insurance charges | 5,887 | 5,468 | 653 | 317 |
| Accrued interest | 248,144 | 265,078 | 248,144 | 265,078 |
| Prepaid income | 5 | 4,634 | – | – |
| Other interim liabilities | 243,377 | 249,091 | 20,883 | 3,383 |
| Total | 1,709,153 | 1,765,727 | 365,145 | 372,904 |

The amounts reported for the Group and the Parent Company for periodised profits on closed derivative contracts refer to FRA contracts, interest swaps, forward rate agreements and options allocated to a specific period, which are divided between the terms of the underlying instruments. The amount as of 31-12-2004 would under the current principles be allocated over the period 2005–2013, including SEK 86.6 million during the period 2005–2009, although in conjunction with the transition to IFRS it will be included in the opening balance and remain as profit brought forward.

28 Liabilities

| | Group | | Parent Company | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 31-12-2004 | 31-12-2003 | 31-12-2004 | 31-12-2003 |
| Due date structure | | | | |
| Liabilities that fall due for payment within one year after the year-end | 7,731,801 | 5,066,941 | 6,680,914 | 4,125,704 |
| Liabilities that fall due for payment within 1–5 years after the year-end | 9,380,780 | 9,241,643 | 9,328,113 | 9,210,821 |
| Liabilities that fall due for payment later than five years after the year-end | 2,441,291 | 4,715,753 | 2,258,414 | 4,522,966 |
| Total | 19,553,872 | 19,024,337 | 18,267,441 | 17,859,491 |

29 Pledged assets

| | Group | | Parent Company | |
|---------------------|---------------|----------------|----------------|----------------|
| | 31-12-2004 | 31-12-2003 | 31-12-2004 | 31-12-2003 |
| Blocked bank funds | 31,467 | 49,031 | 31,467 | 49,031 |
| Current investments | 45,300 | 71,699 | 45,300 | 71,699 |
| Total | 76,767 | 120,730 | 76,767 | 120,730 |

Unsettled results from stock exchange-cleared, off-balance-sheet instruments have been secured through blocked bank funds.

The Parent Company has entered into a supplementary agreement (Credit Support Annex) to the ISDA, with the aim of reducing exposure to counterparty risks in derivative contracts. These agreements are mutual, follow international standards and mean that the parties undertake to assure the underlying values in the outstanding derivative contracts. The agreement grants the assured party right of disposal of the collateral received. As of December 31, the Group had furnished collateral totalling SEK 45 million. No collateral apart from this has been furnished for the Group's liabilities.

30 Contingent liabilities

| | Group | | Parent Company | |
|--|--------------|--------------|----------------|---------------|
| | 31-12-2004 | 31-12-2003 | 31-12-2004 | 31-12-2003 |
| Contingent liability, FPG/PRI | 1,627 | 1,408 | 254 | 35 |
| Guarantee for regional companies' pension undertakings | – | – | 89,971 | 92,188 |
| Total | 1,627 | 1,408 | 90,225 | 92,223 |

31 Interest paid and received

| | Group | | Parent Company | |
|-------------------|-----------------|-----------------|----------------|----------------|
| | 31-12-2004 | 31-12-2003 | 31-12-2004 | 31-12-2003 |
| Interest received | 13,322 | 21,595 | 974,719 | 1,125,685 |
| Interest paid | –832,605 | –967,214 | –809,548 | –966,391 |
| Total | –819,283 | –945,619 | 165,171 | 159,294 |

32 Adjustments in items not included in the cash flow

| | Group | | Parent Company | |
|--|------------------|----------------|----------------|---------------|
| | 31-12-2004 | 31-12-2003 | 31-12-2004 | 31-12-2003 |
| Depreciation | 981,444 | 904,244 | 3,617 | – |
| Write-downs | 32,000 | 192,128 | – | – |
| Reversal of write-downs | – | –113,951 | – | – |
| Capital gain (–)/loss (+) on sale of tangible fixed assets | –17,724 | –31,948 | – | – |
| Capital loss on disposal of a property | 7,510 | 8,459 | – | – |
| Change in pension provisions and similar undertakings | 31,269 | 4,962 | 9,709 | –3,388 |
| Change in accounting principle, RR29 Payments to employees | –23,430 | – | – | – |
| Miscellaneous | 404 | 998 | 404 | – |
| Total | 1,011,473 | 964,892 | 13,730 | –3,388 |

33 Purchase sum in conjunction with investments, acquisitions and disposals

During 2004, the whole of Vanadishus AB and the whole of Swartlings Förvaltnings AB were acquired by Akademiska Hus i Stockholm AB. The value of the assets and liabilities acquired is stated in the following acquisition analysis:

| | |
|--|-----------------|
| Investment properties | –380,248 |
| Goodwill | –23,545 |
| Customer receivables and other current receivables | –3,125 |
| Interest-bearing liability | 246,033 |
| Accounts payable and other current liabilities | 7,541 |
| Deferred tax liability | 34,629 |
| Purchase sum paid | –118,715 |
| Acquired liquid funds | – |
| Impact on the Group's liquid funds | –118,715 |

In the case of other investments and acquisitions for the period a total amount of KSEK 1,500,669 (2,013,671) has been paid, of which KSEK 1,409,072 was paid in liquid funds. For disposals during the period a total of KSEK 25,434 (119,530) has been received, of which KSEK 25,434 was received in liquid funds.

34 Liquid assets

| | Group | | Parent Company | |
|------------------------|----------------|----------------|----------------|----------------|
| | 31-12-2004 | 31-12-2003 | 31-12-2004 | 31-12-2003 |
| Cash and bank holdings | 283,328 | 291,311 | 283,276 | 291,227 |
| Short-term investments | 45,300 | 175,940 | 45,300 | 175,940 |
| Total | 328,628 | 467,251 | 328,576 | 467,167 |

Blocked bank holdings with regard to pledged assets for stock marketcleared derivative instruments are included to the amount of KSEK 31,467 (49,031) in the reported amount of cash and bank holdings for the Group and Parent Company. In the reported amount for the Group and the Parent Company for current investments, collateral provided attributable to the Credit Support Annex agreement (CSA) for under-values in derivative contracts is included to the amount of KSEK 45,300 (71,699).

35 Change in interest-bearing net loan liabilities

| | Group | | Parent company | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 31-12-2004 | 31-12-2003 | 31-12-2004 | 31-12-2003 |
| Opening amount | 16,327,220 | 15,779,326 | -4,590,820 | -4,451,105 |
| Increase (-) / Decrease (+) in interest-bearing liabilities | - | - | -543,917 | -610,301 |
| Increase (-) / Decrease (+) in current investments | 130,640 | 761,868 | 130,640 | 761,868 |
| Increase (-) / Decrease (+) in liquid funds | 7,983 | 381,473 | 7,951 | 380,782 |
| Increase (+) / Decrease (-) in long-term loans | 739,138 | -187,044 | 745,791 | -180,603 |
| Increase (+) / Decrease (-) in current loans | -79,430 | -408,403 | -316,166 | -491,461 |
| Change in net interest-bearing liabilities | 798,331 | 547,894 | 24,299 | -139,715 |
| Amount at year-end | 17,125,551 | 16,327,220 | -4,566,521 | -4,590,820 |

36 Events after the year-end

Cooperation agreement Chalmers

On October 4, 2004, Chalmers and Akademiska Hus signed a long-term co-operation agreement. The agreement comprises three main parts:

- Chalmers acquires properties from Akademiska Hus
- Akademiska Hus receives an expanded management assignment
- Existing leases are extended to between ten and fifteen years

On January 10, 2005, Akademiska Hus i Göteborg AB sold the Physics/Research Building, the Microtechnology Centre (MC2), the Chemical Building and Reactor Physics building, totalling 63,000 square metres, to Chalmers for a purchase sum of SEK 990 million.

Preliminary assessment of the transition to the International Financial Reporting Standards (IFRS)

General

Akademiska Hus's financial reports have historically been prepared in accordance with Annual Accounts Act and the recommendations of the Swedish Financial Accounting Standards Council. With effect from January 1, 2005, Akademiska Hus's consolidated accounts will be prepared according to the International Financial Reporting Standards (IFRS). Akademiska Hus's date for the transition to IFRS is January 1, 2004 as IFRS requires re-computation of a comparative year. The financial information for the Group in 2004 according to the Swedish accounting principles will be recomputed to comply with IFRS. The interim report for the first quarter of 2005, including comparison fig-

ures for corresponding periods in 2004, will be the first financial report that will be prepared according to IFRS. In conjunction with the presentation of the first interim report in 2005, a complete account and report on the transition from Akademiska Hus's previous accounting principles to IFRS will be presented.

The areas and IFRS standards which Akademiska Hus preliminarily considers will have the greatest impact on equity, the Balance Sheet and reported profit in conjunction with the transition to IFRS are:

- **Financial instruments (IAS 39)**
 - Introduction of fair value as a measurement standard for financial instruments
 - All financial instruments will be reported in the Balance Sheet
 - Clarification that hedge accounting will only be applied when strict requirements are met
- **Investment properties (IAS 40)**
 - Measurement of investment properties at fair value
 - Changes in the fair value are reported in the Income Statement
- **Goodwill (IFRS 3)**
 - Goodwill will not be amortised according to plan
- **Division of interest-bearing liabilities into current and long-term parts (IAS 1)**

Application of the transition rules (IFRS 1)

The transition to IFRS is reported in accordance with IFRS 1 "First-time Adoption of IFRS". The main rule of IFRS 1 requires that a company applies all IFRS standards retrospectively when adopting the opening balances according to IFRS. Certain exceptions to the retrospective application are permitted however. Akademiska Hus has chosen to apply the following:

- **Financial instruments (IAS 39)**

Akademiska Hus applies IAS 39 with effect from January 1, 2005 and uses the exception granted in IFRS 1 for companies that are applying IFRS for the first time to not re-compute comparison figures/information for 2004. Consequently, recognition and measurement of financial instruments, the handling of cash flow and fair value hedging and application of hedge accounting have taken place in accordance with generally accepted Swedish accounting principles.
- **Goodwill (IFRS 3)**

The rules in IFRS 3 Business Combinations will be applied prospectively to business combinations which are carried out from and including the transition date January 1, 2004.
- **Defined benefit pension plans (IAS 19)**

On January 1, 2004, Akademiska Hus implemented RR 29 Employee benefits. RR 29 concurs essentially with IAS 19 and consequently the pension liability computed and reported as of January 1, 2004 concurs with IFRS. Akademiska Hus has opted, in accordance with the rules in IFRS 1, not to apply IAS 19 retrospectively. A retrospective application would mean that the accumulated effect from the beginning of each pension plan would be allocated to the part which affected the computations and to a non-reported part, the so-called corridor. Akademiska Hus instead reports all these effects directly in opening equity as of January 1, 2004. As this has already been done, based on RR 29, the introduction of IAS 19 will have no effect in conjunction with the transition to IFRS.

Change in accounting principles and effects in conjunction with the transition to IFRS – preliminary assessment

In the opinion of the management the following tables present and quantify (preliminarily) the most material effects of the transition to IFRS.

The information below has been prepared according to IFRS standards, which are expected to be applied on December 31, 2005. IFRS is still the subject of review and approval by the EU and consequently changes could still take place. As the rules were recently introduced, clarification by the standard-setter and development of practice within the area means further clarifications that could affect the information below. The Income Statement and Balance Sheet below, as well as the presentation of equity, are not intended to clarify fully the statements in accordance with IFRS. These will be presented in conjunction with the first interim report in 2005.

Note 36 cont'd

Consolidated Income Statement 2004

| Amounts in SEK 1,000 | Present accounts | Reference | Effects of transition to IFRS | IFRS 2004 |
|---|------------------|-----------|-------------------------------|------------------|
| Income from property management | 4,530,289 | | – | 4,530,389 |
| Property management expenses | –1,883,436 | | – | –1,883,436 |
| Net operating profit | 2,646,853 | | – | 2,646,853 |
| Property management depreciation and write-downs and reversed write-downs | –1,013,444 | A, D | 991,411 | –22,033 |
| Value adjustment, investment properties | – | A | –478,255 | –478,255 |
| Gross profit | 1,633,409 | | 513,156 | 2,146,565 |
| Central administration expenses | –34,541 | | – | –34,541 |
| Other operating income | 68,869 | A | –17,750 | 51,119 |
| Other operating expenses | –51,999 | A | 7 510 | –44,489 |
| Operating profit/loss | 1,615,738 | | 502,916 | 2,118,654 |
| <i>Result from financial items</i> | | | | |
| Other interest income and similar profit/loss items | 9,852 | | – | 9,852 |
| Interest expense and similar profit/loss items | –804,299 | | – | –804,299 |
| Profit after financial items | 821,291 | | 502,916 | 1,324,207 |
| Appropriations | – | | – | – |
| Profit before taxes | 821,291 | | 502,916 | 1,324,207 |
| Taxes | –233,351 | A, E | –140,644 | –373,995 |
| NET PROFIT FOR THE YEAR | 587,940 | | 362,272 | 950,212 |

Consolidated Balance Sheet 31-12-2004 and opening balance 1-1-2005

| Amounts in SEK 1,000 | Present accounts | Reference | Effects of transition to IFRS | IFRS 31-12-2004 | Effects of transition to IFRS | IFRS 1-1-2005 |
|---|-------------------|-----------|-------------------------------|-------------------|-------------------------------|-------------------|
| ASSETS | | | | | | |
| Intangible assets | 32,704 | D | 617 | 33,321 | – | 33,321 |
| Investment properties | 26,021,331 | A | 12,208,376 | 38,229,707 | – | 38,229,707 |
| Construction in progress in investment properties | 805,790 | | – | 805,790 | – | 805,790 |
| Other fixed assets | 41,216 | | – | 41,216 | – | 41,216 |
| Financial assets | 194,132 | E | – | 194,132 | 224,155 | 418,287 |
| Financial derivatives | – | | – | – | 516,692 | 516,692 |
| Current assets | 1,345,245 | B, C | –65,242 | 1,280,003 | –350,897 | 929,106 |
| Tax claim | – | C | 65,242 | 65,242 | – | 65,242 |
| TOTAL ASSETS | 28,440,418 | | 12,208,993 | 40,649,411 | 389,950 | 41,039,361 |
| EQUITY, PROVISIONS AND LIABILITIES | | | | | | |
| <i>Equity</i> | | | | | | |
| Restricted equity | 6,188,381 | | – | 6,188,381 | – | 6,188,381 |
| Non-restricted reserves/Profit brought forward | 1,050,841 | A, B | 8,428,375 | 9,479,216 | –471,994 | 9,007,222 |
| Profit for the year | 587,940 | A,D,E | 362,272 | 950,212 | – | 950,212 |
| Total equity | 7,827,162 | | 8,790,647 | 16,617,809 | –471,994 | 16,145,815 |
| <i>Provisions</i> | | | | | | |
| Provisions for pensions and similar commitments | 194,541 | | – | 194,541 | – | 194,541 |
| Provision for deferred tax | 864,843 | E | 3,418,346 | 4,283,189 | 40,602 | 4,323,791 |
| Total provisions | 1,059,384 | | 3,418,346 | 4,477,730 | 40,602 | 4,518,332 |
| <i>Liabilities</i> | | | | | | |
| Interest-bearing liabilities, long-term | 17,454,179 | B, C | –5,468,701 | 11,985,478 | –124,122 | 11,861,356 |
| Financial derivatives | – | B | – | – | 981,299 | 981,299 |
| Interest-bearing liabilities, current | – | B, C | 5,468,701 | 5,468,701 | – | 5,468,701 |
| Non-interest-bearing liabilities | 2,099,693 | B | – | 2,099,693 | –35,835 | 2,063,858 |
| Total liabilities | 19,553,872 | | – | 19,553,872 | 821,342 | 20,375,214 |
| TOTAL EQUITY, PROVISIONS AND LIABILITIES | 28,440,418 | | 12,208,993 | 40,649,411 | 389,950 | 41,039,361 |

Cont'd, note 36

Group changes in equity as of 1-1-2004, 31-12-2004 and 1-1-2005

| Amounts in SEK 1,000 | Reference | Share capital | Earlier restricted and non-restricted equity | Total equity |
|---|-----------|------------------|--|-------------------|
| EQUITY 1-1-2004 ACCORDING TO THE PRESENT ACCOUNTS | | 2,135,000 | 5 371,092 | 7,506,092 |
| Effects of the transition to IFRS | | | | |
| Fair value, investment properties, adjustment of opening balance | A | – | 11,706,077 | 11,706,077 |
| Deferred tax | E | – | –3,277,702 | –3,277,702 |
| EQUITY 1-1-2004 ACCORDING TO IFRS | | 2,135,000 | 13,799,467 | 15,934,467 |
| EQUITY 31-12-2004 ACCORDING TO THE PRESENT ACCOUNTS | | | | |
| Effects of the transition to IFRS | | | | |
| Adjustment of opening effects as of January 1, 2004 (according to the above, investment properties after tax) | A | – | 8,428,375 | 8,428,375 |
| Fair value, investment properties | A | – | 502,299 | 502,299 |
| Reversal, goodwill amortisation | D | – | 617 | 617 |
| Deferred tax | E | – | –140,644 | –140,644 |
| EQUITY 31-12-2004 ACCORDING TO IFRS | | 2,135,000 | 14,482,809 | 16,617,809 |
| Non-recurring effects in conjunction with the transition to IFRS (IAS 39) | | | | |
| Losses brought forward, closed derivative transactions | B | – | –350,897 | –350,897 |
| Profits brought forward, closed derivative transactions | | – | 129,574 | 129,574 |
| <i>Financial assets measured at the fair value through profit and loss</i> | | | | |
| Fair value, current investments | | – | – | – |
| Fair value, financial derivatives | | – | 114,832 | 114,832 |
| <i>Financial liabilities measured at fair value through profit and loss</i> | | | | |
| Fair value, financial derivatives | | – | –539,383 | –539,983 |
| <i>Other financial liabilities</i> | | | | |
| Amortised cost, financial loan liabilities | | – | –3,122 | –3,122 |
| <i>Hedging of fair value</i> | | | | |
| Underlying loans (currency and interest) | | – | –90,166 | –90,166 |
| Hedging instrument (currency and interest) | | – | 105,596 | 105,596 |
| Effects of the transition to IFRS to be carried forward/ allocated to a specific period (IAS 39) | | | | |
| <i>Cash flow hedging</i> | | | | |
| Hedging instrument (currency and interest) | B, E | – | –993 | –993 |
| Hedging instrument (electricity price) | | – | –20,988 | –20,988 |
| Deferred tax on IFRS changes | | – | 183,553 | 183,553 |
| EQUITY 1-1-2005 ACCORDING TO IFRS | | 2,135,000 | 14,010,815 | 16,145,815 |

Key figures 2004 and 1-1-2005

| | Present accounts | IFRS 2004 | IFRS 1-1-2005 |
|--|------------------|-----------|---------------|
| Direct yield, % | 10.5 | 7.1 | 7.1 |
| Direct yield on assessed fair value, % | 7.1 | 7.1 | 7.1 |
| Carrying value, properties, SEK m | 26,021 | 38,230 | 38,230 |
| Assessed fair value, properties, SEK m | 38,230 | 38,230 | 38,230 |
| Return on equity after standard tax, % | 7.7 | 5.8 | 5.9 |
| Return on total equity, % | 5.8 | 5.3 | 5.3 |
| Net debt, SEK m | 17,126 | 17,126 | 17,001 |
| Equity/assets ratio, % | 27.5 | 40.9 | 39.3 |
| Internal financing level, % | 90 | 81 | 81 |
| Interest coverage level, % | 202 | 265 | 265 |
| Interest cost in relation to the average interest-bearing liability capital, % | 4.50 | 4.50 | 4.50 |

Comments (references to the above tables)

A) Investment properties (IAS 40)

According to the accounting principles applied previously by Akademiska Hus, investment properties were reported at the acquisition cost less a deduction for accumulated depreciation, impairment losses and reversed impairment losses.

In the Income Statement historical depreciation according to plan, Impairment losses and reversed impairment losses have thus affected the profit. According to IAS 40, a company can choose between applying the cost method (which essentially concurs with Akademiska Hus's earlier accounting principles) and a fair value measurement. The Board of Akademiska Hus decided that the Group's investment properties will be measured on an ongoing basis and reported at the fair value. The effect on equity brought forward as of January 1, 2004 and investment properties as a result of the change in measurement principles totalled KSEK 11,706,077 before tax. This means that the change in fair value of the Group's property holdings is reported in the Income Statement and affects the operating profit. This also means that depreciation and impairment losses and reversed impairment losses are reversed in the 2004 Income Statement according to IFRS, which has had a positive impact on profit of KSEK 990,794.

Cont'd, note 36

Furthermore, the change in principles for the measurement of investment properties at fair value means that the capital gain in the light of previous carrying values is reversed and is instead replaced by what the properties sold commanded in relation to the most recent valuation made of each property. This affected the 2004 capital gain net positively to the amount of KSEK 10,240 and the corresponding effect on operating profit, which is thus reversed in the 2004 Income Statement according to IFRS. The previous definition and classification of investment properties in relation to owner-occupied properties and properties held for sale has thus not been changed or affected after Akademiska Hus introduced fair value as a measurement standard for investment properties.

B) Financial instruments (IAS 39)

The general principles for measurement of financial instruments according to IAS 39 are that financial assets and all derivatives will be measured at fair value whilst financial liabilities are measured at cost. Current reporting of the changes in value of the financial instruments are decided by the initial classification of each financial instrument. Under the current principles, Akademiska Hus reports all the financial instruments cost. In conjunction with a transition to IFRS all financial instruments, including derivatives, will be reported in the Balance Sheet. All Akademiska Hus's financial assets will be classified as "Assets at fair value through profit and loss" and measured at fair value, i.e. the changes in value will be reported continuously through profit and loss. The financial liabilities will be measured at the amortised cost with the ongoing changes in value reported in the result. The effects which the revaluation from acquisition value to fair value and accrued acquisition value generate will affect the opening balance.

According to current principles, Akademiska Hus carries forward closed derivatives as well as repurchases of bonds issued and allocates these over the term of the underlying loan/instrument. Offsetting is not permitted according to IAS 32 unless a legal right exists to set off, which means that closed derivatives should be carried forward at the gross amount up to the due date whilst realised derivatives are reported as profit. Repurchased bonds issued are removed from the Balance Sheet and the effects are reported as income. In conjunction with the transition to IFRS, a non-recurring effect will be reported in the opening balance.

According to the present accounting principles, currency and interest derivatives, which are entered into for hedging purposes, are reported net with the underlying loan financing. According to IAS 39, all derivatives will be reported in the Balance Sheet at fair value. The change in value for derivatives which qualify for hedge accounting according to the requirement for fair value hedging and derivative instruments which do not qualify for hedge accounting are reported on an ongoing basis through profit and loss. The change in value for derivatives which qualify for hedge accounting according to requirements for cash flow hedging are reported continuously in equity until the underlying transaction is reflected in the Income Statement, whereupon any accumulated profit or loss is recognised as income. One of the criteria for hedge accounting to be applied is that the hedge is expected to be effective both on entering as well as during the hedging period. The ineffective part of hedging, i.e. the difference between the change in value in the exposure (interest or currency risk) which is hedged in the underlying transaction and the change in value in the hedging instrument's (derivative's) equivalent risk will be reported through profit and loss on an ongoing basis.

During 2004, Akademiska Hus took over trading in electricity as well as trading in electricity derivatives for the purpose of hedging. Electricity derivatives which were entered into for the purpose of hedging future consumption are hedged, which means that the realised profit on electricity derivatives brought forward to the underlying transaction affects the profit in accordance with the cash flow hedge. The electricity derivative held/purchased within the deviation mandate is valued on an ongoing basis at the fair value with changes in value reported against profit.

C) Division of interest-bearing liabilities into a current and long-term part (IAS 1)

Akademiska Hus has previously divided the Group's liabilities into interest-bearing and non-interest bearing. According to IAS 1, there will also be a division of interest-bearing liabilities into a current part and a long-term part. In conjunction with the transition to IFRS, the division of the Group's liabilities will be made into current and long-term interest-bearing liabilities. In addition, current tax liabilities, which were previously included among other receivables, will be reported on a separate line in the Balance Sheet. These changes have not had any effect on the Group's reported profit or the total assets.

D) Goodwill

According to IFRS, goodwill will not be written off but will instead be tested annually for possible impairment needs. An impairment test will, however, take place more often if there are indications of impairment during the year. An impairment decrease of KSEK 617 reported in 2004 has been reversed. In conjunction with an examination the purchase price allocation to identified assets, liabilities and contingent liabilities according to IFRS 3 for the business combinations made during 2004, no material differences were noted in relation to the purchase price allocation prepared according to the earlier Akademiska Hus reporting principles. The excess part between the price paid and the acquired net assets has been allocated to properties and goodwill.

E) Deferred tax on IFRS changes

The majority of the above IFRS changes mean that differences arise between the reported value and the tax value. For those changes that entail differences deferred tax has been reported. In the light of the fact that Akademiska Hus is a Swedish group, an interest rate of 28 per cent has been used when calculating the deferred tax.

37 Transactions with related parties

| | 2004 | 2003 |
|---|-------------------|-------------------|
| Income | | |
| Companies within the Akademiska Hus Group | 1,246,902 | 1,425,809 |
| Total | 1,246,902 | 1,425,809 |
| Costs | | |
| Companies within the Akademiska Hus Group | -5,705 | -19,027 |
| Total | -5,705 | -19,027 |
| Receivables | | |
| Companies within the Akademiska Hus Group | 22,170,664 | 21,579,317 |
| Total | 22,170,664 | 21,579,317 |
| Liabilities | | |
| Companies within the Akademiska Hus Group | 634,975 | 872,838 |
| Total | 634,975 | 872,838 |

In conjunction with intra-Group sales and purchases, the same pricing principles are applied as would have been the case in transactions with an external party. Intra-Group property purchases and sales take place subject to a fiscal residual value. Purchases and sales of other fixed assets take place at the book value.

Göteborg, February 24, 2005

| | | |
|--------------------------------|----------------------------------|--------------------|
| Clæs Ljungh <i>Chairman</i> | Lennart Nilsson | Charlotte Axelsson |
| Sigbrit Franke | Marianne Förander | Sveinn Jonsson |
| Birgitta Kantola | Maj-Charlotte Wallin | Parzin Seradji |
| | Joakim Ollén <i>President</i> | |

Our audit report was submitted on February 24, 2005

DELOITTE & TOUCHE AB
Peter Gustafsson
Authorised Public Accountant

National Audit Office
Jonas Hällström
Authorised Public Accountant

Audit Report

We have examined the annual accounts, consolidated accounts, accounting records and the administration of the Board of Directors and the President of Akademiska Hus AB for the 2004 financial year. The Board of Directors and the President are responsible for the accounts and administration of the Company and for the application of the Annual Accounts Act when preparing the annual accounts and the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration on the basis of our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. These standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President and assessing the material estimates made by the Board and the President when preparing the annual accounts and the consolidated accounts as well as evaluating the overall presentation of information in the annual accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the Company in order to be able to determine the liability, if any, to the Company of any member of the Board or the President. We also examined whether any Board member or the President has in any other way acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and thereby give a true and fair picture of the Company's and the Group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The statutory Administration Report is consistent with the other parts of the annual accounts and consolidated accounts.

We recommend to the general meeting of the shareholders that the Income Statements and Balance Sheets of the Parent Company and the Group be adopted, that the profit of the Parent Company be dealt with in accordance with the proposal in the Administration Report and that the members of the Board of Directors and the President be discharged from liability for the 2004 financial year.

Göteborg, February 24, 2005

DELOITTE & TOUCHE AB
Peter Gustafsson
Authorised Public Accountant

National Audit Office
Jonas Hällström
Authorised Public Accountant