

07

Akademiska Hus Annual Report



AKADEMISKA HUS



Contents

| | |
|--|---|
| Review of the year | 2 |
| Statement by the President | 4 |
| Business concept, visions and objectives | 6 |

MARKET

| | |
|--------------------------------|----|
| Rental and property market | 8 |
| Market shares | 9 |
| Akademiska Hus market | 10 |
| Competitors | 14 |
| Geographical markets | 15 |
| Leases and rental income | 26 |
| Rental and vacancy levels | 28 |
| Risk management and the future | 30 |

OPERATIONS

| | |
|-----------------------------------|----|
| Property valuation | 36 |
| Profitability | 40 |
| Operating costs | 41 |
| Maintenance costs | 43 |
| Five-year summary | 44 |
| Comments on the Five-year summary | 45 |
| Regions and Group | 47 |
| Regions | 48 |
| Financing | 50 |
| Construction projects | 53 |
| Project presentations | 56 |

SUSTAINABLE DEVELOPMENT

| | |
|----------------|----|
| Sustainability | 59 |
| Environment | 60 |
| Employees | 63 |

GOVERNANCE

| | |
|---------------------------------------|----|
| Group corporate governance report | 67 |
| Board and Auditors | 71 |
| Executive management and Group staffs | 72 |

FINANCIAL REPORT

| | |
|-----------------------------|-----|
| Financial results – Summary | 74 |
| Income statements | 75 |
| Balance sheets | 76 |
| Changes in equity | 78 |
| Cash flow statements | 79 |
| Notes | 80 |
| Audit report | 103 |
| Definitions | 104 |
| Addresses | 105 |

The statutory Annual Report, which has been audited, comprises pages 6–57 and 73–103.



Statement by the President

President Thomas Norell sums up 2007. Akademiska Hus has improved return on property management and reported a very stable cash flow. The year has also been marked by an unsettled credit market and a slight fall in property values.

Pages 4–5



Market

The Market section provides detailed information about Akademiska Hus's customers, services and market. This includes an analysis of the development of the largest customer group and identifies the development issues that are central to the Company.

Pages 8–35



Operations

How does Akademiska Hus work? The operations section contains information about the Company's property valuation, profitability, projects and management process as well as financing. Also included is a five-year summary and key figures, complete with comments on the regions and the Group as a whole.

Pages 36–57



Sustainable development

Akademiska Hus has for a number of years worked ambitiously within three key areas: environment, working environment and employees. You can read more about this in the sustainability section.

Pages 58–65



Financial report

The Financial report presents the Akademiska Hus operations in figures. At the end you will also find definitions, report dates and contact details for all the regional offices.

Pages 73–104

Governance

Who are the people behind Akademiska Hus? The Governance section includes the Akademiska Hus Corporate Governance Report. Also included is a presentation of the Group management and the Board of Directors.

Pages 66–72



Akademiska Hus – Presentation

Akademiska Hus is one of the largest property companies in Sweden. The business concept is to be the leader in creative, purpose-designed environments for higher education and research. Through the business concept, Akademiska Hus will contribute to reinforcing Sweden as a country of know-how and expertise. The Company is also charged with the managerial responsibility of safeguarding the significant financial and cultural values in the properties.

Akademiska Hus's most dominant tenant category is universities and colleges. Other tenants include research institutes and research-intensive companies as well as companies, public authorities and other organisations that have a strategic link to our campuses and which contribute to creating an attractive totality.

Operations comprise owning, managing, planning, building and developing properties. The property holdings are to be found in almost every part of the country – from Kiruna in the north to Malmö in the south. The rentable floor space is 3,222,000 square metres and the assessed fair value of the properties is SEK 48,389 million.

Profit and key ratios

| | 2007 | 2006 |
|--|--------|--------|
| Property management income, SEK m | 4,693 | 4,596 |
| Net operating profit, SEK m | 2,918 | 2,843 |
| Profit before tax, SEK m | 1,673 | 4,229 |
| Assessed fair value, properties, SEK m | 48,389 | 48,454 |
| Total yield, properties, % | 4.6 | 9.8 |
| of which direct yield, % | 6.0 | 6.0 |
| of which change in value, % | -1.4 | 3.8 |
| Return on equity after standard tax, % | 4.9 | 12.9 |
| Return on total capital, % | 4.8 | 10.0 |
| Equity ratio, % | 47.4 | 47.2 |
| Loan-to-value ratio, % | 33.9 | 33.5 |
| Interest coverage ratio, % | 399 | 434 |



Background in brief

In 1993, the centralised allocation of premises within the state sector ceased and the National Board of Public Building was dissolved. The overall objective was to achieve more efficient provision of premises and more efficient property and asset management. A fairer picture of the cost of land and premises in the government budget would also be achieved. To make better use of public funds, all government operations, along with universities, public authorities and boards, were free to go out onto the market and in open competition choose and negotiate the premises they wished to occupy.

Two new companies and one authority took over the properties. Akademiska Hus was assigned primary responsibility for universities and colleges and Vasakronan was assigned responsibility for commercial properties. Both these companies operate on market terms and in open competition. The National Property Board took over

responsibility for, among other things, buildings of cultural and historical importance.

The first decade or so for Akademiska Hus has been marked by the build-up of the Company and significant property investments as a result of powerful expansion in higher education. In recent years there has been an increase in interest in Akademiska Hus's segment of the property market – premises for higher education and research – which has heightened competition and thus benefited our customers. The owner's ambition to allow Akademiska Hus to be one of several players on the market with whom customers can negotiate a solution that best satisfies their needs has been realised. By working under these conditions Akademiska Hus will contribute to the development of Sweden as a country characterised by research and knowledge.

Improved net operating profit and continued low level of vacant space

- Rental income amounted to SEK 4,635 million (4,544).
- Net operating profit amounted to SEK 2,918 million (2,843). The increase can be attributed in part to a reduction in the cost of energy, despite rising prices. The underlying factor in this is the energy efficiency programme.
- Profit for the year after tax was SEK 1,253 million (3,038). The year-on-year fall is due largely to the change in value of the investment properties.
- The level of vacant space was 3.1 per cent (3.5) of available space.
- The direct yield was 6.0 per cent (6.0).



Pedagogikum – a new centre for education and psychology in an important cultural and historical setting

During 2007, construction commenced on Pedagogikum, a new centre for teacher training, education and psychology in Uppsala. Activities that were previously spread out at different locations have now been brought together on a modern campus in the important cultural and historical

setting of the Blåsenhus block. The centre will form a common platform for educational development at Uppsala University. Akademiska Hus is investing SEK 540 million in the project, which will be opened to students and staff in 2010.

Sales

Sales for the year amounted to SEK 504 million. The largest divestment was the office building Mimer 5 in the heart of Stockholm, which was sold to Faberge. The Van der Huff property, which previously housed the National Academy of Mime and Acting, was sold to Oscar Properties.



Stable financing despite turbulence and uncertainty on the credit market

Financially, the second half of the year was marked by turbulence and credit uncertainty, emanating primarily from the American sub-prime loan market. The risk premium for

financing increased during the year. Akademiska Hus has, however, been able to make issues under the short-term and long-term financing programmes without any

major impact on price. Strengthened by the good Akademiska Hus credit rating a long-term bond issue could be implemented in Switzerland despite the turbulent times.



Solar cell technology reduces emissions

To support and keep pace with the development of alternative energy technologies, Akademiska Hus installed several solar cell facilities during the year, two of which are the largest in Sweden. The investment is primarily an indication of how new technology can complement existing construction and in doing so reduce emissions of carbon dioxide and other greenhouse gases.



Two employees awarded the Swedish Energy Prize

Enno Abel has received the Swedish Energy Prize for 2007 for his work on energy-efficient installation technology. By installing new energy-efficient technology in existing buildings a considerable amount of energy can be saved and at the same time a good indoor climate can be maintained. The Energy Prize was previously awarded to the Technical Director of Akademiska Hus Tomas Hallen. He received the prize in 2005 for his work on producing energy-efficient technical solutions which, among other things, led to property energy requirements being reduced by four-fifths.



Lindell's mural in a new light

The heart of the Umeå Campus, Lindellhallen, was rebuilt during the year to highlight its position as one of the most important creative meeting points on the campus. Thousands of people pass each day on the way to the university library and lecture theatres in the building. Particularly eye-catching is Lage Lindell's famous mural from 1972 and from which the hall takes its name. Space and light have been created by raising the ceiling and exposing the beautiful mural clearly through the glass facade. Raising the ceiling height has also provided space for a cafeteria with a view over the campus and the diversity of meeting points for study and relaxation.



Statement by the President

Increased net operating profit

The 2007 property year has been marked to a large extent by an unsettled credit market and growing uncertainty regarding the increase in value of the properties. This has affected Akademiska Hus results in the form of increased borrowing costs and a lack of increase in value in the properties. Interest rate increases must be met and this naturally has an effect on cash flow. The slightly negative unrealised change in value in the properties has reduced profit although this is not a burden on the very stable cash flow in the Akademiska Hus property operations. The net operating profit from property operations in 2007 amounted to SEK 2,918 million (2,843). Net financial income increased by SEK 191 million to SEK –610 million (–419) and the changes in value of the investment properties amounted to SEK –684 million (1,818). The negative change in value can be attributed to the fact that the cost of capital for Akademiska Hus rose slightly for properties with short leases.

Efficiency and profitability in property management pay off

Profitability in property management in 2007 has produced results. The net operating profit for the year increased from SEK 875/m² to SEK 906/ m². The overall trend and the marketing of vacant premises have led to a further slight fall in the level of vacant space. At the year-end the financial level of vacant space was 2.1 per cent (2.6). Management issues have continued to be a focal area for Akademiska Hus.

Property holdings being constantly developed

For some years the rentable floor space has not increased, remaining on a relatively stable level of approximately 3.2 million square metres. This reflects the slowdown that has taken place in the growth in volume within higher education and research. At the same time, there is constant restructuring of the property holdings in the form of new construction, reconstruction, extensions, acquisitions and sales.

No major acquisitions were made during the year and property sales amounted to SEK 504 million. The sales refer to properties that will no longer be required for core operations: higher education and research. Construction investments worth SEK 1,682 million were brought into use during the year.

Project concentration on Stockholm/Solna and Uppsala

During 2007, the Company commenced two major new constructions – Pedagogikum in Uppsala and the Karolinska Institute Science Park in Solna. The projects are part of a development process that is very much in keeping with the times, involving greater integration between teacher training and closely related university education and research as well as co-operation between traditional basic research, more applied research and company research linked to academic research.

Planning for major construction investments during the coming years gathered momentum during 2007 and is strongly concentrated



on Stockholm/Solna and Uppsala. In Stockholm/Solna plans are in place to gradually transfer teacher training in Konradsberg to Frescati and Albano along with expansion of the Karolinska Institute area in Solna. Expansion plans for the Karolinska Institute area are part of a large-scale planning process, mainly in the form of extensive new construction for the Swedish University of Agricultural Sciences in Ultuna. This construction will replace buildings which are older, ready for demolition or which are in other ways unsuitable.

Strict environmental objectives for greater sustainability

The Akademiska Hus property holdings are equivalent to approximately 1/50th or two per cent of the non-residential properties in Sweden. Energy consumption for heating, electricity and cooling amounted to approximately 870 GWh for 2007, which is equivalent to approximately 200 kWh/ m² gross area. In 2000, we set the target of reducing energy consumption by 10 per cent before 2010. This objective was achieved back in 2006, whereupon a new objective was set to reduce consumption by a further 20 per cent through to 2025. This is the most important environmental objective for Akademiska Hus and a cornerstone in the task of bringing about greater sustainability. We have recently commenced extensive work on energy declarations for all large buildings. These declarations will be an important basis for the future analysis of the potential for improved energy management through increased investment in innovative energy solutions. In our sustainability work in 2008 we will

formulate a new five-year plan, complete with objectives and planned measures to continue energy optimisation.

Reforms expected for the largest customer group

The government is at present conducting an unusually large number of inquiries into higher education research. These inquiries, which are expected to result in reforms in a whole range of areas in 2008 and 2009, include the resource allocation system for undergraduate education, a less restricted position in certain respects for universities, an amended organisation of authorities that allocate government funding to research, future teacher training and a research policy bill for 2008, which is expected to result in a greater investment in research in the future.

In the fact that the focus at Akademiska Hus is firmly on premises for higher education and research it is particularly important to pick up on changes at an early stage and to transform those changes into strategic property plans and competitive operational development.

Gothenburg, March 6, 2008

Thomas Norell

Business concept, visions and objectives

AkaVision – overall strategies

AkaVision

The most important control document at Akademiska Hus is AkaVision. The executive management, with broad-based support within the organisation, lay down the business concept as well as strategies, corporate culture and key figures within four sub-areas: marketing, profitability, properties/sustainability and empowerment and leadership.

AkaVision is the overall policy document and describes the way we should work, deal with customers and manage our assets.

Mission

The owner's mission and the primary task of Akademiska Hus is "to offer universities and colleges suitable buildings for education and research". The Company will also have responsibility as manager for taking advantage of the major economic and cultural values in the buildings.

Business concept and vision

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

The key words in AkaVision are creativity, attractiveness, long-term thinking, profitability and efficiency.

Akademiska Hus shall

- create inspirational environments for our customers and in doing so contribute to reinforcing Sweden as a nation of knowledge.
- be the most attractive property company for both customers and employees by focusing on ongoing improvement.
- through long-term thinking in our ownership create property management that is forward thinking and flexible and provides the customers with 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

The Group works with strategies within four sub-areas: marketing, profitability, properties/sustainability and empowerment and leadership.

Marketing

We operate throughout the country in a number of larger towns and cities with advanced knowledge and research activities. We are endeavouring to be the leading player in a balanced local market. Through local presence and external monitoring we are developing our knowledge of existing and potential customers and offer competitive solutions that include both premises and service.

We work actively through consistent uniform external and internal communication to disseminate knowledge about Akademiska Hus, strengthen our brand name and create an understanding of operations among customers, employees, interested parties and owners.

Our customers are:

- universities and colleges
- research institutes and research-intensive companies, authorities and other organisations that have a strategic link to our campuses and which contribute to creating an attractive totality.

Profitability

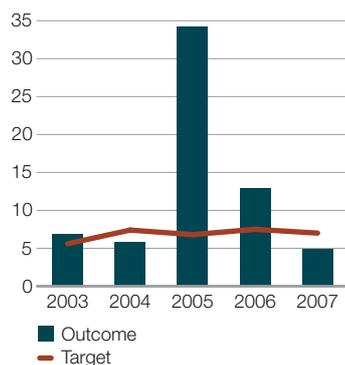
We strive to achieve good profits, economic sustainability and financial capacity.

We run cost-effective operations with ongoing improvement and we can offer competitive rents and a range of services.

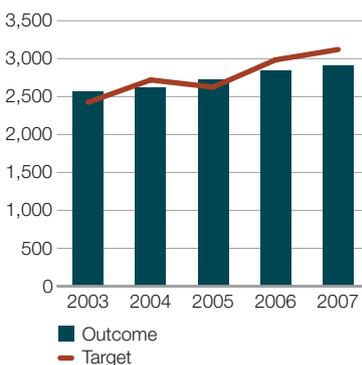
Properties and sustainability

We develop campuses and buildings which are competitive in the long-term and we manage these in an efficient and environmentally adapted way with consideration given to the customers' operations. We build and acquire for long-term ownership and in-house management of properties.

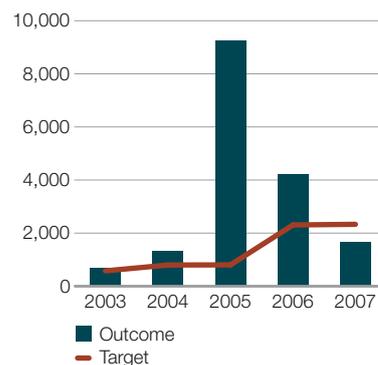
Return on equity, %



Net operating profit, SEK m



Profit before tax, SEK m



Empowerment and leadership

We are working actively to co-ordinate work within the Group in order to achieve a higher level of efficiency and be able to profile Akademiska Hus as a cohesive company. Through AkaVision we will achieve a common course of action which is firmly established and accepted by all employees.

Our actions should be on business terms and with a focus on the customer. The demand for business thinking is just as important as ensuring in our relationships with customers and personnel that we live up to the demands regarding ethics, morals and openness that ensue from our position as a public company.

Akademiska Hus will be perceived as an attractive, stimulating employer.

Objectives and fulfilment of objectives

The Akademiska Hus accounting and financial objectives have been established to provide a combination of a high return on equity, high growth capacity and financial stability. Other aims have been established to ensure that customers, employees and other interested parties perceive Akademiska Hus as a leader in its field.

Marketing objectives

Akademiska Hus runs its relatively extensive customer surveys as well as smaller 'event surveys', following redevelopment for example.

In a survey of over 630 decision-makers and operational representatives, it emerged that they were just as satisfied with Akademiska Hus as they were the previous year. The NKI (Satisfied Customer Index) was 69 for the second year in succession and this outcome was not in line with the target of 71.

However, 94 per cent of the respondents stated that Akademiska Hus was as good as or better than in the previous year. The factors that had the greatest impact on the NKI are property management (good collaboration operating and maintenance collaboration, good handling routines for fault reports and maintaining assurances regarding service quality), construction operations and personal service.

Objectives for properties and sustainability

Follow-up of electricity, heating and water consumption is reported together with other overall environmental objectives in the Environment section.

The overall environmental objectives for energy management have been established for the coming year and in the long term – in the case of energy management through to 2025. The long-term objective is that the volume of purchased energy, stated in kWh/m², is reduced by 30 per cent compared with 2000.

Profitability objectives

The owner's overall financial objectives are that the return (profit after tax) on average equity over a business cycle shall be the equivalent of the five-year government bond interest rate plus four percentage points. For 2007, the return on equity was 4.9 per cent compared with the target of 8.2 per cent. The interest rate trend during 2007 has meant that the average five-year government bond interest rate was 4.2 per cent. In addition, the dividend should be 50 per cent of the profit after financial items, excluding unrealised changes in value, with a deduction for current tax. The equity ratio ought to be at least 35 per cent.

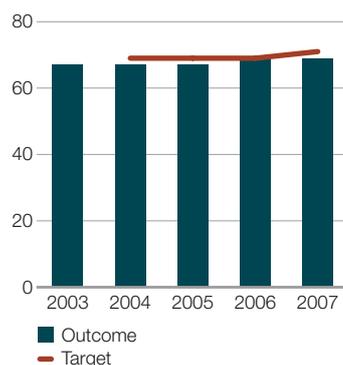
Employee and leadership objectives

The Satisfied Employee Index (NMI) describes how satisfied the employees are with their working situation. The survey for 2007, with a 94% response rate, showed that the Group's employees have become considerably more satisfied with the working situation compared with previous years. The outcome, with an improvement of three units, was in line with the target of 69.

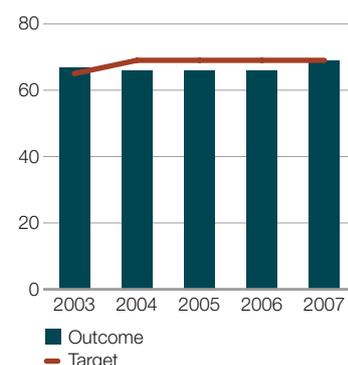
The factors which had the greatest impact on the NMI are the employer, duties, competence, development and information.

The total attendance at work was 96.7 per cent and was an improvement on last year's figure of 96.0 per cent.

NKI (Satisfied Customer Index)



NMI (Satisfied Employee Index)



Rental and property market

Good rate of growth continues despite slowdown

Sweden is now part of a global property market and is thus affected by the slowdown in the rate of growth that is expected in the years to come.

General market conditions

The global economy is expected to continue to grow at a reduced rate over the next few years. Financial unrest in the USA can be expected to continue into 2008 with the risk of a major downturn in the American economy as a result. This will have repercussions in the Swedish economy towards the end of 2008 and into 2009.

Sweden is currently in a period of strong economic growth and increased employment. Expansion is being fuelled by rising exports and private consumption as well as a growing rate of investment. Improved incomes, tax reductions and changes in the social insurance systems have together resulted in a continued strong economic climate and increased employment. At the same time, there is a tendency towards overheating and rising inflation and to counteract this the Swedish Riksbank has raised the repo rate. Growth in Sweden is expected to weaken slightly in the immediate future. A slowdown in the rate of investment will probably be the main reason for the lower rate of growth in Sweden over the next few years.

Regional markets in Sweden

There is a clear link between the size of a region in terms of population and the rate of growth. A large market offers economies of scale and attracts people and capital. The creation of growth throughout the country requires strategies based on local conditions and the mobilisation of development potential in the various regions throughout the country.

Growth requires regional expansion and if the region is small greater specialisation is needed to meet demand from other markets. Regional expansion takes place by making commuting easier. The potential to commute, the economy of the regions and long-term growth are important parameters for players on the property market alongside identifying the segments on the property market to monitor that have the best potential in the region chosen. The fact, for example, that small inland regions have acquired better conditions for growth is borne out in the growth table produced by the business magazine *Affärsvärlden*. Sweden's most rapidly growing regions at the moment are Haparanda, Pajala and Kiruna. Malmö, Stockholm, Luleå, Blekinge and Gothenburg are also among the 20 most rapidly growing regions. However, the smaller regions do not have any major impact on overall growth in the country. It is in the larger regions that the majority of the growth is created. The three large city regions account for over half the national growth.

The property market

Today Sweden is part of a global property market. In over half of all the property transactions in Sweden the purchasers were foreign investors. During 2006, Sweden was the fourth largest investor market in Europe with six per cent of the invested capital. The transparent Swedish mar-

ket is appreciated by foreign investors. Public registers offer good access to information, which facilitates the purchase process.

After a very high transaction volume in Europe during the first two quarters of 2007, which was also reflected in Sweden, turnover fell. Reduced liquidity through poorer financing opportunities and increased cost of capital, coupled with a lower propensity to take risks, are expected to ensue from the global financial unrest. The opinion is, however, that access to capital to purchase properties will continue to be good in the long term. In Sweden, prices for prime location premises are expected to stabilise. For other properties, a certain weakening is expected as interest rates rise and the willingness to take risks falls. The yield requirements have now stagnated although for certain types of property categories they have shown signs of rising again.

The rental market in Sweden

Higher employment and a continued strong belief in the future are the driving forces behind the demand on the rental market for offices. An increased level of activity and a need to recruit within office-based sectors such as insurance companies and recruitment and employment agencies are leading to an increase in demand for office premises. The availability of modern, centrally located offices is no longer sufficient to meet the demand at all locations. Over the next year the fall in the level of vacant space is expected to continue and at the same time rents are expected to rise. Generally, it is the newly constructed, centrally located, space-efficient premises where the greatest rental growth can be expected. Image-creating premises with the potential for customer profiling are also in demand. Household purchasing power increased substantially during 2007. The increase in consumption is also leading to a rise in rents for stores in areas that attract a large number of shoppers.

From 2008, a slight downturn in the economy is expected with a certain weakening in Sweden. This, in combination with a number of commercial properties being released onto the market, could contribute to a generally slower rise in rents for the coming years.

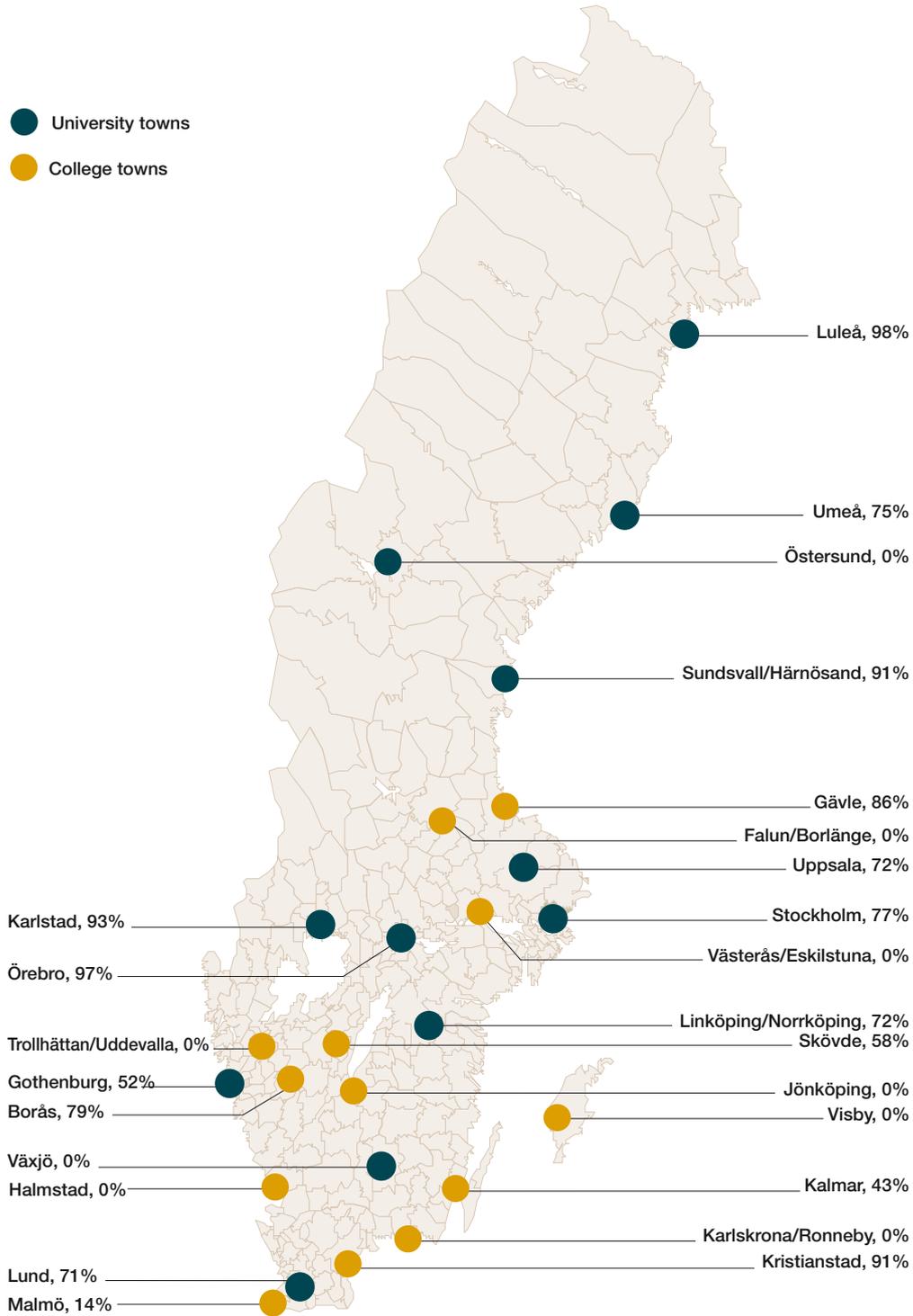
The construction market

An increase in the shortage of labour in combination with hastily abolished subsidies are expected to hold back the rate of growth on the construction market. With rising construction prices and construction starts being postponed, building of residential property could fall. The construction market is also continuing to experience problems accessing building materials. Rising prices, market dominance and controls are also future concerns that must be resolved in order to facilitate construction.

During the first half of 2007, the number of apartments commenced fell by 29 per cent compared with the same period in 2006. Because many developers attempted to bring forward construction starts before the end of 2006 in order to obtain subsidies the commencement of residential construction in 2007 is expected to be lower than what would otherwise have been the case. On the other hand, the number of completed housing projects increased by 26 per cent during the same period.

Market shares

AKADEMISKA HUS'S SHARE OF THE UNIVERSITY AND COLLEGE MARKET





Akademiska Hus market

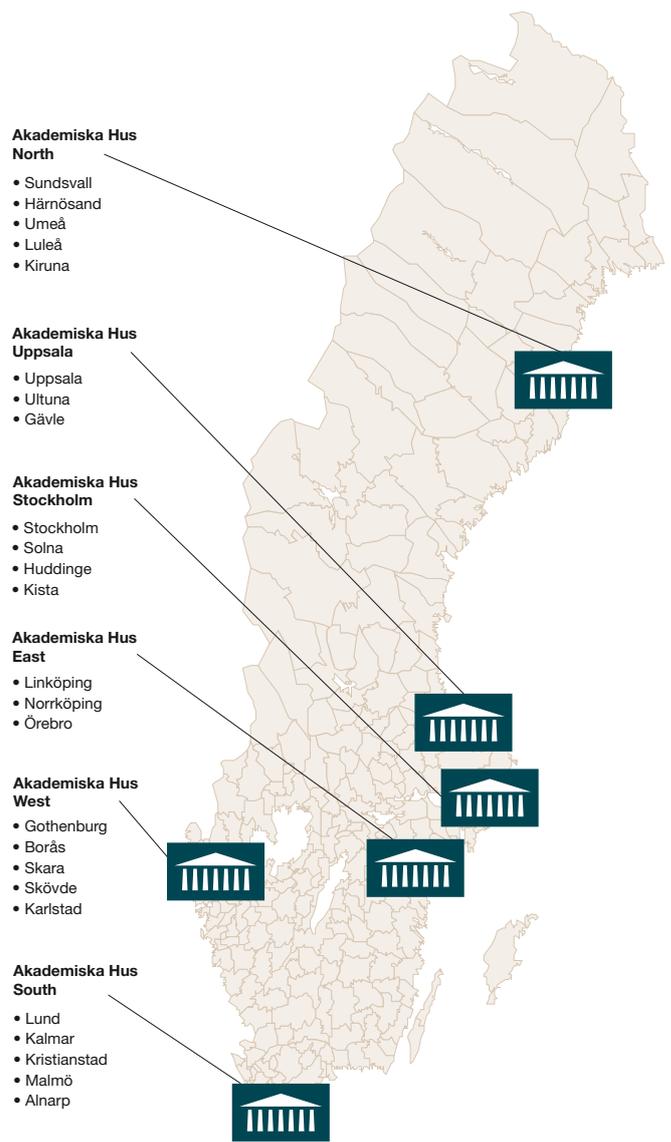
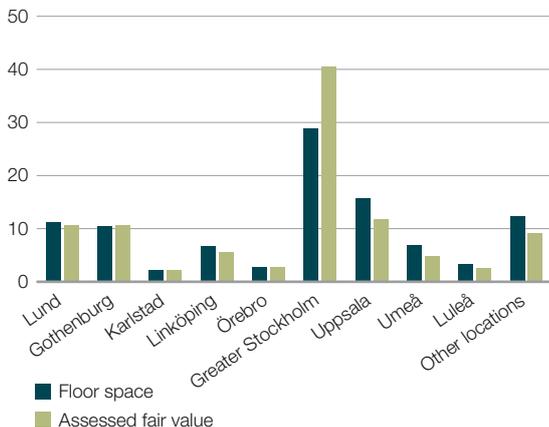
Higher education and research the largest customer group

The Akademiska Hus business concept is to be the leading property company in Sweden in the provision of creative environments for higher education and research. The dominant customer group comprises universities and colleges, where the strategic development of campuses and creative environments for our customers is firmly in focus.

During the almost 15 years that Akademiska Hus has been in existence a key function has been to creatively accommodate the major expansion and demand for premises that has been characteristic of the university and college sector and at the same time maintain a high level of quality. The aim has also been to improve the quality and efficiency of the operating organisation in order to deal with the growing number of properties.

The Akademiska Hus vision demands forward thinking, flexibility and service in the task of providing the customers with optimal support in matters related to the supply of premises. This means that we must focus on attentiveness and compliance with regard to the changes facing our customers.

Rentable floor space in the holdings and assessed fair value, %





In the "courtroom" at Örebro University, law students can train their oral presentation techniques.

Breakdown of property holdings according to university location

| 31-12-2007 | Teaching premises, m ² | Laboratory premises, m ² | Office/ Administration premises, m ² | Other premises, m ² | Total, m ² | Of which vacant space, m ² | Area, % | Assessed fair value, KSEK | Assessed fair value, % | Assessed fair value, SEK/m ² |
|-------------------|-----------------------------------|-------------------------------------|---|--------------------------------|-----------------------|---------------------------------------|--------------|---------------------------|------------------------|---|
| Lund | 168,832 | 163,954 | 24,874 | 1,464 | 359,124 | 15,698 | 11.1 | 5,130,250 | 10.6 | 14,150 |
| Gothenburg | 186,068 | 111,938 | 27,126 | 13,653 | 338,785 | 10,569 | 10.5 | 5,186,007 | 10.7 | 15,055 |
| Karlstad | 64,629 | 0 | 2,864 | 0 | 67,493 | 0 | 2.1 | 1,005,456 | 2.1 | 14,897 |
| Linköping | 49,456 | 120,701 | 29,846 | 15,260 | 215,263 | 6,785 | 6.7 | 2,643,380 | 5.5 | 11,611 |
| Örebro | 64,374 | 0 | 12,378 | 9,243 | 85,995 | 0 | 2.7 | 1,305,032 | 2.7 | 15,045 |
| Greater Stockholm | 362,439 | 296,158 | 190,449 | 62,383 | 927,982 | 29,468 | 28.8 | 19,549,753 | 40.4 | 20,731 |
| Uppsala | 118,323 | 258,747 | 87,685 | 37,764 | 502,519 | 19,252 | 15.6 | 5,713,531 | 11.8 | 10,773 |
| Umeå | 142,914 | 50,114 | 13,395 | 15,979 | 222,402 | 681 | 6.9 | 2,269,607 | 4.7 | 10,037 |
| Luleå | 46,212 | 43,462 | 14,080 | 3,742 | 107,496 | 0 | 3.3 | 1,199,702 | 2.5 | 10,909 |
| | 1,203,247 | 1,045,074 | 402,697 | 159,488 | 2,827,059 | 82,453 | 87.7 | 44,002,718 | 90.9 | 15,223 |
| Other locations | 257,500 | 64,395 | 48,756 | 24,411 | 395,062 | 16,702 | 12.3 | 4,386,399 | 9.1 | 11,064 |
| Total | 1,460,747 | 1,109,469 | 451,453 | 183,899 | 3,222,121 | 99,155 | 100.0 | 48,389,117 | 100.0 | 14,713 |
| Categories | 45% | 34% | 14% | 6% | 100% | | | | | |

Customer categories 31-12-2007

| | Total rented floor space, m ² | Proportion, % |
|-----------------------------------|--|---------------|
| Universities and colleges | 2,550,723 | 79 |
| Other government authorities | 153,018 | 5 |
| Chalmers University of Technology | 124,415 | 4 |
| Municipal authorities | 30,648 | 1 |
| Institutes and foundations | 43,662 | 1 |
| Others | 218,190 | 7 |
| Vacant floor space | 101,465 | 3 |
| Total | 3,222,121 | 100 |

The 10 largest customers

| | Total rented floor space, m ² | Proportion, % |
|---|--|---------------|
| Lund University | 337,688 | 10 |
| Stockholm University | 269,300 | 8 |
| Uppsala University | 252,216 | 8 |
| Swedish University of Agricultural Sciences | 219,142 | 7 |
| Göteborg University | 214,326 | 7 |
| Royal Institute of Technology | 202,055 | 6 |
| Umeå University | 185,616 | 6 |
| Linköping University | 184,517 | 6 |
| Karolinska Institute | 165,179 | 5 |
| Chalmersfastigheter AB | 124,415 | 4 |
| Summa | 2,154,454 | 67 |

Quality in research and education

Internationally and in Sweden there has been increasing use of terms such as excellence and quality and Swedish centres of learning have prepared themselves in different ways to improve their competitiveness, both nationally and internationally. In the new resource allocation proposal the words quality criteria are used as catchwords for resource allocation and competition as a key driving factor. To develop a high level of quality, the commission proposes that centres of learning focus

on co-operation and invest in profiling and concentration. The commission proposes the joint EU recommendations: promoting systems for private investment and donations to research. For Akademiska Hus the structural change expected at universities and colleges could become noticeable in the form of development, expansion of operations and the need for premises at locations with strong research and education profiles and cutbacks at locations with weaker profiles. In all probability we will see greater interaction with industry and the community.



Research Bill 2008

In international terms Sweden has a prominent position with regard to investment in research and development. However, there are signs that the position of Swedish research has weakened in recent years, which can be explained in part by the fact that government resources for research and development have proved insufficient over a number of years. To counteract the downward trend and to retain the high level of scientific quality in Swedish research a higher level of investment is required. In 2008, a new research policy bill will be presented in which the government

intends to propose a series of measures to reinforce Swedish research. Already in 2008 resources for research and development are expected to increase by approximately SEK 1.6 billion. The initiatives will mainly take place at strong research environments where the ambition is for Sweden to compete with the best environments in the world.

Through its chairmanship of the Nordic Council of Ministers for 2008 Sweden will be working to promote Nordic collaboration with high quality and increased competition as the objectives. One of the primary aims is to promote a common Nordic research infrastructure.

| Commission | Area | Established | Report presented |
|--|---|-------------|------------------|
| Resources for quality "Rut 2" | A review of the resource allocation system for education and research. | 12-4-2006 | 2-11-2007 |
| Abolition of compulsory student union membership | A proposal to abolish compulsory membership of the student union coupled with assurance of student influence and good social benefits. | 4-4-2007 | 15-2-2008 |
| Research organisation | Evaluation of the research financing organisation and, if necessary, proposals for changes. | 20-6-2007 | 26-3-2008 |
| Freedom commission | A review of operational forms for colleges and universities with a focus on increased self-governance | 27-11-2007 | 5-12-2008 |
| Needs and conditions within clinical research | An inquiry into meeting conditions for clinical research as well as health service research. Activity plan aimed at reinforcing clinical research. | 22-3-2007 | 31-3-2009 |
| Social benefits for students commission | A review of matters related to social benefits for students, the student grants system, student support administration and throughflow in higher education. | 22-11-2007 | 31-3-2009 |

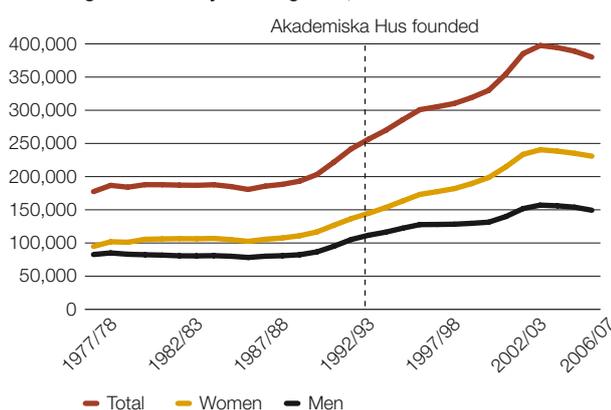
Student trends

Alongside the increased focus on excellence and quality, education activities are continuing on a broad front. Between 1990 and 2003 the number of students in higher education doubled from 193,000 to 385,000. From 2004, the number of students in higher education fell before rising once again in the academic year 2007/2008. The previous government had the objective that 50 per cent of the population should commence some form of higher education before the age of 25. This objective led to the major expansion of the higher education sector during the 1990s and the first part of the 2000s. The huge rise in the number of students in higher education has now come to an end and student volumes in the next few years will be in line with the number of high school graduates as well as the situation in the economy and the labour market.

Grants trend

Since the budget reform of 1993 the real value of grants for higher education has fallen when measured in terms of grant total per individual. In the same way, the real value of research grants has been eroded. The reduction in grants has been linked to a call for rationalisation and better management on the part of government authorities. For the university and college sector, which is very personnel- and salary-intensive, this has been particularly noticeable. The cutbacks will probably lessen as the Ministry of Education reviews quality and resources in education in order to ensure reasonable conditions for maintaining operational quality. The budget for 2008 includes an initiative to improve the quality of education through reallocation of the maximum amounts set previously. SEK 300 million has been allocated for research in addition to the figure stated in the budget. However, the demand for the savings has already set in motion a process that will continue and which will have consequences for Akademiska Hus. As part of their savings and rationalisation plans a number of universities and colleges have examined their building requirements and will continue to do so in the future.

Number of students registered on undergraduate programmes according to academic year and gender, 1977/78–2006/07



Inquiries within the university and college sector

A number of important reports dealing with higher education and research were presented during the past year and a number were initiated. The most important inquiries from Akademiska Hus's point of view are presented in the table on page 12.

We do not yet know what the final results of these inquiries will be but they will certainly lead to tangible operational and funding

changes in higher education and research. Particularly noticeable is the politically motivated move towards greater freedom for universities and colleges. The 'Freedom Inquiry' directive states that proposals should focus on increased self-governance at centres of learning and that the centres should play an important role in regional development, including co-operation with industry and the commercialisation of research results. The inquiry team were also asked to examine whether the present system for managing funds and property could be far too limiting. One reason for the significant rise in the number of enquiries is that the government is preparing for greater globalisation and international influence on the Swedish education sector. Swedish centres of education must be able to hold their own internationally. They must produce good results on the home front and also work on the international front. An important step taken during the year was the Swedish adaptation to the Bologna Declaration, offering students in Europe greater freedom of movement between universities and colleges. This, together with more efficient search tools to obtain information about the activities and quality at a particular university or college, will lead to greater competition on both the national and international level.

Development issues for Akademiska Hus

Akademiska Hus has in recent years been affected by adaptation on the part of universities and colleges to a more stringent economy. Preparations are now in progress to deal with keener competition for funding. This will mean that premises will be vacated and at the same time customers will be seeking new, more efficient and more modern premises. The premises that will be vacated could be in older buildings that are difficult to use for other purposes but also in buildings that are not optimally located for the activities in question. Akademiska Hus will thus need to continue investing in new premises for its customers with the underlying risk of an increase in vacant space. The move towards greater co-operation and joint financing between the university and college sector and industry should open up new opportunities. New forms of collaboration between the academic world and industry could generate a demand for premises in areas in which Akademiska Hus has a great deal of expertise.

Interviews, surveys and living examples show that the new generation of students would like more services and urban life on the campuses although at the same time they want to safeguard the unique academic environment and exposure to knowledge and culture. International examples reveal that a combination of environments characterised by knowledge and experiences is a definite success factor. For the campuses this could mean a rich variety of meeting places, preferably activated into what are known as 'hot spots' – social life coupled with academic activities, distinctly active areas with an obvious element of marketing and outwardly oriented, highly visible activities conducted by the education centres which encourage both students and the general public to make use of and be stimulated by the variety of knowledge on offer. Meeting places could also be located off-campus, such as in areas with knowledge-intensive companies that want to be in an academic setting. Akademiska Hus has striven to be at the very forefront, with the best architects, exemplified through high-quality buildings on campus. Akademiska Hus, universities and colleges ought to develop their collaboration even further in order to create attractive, inspirational settings that contribute to successful operational development at centres of learning.

Competitors

Local players the biggest competitors

In the Eastern Region, Linköping University leases 69 per cent of its floor space from Akademiska Hus. The single largest competitor in Linköping is Östergötland County Council, from which the university leases approximately 10 per cent of its floor space. In the Northern Region, Umeå University leases 80 per cent of its floor space from Akademiska Hus and Luleå University of Technology 82 per cent. In the Western Region, Göteborg University leases 51 per cent. The biggest competitors in Gothenburg are the municipal companies Kulturfastigheter and HIGAB as well as Chalmersfastigheter AB. In the Southern Region, Lund University leases 69 per cent of its floor space from Akademiska Hus and the single largest competitor in Lund is the National Property Board. In the Uppsala Region, Uppsala University leases 66 per cent from Akademiska Hus and here the single largest competitor is also the National Property Board, from which the University leases approximately 14 per cent of its floor space. In the Stockholm Region, institutes, colleges and universities lease 72 per cent of their floor space from Akademiska Hus. The biggest competitors in this region are Fysikhuset Stockholm AB, the Clara Foundation, Fastighets AB Vreten and the National Property Board.

Akademiska Hus is by far the largest property owner within this segment and 73 per cent of the total floor space in the country leased by universities and colleges is owned by Akademiska Hus.

In certain sub-markets there are still many vacant premises, which means that competition on the rental market is keen. This has led to a greater pressure on the property owner to set the correct rent and deliver the right product. Having a strong brand name as a landlord is an obvious competitive advantage.

Brand name

The Akademiska Hus brand name is well-known, particularly within the university and college sector. The customer group in this sector is the biggest but not the only target group. Akademiska Hus customers also include a number of research institutes, public authorities, municipal authorities and companies.

Building up a strong brand name not only means being seen but also involves creating good, long-term relationships with existing customers. At present around 40 new construction and redevelopment projects are in progress at Akademiska Hus locations in order to create a pleasant, efficient environment in which new and existing customers can work.

The largest lessors of non-residential premises to universities and colleges are:

| | Floor space m ² | Proportion, % | Location |
|-------------------------|----------------------------|---------------|--------------------------------------|
| Akademiska Hus AB | 2,702,000 | 73 | Operations at 33 relocations |
| Chalmersfastigheter AB | 125,000 | 3 | Gothenburg |
| National Property Board | 130,500 | 3 | Uppsala, Lund, Stockholm, Gothenburg |
| Clara Foundation | 51,500 | 1 | Stockholm |
| Fastighets AB Vreten | 37,500 | 1 | Västerås |
| Fysikhuset Stockholm AB | 37,500 | 1 | Stockholm |

Market shares at the largest university centres

| | Umeå | Uppsala | Stockholm | Linköping/ Norrköping | Gothenburg | Lund |
|--|-----------|-----------|-----------|--------------------------|------------|-----------|
| Total floor space, 1,000 m ² | 271 | 574 | 889 | 247 | 606 | 474 |
| Akademiska Hus market share, per cent | 75 | 72 | 77 | 72 | 54 | 71 |
| Total market share for the four largest competing property owners on each market | 18 | 20 | 16 | 18 | 26 | 15 |
| Total market share of the five largest property owners | 93 | 92 | 93 | 90 | 80 | 86 |

At each university location there are a number of property owners that let premises to centres of learning. In the largest university centres the division between Akademiska Hus and other property owners is shown in the table above:

Key figures for the largest property companies in Sweden

| | Value, investment properties, MSEK | Rental income 2007 | Level of vacant space, % | Rentable floor space, 1,000 m ² |
|--------------------------|------------------------------------|--------------------|--------------------------|--|
| Akademiska Hus AB | 48,389 | 4,635 | 2 | 3,222 |
| Vasakronan AB | 45,236 | 2,874 | 4 | 1,850 |
| AP Fastigheter AB | 39,682 | 2,805 | 10 | 1,891 |
| Fabege AB | 30,829 | 532 | 8 | 1,546 |
| Castellum AB | 27,717 | 2,259 | 12 | 3,003 |
| Hufvudstaden AB | 20,531 | 1,213 | 3 | 354 |
| Wihlborgs Fastigheter AB | 13,397 | 1,035 | 7 | 1,241 |

Akademiska Hus comes out very well in a comparison with a number of the largest property companies in Sweden. The company is the largest in several of the parameters normally used when making a comparison in the industry. The above information has been taken from each company's year-end report for 2007.



The Åkroken Campus in Sundsvall has received the prestigious international Charter Award for urban development.

Geographical markets

Local presence north to south

Akademiska Hus is represented at 33 locations in the country, from Kiruna in the north to Malmö in the south. Operations are divided into six regions to provide customers with optimal service.

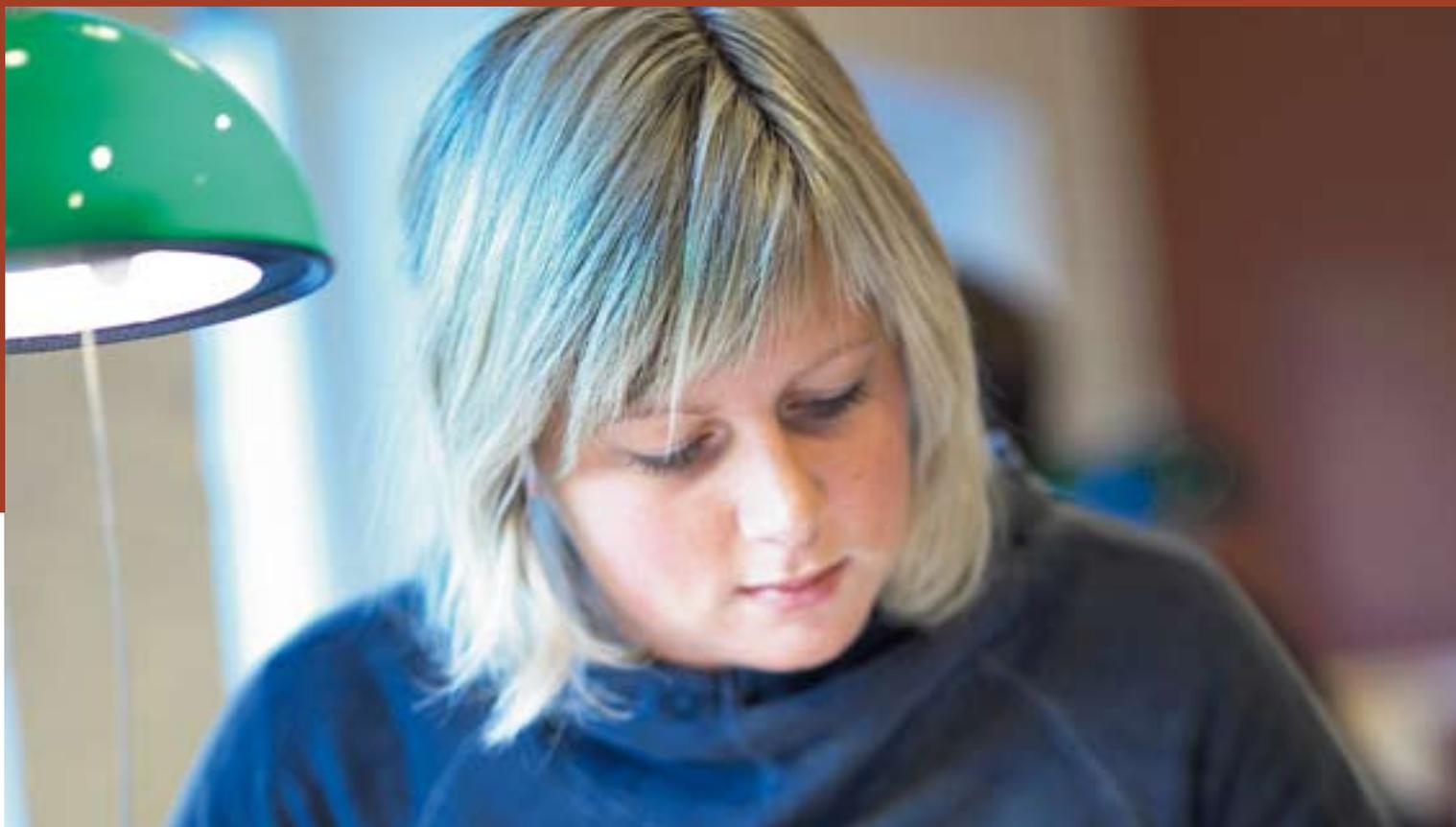
NORTHERN REGION

It is particularly Sundsvall, Umeå and Luleå that have reinforced the region as all three are among the most rapidly growing towns in Sweden. The need for premises has thus increased and a good deal of new investment is taking place in these towns and more property companies have shown an interest in investing.

The rental market in the towns in which Akademiska Hus is represented is good and stable and this has been the case for several years with the exception of Härnösand. There is also very limited vacant space even if this could increase in time in the light of the fall in the number of applications that has affected all our larger customers: Umeå University, Luleå University of Technology and Mid Sweden University. In Härnösand a quarter of the holdings, 7,500 square metres, are already unlet. Despite this the immediate future is still positive. Construction is in progress of Botniabanan, the rail link from Sundsvall to Umeå, which will be of major significance to the region when it is completed in 2010. Kiruna is also flourishing as a result of the successful mining industry.

| General facts about the major towns in the region | Kiruna | Luleå | Umeå | Sundsvall | Härnösand |
|--|-----------|-----------|-------------|-----------|-----------|
| Population, December 31, 2007 | 23,122 | 73,146 | 111,771 | 94,575 | 24,922 |
| Increase in population 2007 | -136 | -167 | 536 | 59 | -158 |
| Number of full-time students 2006 | 0 | 7,312 | 16,825 | 2,498 | 1,861 |
| Rent level, A-locations, offices, SEK/m ² | 700-1,000 | 950-1,250 | 1,100-1,400 | 950-1,250 | 700-1,000 |
| Rent trend | Stable | Stable | Stable | Stable | Stable |
| Level of vacant space, % | 7-10 | 2-5 | 2-5 | 3-5 | 3-5 |
| Vacant space trend | Stable | Stable | Stable | Stable | Stable |

Source: Statistics Sweden, Swedish National Agency for Higher Education and Newsec



Property specification, Northern Region

| Map reference | Property name | Property designation | Principal customer | Proportion of rentable floor space | Location | Rentable floor space, total, m ² | Vacant | Rental income plus supplements, KSEK |
|---|--|------------------------|--|------------------------------------|-----------|---|--------------|--------------------------------------|
| | Seminariet | Seminariet 16 | Mid Sweden University, Kastellskolan | 32% | Härnösand | 4,281 | 2,281 | 3,236 |
| | College of Nautical Studies, Topasen, Central Library etc. | Ädelstenen 6 | Mid Sweden University, Municipality of Härnösand | 77% | Härnösand | 33,398 | 5,210 | 32,074 |
| | Mätstugan | STG 388+ ¹⁾ | Swedish Institute of Space Physics | 100% | Lycksele | 165 | | 106 |
| | Norrbyn | Norrbyn 2:122 | Umeå University | 100% | Norrbyn | 2,489 | | 4,962 |
| | Västhagen | Västhagen 1 | Mid Sweden University | 100% | Sundsvall | 6,188 | | 6,210 |
| | Åkroken | Åkroken 1 | Mid Sweden University | 92% | Sundsvall | 24,030 | | 40,012 |
| 1 | Umeå Campus | Stadsliden 6:6 | Umeå University, Swedish University of Agricultural Sciences | 95% | Umeå | 222,402 | 681 | 262,411 |
| | Kiruna | Kiruna 1:304-1:309 | Swedish Institute of Space Physics | 87% | Kiruna | 8,221 | | 13,111 |
| 2 | Luleå campus | Porsön 1:405 | Luleå University of Technology | 100% | Luleå | 107,496 | | 132,006 |
| TOTAL | | | | | | 408,670 | 8,172 | 494,128 |
| Minus: rent reductions and vacant space | | | | | | | | -9,907 |
| Income, properties sold | | | | | | | | 2,036 |
| Rental income, net | | | | | | | | 486,257 |

¹⁾ Building on leasehold property



UPSALA REGION

With its 185,600 inhabitants, Uppsala is the fourth largest municipal area in Sweden and one of the most rapidly growing regions. There is a significant increase in industry and employment with traditional industries such as the engineering and pharmaceutical industries being well represented. Consultancy companies in a variety of sectors, including the IT sector, have grown substantially in recent years. The two universities in the municipal area are contributing to the good availability of qualified manpower.

The rental market in Uppsala continues to be stable and the level of vacant space continues to be low at 4-6 per cent. The premises that have been vacated by the university have proved to be attractive on the rental market, particularly the central locations along Dag Hammarskjöld's väg, where vacant premises are rapidly relet. The marketing of Ultuna Park and the Polacksbacken Enterprise Park have been successful and the level of vacant space fell during the year. The level is expected to fall even further in 2008 and 2009.

On the Blåsenhus block construction of Pedagogikum has commenced alongside planning for the Skandion Clinic for proton therapy. A healthcare facility is also planned for the area. On the whole, the area is developing into an attractive, central campus for Uppsala University.

In Ultuna, plans are in progress for a more cohesive university campus for the Swedish University of Agricultural Sciences. The premises for the 'Ecology Cluster' were completed during the year and plans are in progress for the Biosciences Centre, the Land, Water and Environmental Centre as well as premises for the Faculty of Veterinary Medicine and Animal Science.

The University College in Gävle has been struggling with a fall in the number of applicants for its course programmes. This has had negative financial implications for the college and has led to a surplus of personnel. The College is now working on making its operations more cost effective and as a result the need for premises is expected to decrease over the next few years.



Property specification, Uppsala Region

| Map reference | Property name | Property designation | Principal tenant | Proportion of rentable floor space | Location | Rentable floor space, total, m ² | Vacant | Rental income plus supplements, KSEK |
|---|----------------------|------------------------------|---|------------------------------------|-----------------|---|---------------|--------------------------------------|
| | Gävle Kungsbäck | Kungsbäck 2:8 | Gävle University College | 98% | Gävle | 44,797 | 1,750 | 61,358 |
| | Studsvik | Hånö Säteri 1:9 | Uppsala University | 100% | Tystberga | 0 | 0 | 907 |
| 1 | Svettis | Fjärdingen 34:1 | Uppsala University | 100% | Uppsala | 1,950 | 0 | 1,871 |
| 2 | MIC | Kronåsen 1:15 | Uppsala University | 90% | Uppsala | 27,267 | 2,306 | 37,355 |
| 3 | Ångström Laboratory | Kronåsen 7:1 | Uppsala University | 100% | Uppsala | 51,921 | 0 | 92,478 |
| 4 | BMC, Magistern | Kåbo 1:10 | Uppsala University | 97% | Uppsala | 83,245 | 1,396 | 146,462 |
| 5 | Rosendal High School | Kåbo 1:20 | Uppsala Municipal Authority | 100% | Uppsala | 9,061 | 334 | 13,991 |
| 6 | Kv Blåsenhus | Kåbo 5:1 | Uppsala University | 50% | Uppsala | 37,901 | 0 | 44,873 |
| 7 | Engelska Parken | Kåbo 14:3 | Uppsala University | 100% | Uppsala | 41,077 | 458 | 55,799 |
| 8 | Kv Lagerträdet (EBC) | Kåbo 34:12 | Uppsala University | 100% | Uppsala | 29,641 | 0 | 42,545 |
| 9 | Ekonomikum | Luthagen 62:7 | Uppsala University | 100% | Uppsala | 21,838 | 0 | 28,658 |
| 10 | Ultuna | Ultuna 2:23 m.fl. | Swedish University of Agricultural Sciences | 75% | Uppsala | 198,618 | 14,758 | 218,003 |
| | Skinnskatteberg | Skinnskatteberg-Eriksbo 1:12 | Swedish University of Agricultural Sciences | 100% | Skinnskatteberg | 3,216 | 0 | 1,776 |
| Total | | | | | | 550,532 | 21,002 | 746,076 |
| Minus: rent reductions and vacant space | | | | | | | | -24,385 |
| Income, properties sold | | | | | | | | 467 |
| Rental income, net | | | | | | | | 722,158 |

STOCKHOLM REGION

Stockholm is continuing to grow. During the first two quarters of 2007 the population of the county increased by over 14,700, which is equivalent to 50 per cent of the total population increase in Sweden. Increased employment alongside the rise in the total salary amount puts the region at the top of the growth table.

The Group's largest region, Akademiska Hus Stockholm, has almost one million square metres of floor space on a number of large campuses at Frescati, along Vallhallavägen in Östermalm, at Karolinska in Solna, at Kungsholmen and at Flemingsberg and Kista. A marine biology research station on the island of Askö is also included in the holdings.

The turnover of non-residential premises on the Stockholm rental market is high. Many companies are changing premises. The trend is to move to premises that are newer and, more importantly, more efficient in terms of floor space. Coupled with an increase in employment, this is expected to contribute to a continued fall in the level of vacant space, particularly in the rest of the inner city, the immediate suburbs and in Kista.

Transaction volumes on the property market up to the third quarter of 2007 exceeded the figures for the same period in 2006. The direct yield, which has fallen considerably in recent years, remained on a relatively stable level during the first half of 2007.

A number of extensive urban development and infrastructure projects are in progress in the region, including the construction of Norra Länken and Citybanan, the covering over of the Norra Station area and the expansion of the Albano area. Several of these projects are adjacent to Akademiska Hus campuses and this has induced the regional company to focus on strategic property development.

In the region there are large volumes of vacant space in Kista.

General facts about the major towns in the region

| | Uppsala | Stockholm | Gävle |
|--|-------------|---------------------------|-------------|
| Population, December 31, 2007 | 187,541 | 795,163 | 92,681 |
| Increase in population 2007 | 2,354 | 12,278 | 265 |
| Number of full-time students 2006 | 22,682 | 58,215 | 6,008 |
| Rent level, A-locations, offices, SEK/m ² | 1,500–1,700 | 2,300–2,600 ¹⁾ | 1,000–1,200 |
| Rent trend | Incr. | Incr. ¹⁾ | Stable |
| Level of vacant space, % | 4–6 | 8–10 ¹⁾ | 5–7 |
| Vacant space trend | Stable | Stable ¹⁾ | Stable |

¹⁾ Inner city outside the CBD
 Source: Statistics Sweden, Swedish National Agency for Higher Education and Newsec.



Property specification, Stockholm Region

| Map reference | Property name | Property designation | Principal tenant | Proportion of rentable floor space | Location | Rentable floor space, total, m ² | Vacant | Rental income plus supplements, KSEK |
|---|--------------------------------|-----------------------|--|------------------------------------|-----------|---|---------------|--------------------------------------|
| | Askö | Askö 1:4 | Stockholm University | 98% | Trosa | 2,402 | 0 | 2,778 |
| 1 | Studentpalatset | Bergsmannen Större 8 | Stockholm University | 100% | Stockholm | 3,176 | 0 | 4,701 |
| 2 | Campus Konradsberg | Centauren 1 | Stockholm University | 100% | Stockholm | 10,052 | 0 | 20,162 |
| 3 | Arkitektur | Domherren 1 | Royal Institute of Technology | 100% | Stockholm | 12,916 | 0 | 13,846 |
| | University Campus Flemingsberg | Embryot 1 | Karolinska Institute | 100% | Huddinge | 16,616 | 0 | 34,612 |
| 4 | KTH campus | Forskningen 1 | Swedish National Defence College | 27% | Stockholm | 60,101 | 1,657 | 98,110 |
| 5 | Campus Solna | Haga 4:35 | Karolinska Institute | 72% | Solna | 159,999 | 4,529 | 410,297 |
| | Electrum | Keflavik 2 | Royal Institute of Technology | 46% | Stockholm | 60,089 | 6,727 | 79,535 |
| 6 | Spökslottet | Kungstenen 4 | Stockholm University | 100% | Stockholm | 1,433 | 0 | 2,588 |
| 7 | KTH campus | Maskiningenjören 1 | Royal Institute of Technology | 71% | Stockholm | 23,511 | 1,420 | 50,134 |
| | University Campus Flemingsberg | Medicinaren 4 | Karolinska Institute | 100% | Huddinge | 48,291 | 0 | 82,973 |
| 8 | GIH | Idrottshögskolan 1 | College of Physical Education and Sports | 99% | Stockholm | 12,588 | 0 | 14,225 |
| 9 | Kräftriket | Norra Djurgården 1:44 | Stockholm University | 66% | Stockholm | 28,442 | 2,710 | 38,054 |
| 10 | Frescati Hage | Norra Djurgården 1:45 | Stockholm University | 94% | Stockholm | 15,275 | 338 | 15,258 |
| 11 | Lilla Frescati | Norra Djurgården 1:46 | Stockholm University | 99% | Stockholm | 8,864 | 0 | 12,718 |
| 12 | Frescati | Norra Djurgården 1:48 | Stockholm University | 96% | Stockholm | 177,955 | 186 | 304,394 |
| 13 | KTH campus | Norra Djurgården 1:49 | Royal Institute of Technology | 87% | Stockholm | 145,133 | 2,153 | 262,127 |
| 14 | Albano | Norra Djurgården 2:2 | No tenant, land only | | Stockholm | 0 | 0 | |
| | Nynäs | Nynäs 5:1 | Stockholm University | 100% | Nyköping | 52 | 0 | 40 |
| 15 | Campus Konradsberg | Ormbäraren 3 | Stockholm University | 87% | Stockholm | 38,922 | 0 | 70,041 |
| | Forum | Reykjanes 1 | Royal Institute of Technology | 47% | Stockholm | 48,836 | 2,952 | 51,339 |
| 16 | Svea Fanfar | Svea Artilleri 12 | Vacated | | Stockholm | 1,656 | 1,656 | |
| 17 | Campus Konradsberg | Taffelberget 7 | Stockholm University | 100% | Stockholm | 557 | 0 | 541 |
| 18 | Campus Gärdet | Tre Vapen 2 | Sida | 47% | Stockholm | 53,570 | 5,140 | 83,551 |
| Total | | | | | | 930,436 | 29,468 | 1,652,024 |
| Minus: Rent reductions and vacant space | | | | | | | | -51,878 |
| Income, properties sold | | | | | | | | 10,771 |
| Rental income, net | | | | | | | | 1,610,916 |





EASTERN REGION (ÖST)

Major efforts are being made to develop the twin towns of Linköping and Norrköping into the fourth city region. Together with other towns within commuting distance the region has a labour market area with a population of approximately 500,000. This initiative should be viewed in the light of the link which exists between growth and population in a region. A joint initiative ought to benefit development in the region as a whole. Akademiska Hus Öst carries on operations in three large towns and in Grythyttan. The large towns are Linköping, Norrköping and Örebro.

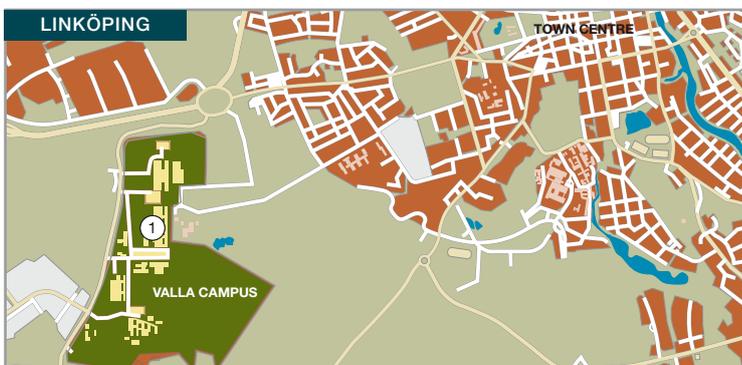
Linköping has a strong rate of growth, closely followed by Norrköping. Linköping University, one of the larger universities in Sweden, has operations in the two towns and is a strong driving force for expansion in both. Örebro, which in terms of size is comparable to Linköping and Norrköping, has a rate of growth that is almost on the same level as these two. Örebro is part of the Mälardalen labour market region which, in line with improvements in the infrastructure, is becoming increasingly intertwined with the Stockholm-Uppsala region. The rental market in the three towns is stable. Akademiska

Hus has only a small volume of vacant space in Linköping. In Grythyttan there is Måltidens Hus, which is part of Örebro University and for a number of years has been included in the Eastern Region property holdings. There is only a limited rental market in Grythyttan and the Group does not have any vacant space there.

General facts about the major towns in the region

| | Linköping | Norrköping | Örebro |
|--|-------------|-------------|-------------|
| Population, December 31, 2007 | 140,367 | 126,680 | 130,429 |
| Increase in population 2007 | 1,787 | 1,217 | 1,452 |
| Number of full-time students 2006 | 12,800 | 4,400 | 8,752 |
| Rent level, A-locations, offices, SEK/m ² | 1,300–1,500 | 1,100–1,400 | 1,100–1,350 |
| Rent trend | Stable, | Stable, | Stable, |
| Level of vacant space, % | 5–7 | 5–8 | 2–5 |
| Vacant space trend | Stable | Stable | Stable |

Source: Statistics Sweden, Swedish National Agency for Higher Education and Newsec.



Property specification, Eastern Region

| Map reference | Property name | Property designation | Principal tenant | Proportion of rentable floor space | Location | Rentable floor space, total, m ² | Vacant | Rental income plus supplements, KSEK |
|----------------------------------|-------------------|----------------------|----------------------|------------------------------------|------------|---|--------------|--------------------------------------|
| 1 | Valla Campus | Intellektet 1 | Linköping University | 73% | Linköping | 215,263 | 6,785 | 274,868 |
| 2 | Örebro University | Universitet | Örebro University | 100% | Örebro | 85,995 | | 145,203 |
| | | Kåkenhus 11 | Linköping University | 100% | Norrköping | 12,993 | | 23,496 |
| | | Täppan 23 | Linköping University | 100% | Norrköping | 16,269 | | 28,421 |
| | | Måltidens Hus 6:419 | Örebro University | 100% | Grythyttan | 3,128 | | 4,005 |
| | | Kärnhuset 6:432 | Örebro University | 100% | Grythyttan | 1,656 | | 911 |
| | | Kopparhammaren | | | Norrköping | 0 | | 0 |
| Total | | | | | | 335,304 | 6,785 | 476,904 |
| Rent reductions and vacant space | | | | | | | | -7,705 |
| Rental income, net | | | | | | | | 469,199 |



WESTERN REGION (VÄST)

For several decades the Gothenburg region has undergone enormous upheavals in its industrial structure. The automotive industry and its suppliers are still major employers although today there is a more diversified industrial base with both advanced industry as well as advanced service companies. The Gothenburg region has reported the strongest rate of growth in Sweden over the past 10 years. During the same period the number of foreign companies establishing operations in the Gothenburg region has risen substantially.

The majority of the Akademiska Hus property holdings in the Western Region are in Gothenburg. The office rental market in Gothenburg is marked by falling levels of vacant space, rising rents, very little new production in progress and relatively few projects in the pipeline. Akademiska Hus has no significant volumes of vacant space

in Gothenburg. At Medicinareberget there is a large new construction in progress which has been fully leased to Göteborg University.

Akademiska Hus also carries on operations in Borås, Karlstad, Skara and Skövde. The rental market in these towns is stable except for Borås, where market rents are rising. Akademiska Hus has no significant vacant floor space in any of the towns. In Karlstad, a major new construction is in progress, due for completion in 2008, and the floor space has been leased in full to Karlstad University.

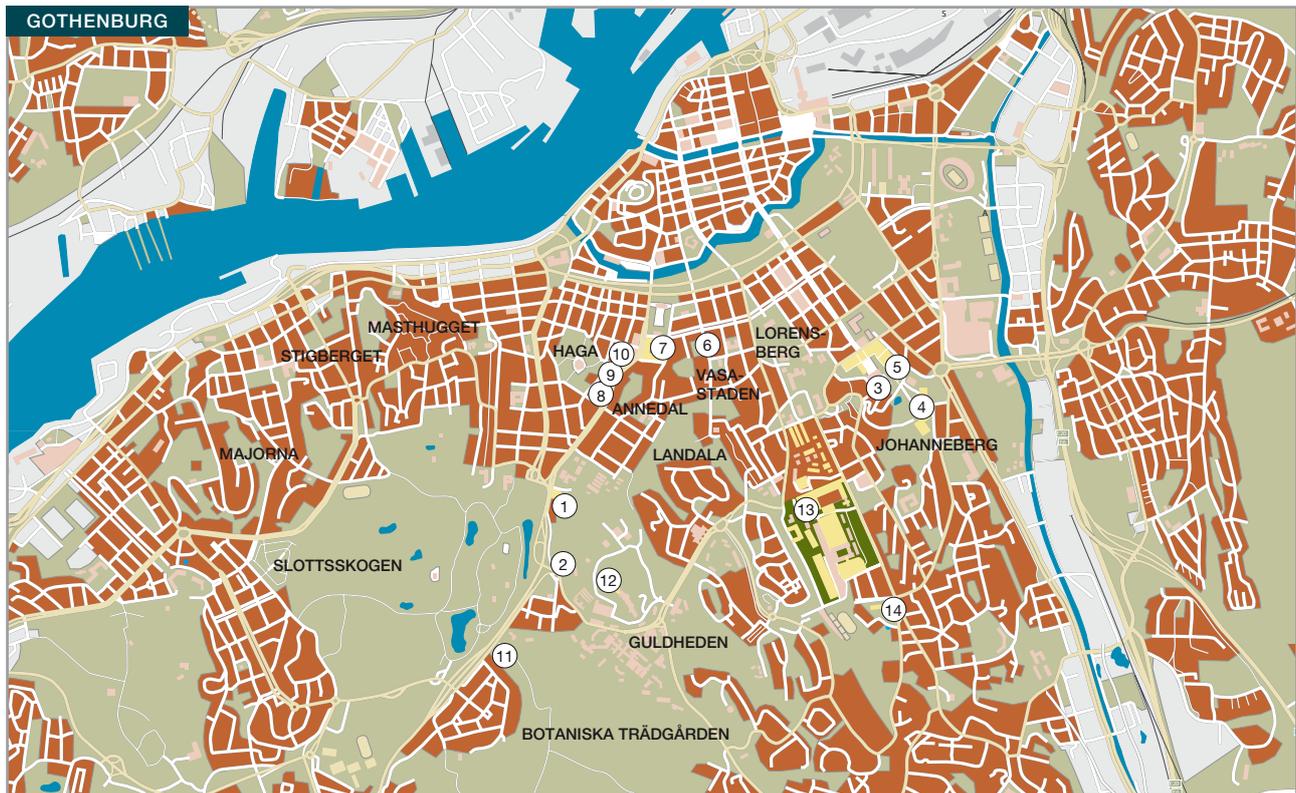
Akademiska Hus Western region also has a couple of small research stations on the coast. On the island of Tjärnö, Göteborg University conducts marine research at the Tjärnö Marine Biology Laboratory and in Fiskebäckskil there is the Kristineberg Marine Research Station.

General facts about the major towns in the region

| | Gothenburg | Borås | Skara | Skövde | Karlstad |
|--|-------------|-----------|-----------|-----------|-------------|
| Population, December 31, 2007 | 493,502 | 100,985 | 18,544 | 50,197 | 83,641 |
| Increase in population 2007 | 3,745 | 764 | -51 | 44 | 763 |
| Number of full-time students 2006 | 33,402 | 5,244 | 300 | 4,092 | 7,922 |
| Rent level, A-locations, offices, SEK/m ² | 1,500-1,800 | 950-1,250 | 750-1,000 | 900-1,250 | 1,100-1,350 |
| Rent trend | Incr. | Incr. | Stable | Stable | Stable |
| Level of vacant space, % | 9-9,5 | 5-7 | 1-5 | 3-5 | 5-7 |
| Vacant space trend | Decr. | Stable | Stable | Stable | Stable |

Source: Statistics Sweden, Swedish National Agency for Higher Education and Newsec





Property specification, Western Region

| Map reference | Property name | Property designation | Principal tenant | Proportion of rentable floor space | Location | Rentable floor space, total, m ² | Vacant | Rental income plus supplements, KSEK |
|---------------|----------------------------------|---|---|------------------------------------|------------|---|---------------|--------------------------------------|
| 1 | KK2 | Annedal 20:2 | Göteborg University | 100% | Gothenburg | 5,515 | | 8,974 |
| 2 | Psykologen | Annedal 21:11 | Göteborg University | 100% | Gothenburg | 6,169 | | 8,836 |
| 3 | Dicksonsgatan | Lorensberg 13:6 | Göteborg University | 100% | Gothenburg | 627 | | 879 |
| 4 | Näckrosdammen | Lorensberg 21:1 | Göteborg University | 100% | Gothenburg | 32,340 | | 44,196 |
| 5 | Artisten | Lorensberg 24:3 | Göteborg University | 100% | Gothenburg | 14,968 | | 25,867 |
| 6 | Viktorlagatan | Vasastaden 12:19 | Göteborg University | 100% | Gothenburg | 4,142 | | 5,219 |
| 7 | Handels | Haga 22:1 | Göteborg University | 100% | Gothenburg | 25,511 | | 37,465 |
| 8, 9, 10 | Samvetet | Haga 21:19 | Göteborg University | 100% | Gothenburg | 21,566 | | 30,860 |
| 11 | Botan | Änggården 34:2 | Göteborg University | 100% | Gothenburg | 9,789 | | 18,908 |
| 12 | Medicinareberget | Änggården 718:138 | Göteborg University | 98% | Gothenburg | 78,683 | | 131,791 |
| 13 | Chalmers | Johanneberg 31:9 | Chalmersfastigheter AB | 98% | Gothenburg | 128,152 | 310 | 156,347 |
| 14 | Mattecentrum | Krokslätt 109:20, 110:3 | Chalmersfastigheter AB | 100% | Gothenburg | 11,259 | 10,259 | 23,416 |
| | Karlstad University | Universitetet 1 | Karlstad University | 98% | Karlstad | 67,493 | | 91,724 |
| | Balder | Balder 7 | University College Borås | 100% | Borås | 32,239 | | 36,925 |
| | Sandgårdet | Sandgårdet 6, 7, 8, 11, 13, Innerstaden 1:3 | University College Borås | 100% | Borås | 13,457 | | 24,305 |
| | University College Skövde | Göta 1 | University College Skövde | 100% | Skövde | 19,766 | | 26,351 |
| | | Stenbocken 1 | Swedish University of Agricultural Sciences | 70% | Skara | 4,197 | 529 | 3,559 |
| | | Sälgen 15 | Swedish University of Agricultural Sciences | 100% | Skara | 671 | | 333 |
| | | Skytten 2 | ATG-klinikerna AB | 60% | Skara | 4,911 | | 3,747 |
| | | Metes 2 | Animal Protection Authority | 100% | Skara | 1,193 | | 1,464 |
| | Tjärnö | Korsnäs 1:16 | Göteborg University | 100% | Strömstad | 5,960 | | 9,231 |
| | Kristineberg | Skaftö-Fiskebäck 1:500 | Royal Swedish Academy of Sciences | 100% | Lysekil | 2,748 | | 4,467 |
| | Orrspelsgatan | Krokslätt 109:9 | Residential | 100% | Gothenburg | 64 | | 28 |
| Total | | | | | | 491,420 | 11,098 | 694,892 |
| | Rent reductions and vacant space | | | | | | | -27,054 |
| | Income, properties sold | | | | | | | 1,175 |
| | Rental income, net | | | | | | | 669,013 |



SOUTHERN REGION (SYD)

The Öresund region is one of the most dynamic border regions in Europe with 3.6 million inhabitants. One-quarter of the collective GNP of Sweden and Denmark is generated here. There is a well-established infrastructure thanks to major investments, of which the Öresund Bridge is the biggest to date. The City Tunnel project is in progress which will, among other things, link and improve rail-bound traffic between Sweden and Denmark. Malmö University, Lund University, the Swedish University of Agricultural Sciences in Alnarp and Kristianstad University College are part of Öresund University, a collaborative venture involving 12 universities with 150,000 students and 14,000 researchers, making the region one of the foremost university regions in Europe.

The majority of the properties owned by Akademiska Hus Southern Region are to be found in Lund. The university in Lund is the largest in Scandinavia. The large number of research and development companies have grown over the years in harmony with the University and the research park Ideon. During 2008, around 40,000 square metres of office space will be completed in Lund. Akademiska Hus currently has a level of vacant space of around four per cent, the majority within the University of Technology campus, primarily within the Chemical Centre. More premises will become vacant over the next year although activity in the immediate area is considerable and there are agencies that are interested in premises in this area. The vacant space at the Chemical Centre will be the greatest challenge in the future.

The Faculty of Odontology is the only Akademiska Hus property in Malmö with a first-rate location for the future, directly beside the new station for the City Tunnel. Industrial growth in Malmö is good. Malmö is also attracting an increasing number of head offices. The rental market in Malmö is stable with a level of vacant space of less than 10 per cent. Akademiska Hus has no vacant space in Malmö.

Akademiska Hus Southern Region has properties at three other locations: Alnarp, Kristianstad and Kalmar, where Alnarp is the smallest with the Swedish University of Agricultural Sciences as the largest customer. Vacant space there has increased. The attractive green environment and the location within the Öresund region with good communications are factors that could attract customers. Work on a development plan for the area has commenced where the potential for exploitation of certain poorly utilised areas and a new and more distinct entrance to the area are being investigated.

Kalmar and Kristianstad are two towns with a stable property market. The Akademiska Hus part of the campus in Kristianstad, at Näsby, is fully let to the University College. The University College is expected to make more efficient use of its floor space. Further expansion is not likely within the foreseeable future in Kristianstad. In Kalmar, the level of vacant space is six per cent, and half of this has been covered for 2008. There will probably be an increase in interest once our new customers have moved in.

General facts about the major towns in the region

| | Lund | Alnarp | Kalmar | Kristianstad | Malmö |
|--|-------------|-------------|-----------|--------------|---------------------------|
| Population, December 31, 2007 | 105,286 | 20,023 | 61,533 | 77,245 | 280,801 |
| Increase in population 2007 | 2,000 | 589 | 212 | 705 | 4,557 |
| Number of full-time students 2006 | 25,545 | 781 | 5,889 | 4,946 | 10,413 |
| Rent level, A-locations, offices, SEK/m ² | 1,400–1,700 | 1,400–1,700 | 900–1,150 | 900–1,200 | 1,200–1,500 ¹⁾ |
| Rent trend | Stable | Stable | Stable | Stable | Incr. |
| Level of vacant space, % | 1–4 | 7–10 | 5–8 | 2–5 | 5–8 |
| Vacant space trend | Stable | Stable | Stable | Stable | Decr. |

¹⁾ Town centre, other

Source: Statistics Sweden, Swedish National Agency for Higher Education and Newsec



Property specification, Southern Region

| Map reference | Property name | Property designation | Principal tenant | Proportion of rentable floor space | | Rentable floor space, total, m ² | | Rental income plus supplements, KSEK |
|----------------------------------|--|-------------------------------|---|------------------------------------|--------------|---|---------------|--------------------------------------|
| | | | | | Location | | Vacant | |
| 1 | Språk & Litteraturcentrum, Universitetsbiblioteket | Absalon 5 | Lund University | 100% | Lund | 31,172 | 713 | 36,965 |
| 2 | Biomedicinskt Centrum, Astronomi, Zoologen | Eskil 21 | Lund University | 100% | Lund | 55,566 | | 130,980 |
| 3 | Lund University of Technology Helgonagården 6:16 | Lund University of Technology | Lund University/ Lund University of Technology | 99% | Lund | 187,619 | 11,618 | 258,598 |
| 4 | Kultur anatomen, Finngatan, Klassiska m.fl. | Hyphoff 5 | Lund University | 100% | Lund | 8,048 | 1,013 | 8,293 |
| 5 | Historiska institutionen | Maria Magle 6 | Lund University | 100% | Lund | 2,146 | | 2,817 |
| 6 | Socialhögskolan | Paradis 47 | Lund University | 100% | Lund | 1,383 | | 2,203 |
| 7 | Eden, Byrålogen, G:a Kirurgen m.fl. | Paradis 51 | Lund University | 100% | Lund | 30,509 | 1,448 | 37,436 |
| 8 | Socialhögskolan | Sankt Peter 33 | Lund University | 100% | Lund | 943 | | 1,193 |
| 9 | Geocentrum 1 m.fl. | Saxo 3 | Lund University | 100% | Lund | 4,090 | 762 | 1,081 |
| 10 | Akademiska Hus kontorshus | Studentkåren 4 | Akademiska Hus Syd | 100% | Lund | 2,521 | | 2,639 |
| 11 | Fysik, Geocentrum 2 m.fl. | Sölve 1 | Lund University | 97% | Lund | 35,127 | 144 | 63,279 |
| | Alnarp | Alnarp 1:60 | Swedish University of Agricultural Sciences | 77% | Lomma | 67,658 | 5,267 | 51,354 |
| | Elevbostad | Alnarp 1:63 | Swedish University of Agricultural Sciences | 100% | Lomma | 156 | | 62 |
| | Bostad | Alnarp 1:64 | Private residence | 100% | Lomma | 145 | | 75 |
| | Tandvårdshögskolan | Klerken 4 | Malmö University | 94% | Malmö | 16,766 | | 17,550 |
| | Nisbethska, Bibliotek, Falken | Falken 3 | Kalmar University College | 94% | Kalmar | 12,325 | 256 | 15,758 |
| | Rostad | Rostad 1 | Kalmar University College | 40% | Kalmar | 4,131 | 879 | 3,890 |
| | Sjöfartshögskolan m.fl. | Eldaren 1 | Kalmar University College | 88% | Kalmar | 12,360 | | 20,539 |
| | Högskolan | Näsby 34:24 | Kristianstad University College | 97% | Kristianstad | 33,094 | 530 | 37,626 |
| Total | | | | | | 505,759 | 22,630 | 692,338 |
| Rent reductions and vacant space | | | | | | | | -14,829 |
| Rental income, net | | | | | | | | 677,509 |



Leases and rental income

Long leases and renewed agreements

The Akademiska Hus contract portfolio is characterised by long leases, mainly with universities and colleges. The long leases create excellent prerequisites for building up good relationships with customers and the focus is on efficient management.

At the end of 2007 the average remaining lease term was 6.3 years. The average term for newly signed leases is 10.4 years. For larger, complex specialist buildings, for laboratories and research opera-

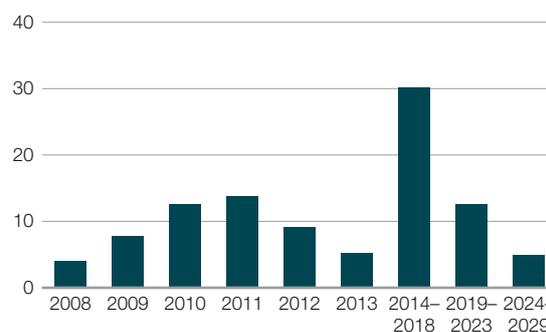
tions, a lease is normally required which repays a large proportion of the investment within the term of the lease, which is 10, 15 or 20 years. The reason for this is that it is difficult to find alternative uses for the premises without substantial redevelopment.

Akademiska Hus has 1,248 leases (rental objects) with a total rental value (base rent) of SEK 4,312 million (4,059) and total floor space of 3,222,121 square metres. The average lease is for 2,582 square metres with an annual rent of SEK 3.5 million.

Leases 31-12-2007

| Region | Average lease term, years | Average remaining lease term, years |
|--------------|---------------------------|-------------------------------------|
| South | 9.6 | 6.2 |
| West | 12.1 | 7.7 |
| East | 10.0 | 5.2 |
| Uppsala | 9.9 | 5.6 |
| Stockholm | 10.8 | 6.6 |
| North | 8.5 | 5.7 |
| Total | 10.4 | 6.3 |

Lease renewal structure, contracted rent, %





At the Ingvar Kamprad Design Centre in Lund, Lund University of Technology trains the industrial designers of the future.

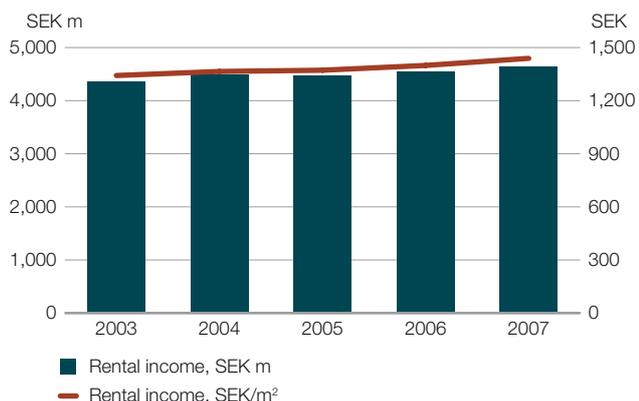
During 2007, 8.4 per cent of the contract portfolio was renegotiated, equivalent to SEK 340 million in rental value. During 2008, 11 per cent of the leases can be renegotiated.

In conjunction with negotiations the renewal structure is taken into account with the aim of achieving an even spread over time to minimise the time risk. Over the next two years there is a good spread in the lease renewal structure.

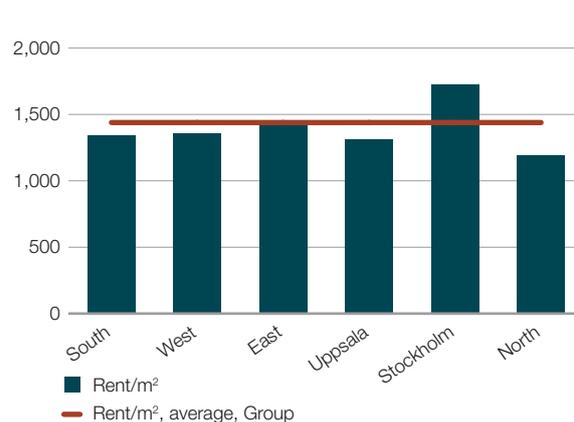
Rental income, including the rent supplement for 2007, was SEK 4,778 million (4,708). Renegotiations during the year at a number of locations have resulted in unchanged or slightly reduced rent levels.

Rental income was on average SEK 1,439 per square metre (1,399) and has increased over the past five years as a result of investments in the property holdings.

Rental income



Rental income per region, SEK/m²





Rental and vacancy levels

Continued very low level of vacant space

Akademiska Hus has a level of rented space which, compared with the property industry as a whole, is very high. The reason for this is the Company's focus on premises for universities and colleges in combination with the growth that has taken place in the higher education sector over the past decade. Letting during 2007 has been successful and the level of vacant space has fallen even further despite what are by industry standards already very low levels.

The growth that has taken place within the higher education sector has also brought with it a substantial need for premises, which has been met through new construction. Often it has been a case of specialist buildings for laboratory and research activities, resulting in long leases of 10 years or more. In recent years the need within the higher education sector for more floor space has fallen and many customers are re-examining their requirements.

The total holdings at the end of 2007 amounted to 3,222,121 square metres, of which 3,122,969 square metres, or 96.9 per cent, have been let. Vacant space amounted to 99,155 square metres, equivalent to 3.1 per cent. The loss of rental income resulting from the vacant floor space is valued at SEK 98 million, giving a financial level of vacant space of 2.1 per cent. The difference between the financial level and the floor space-based level of vacant space can be explained by the fact that a large proportion of the vacant space is in simpler premises with a rental value that is lower than average. Around 10 per cent of the vacant floor

space cannot be let. These areas are being redeveloped, with the leases already signed, or they are being used temporarily for other purposes.

Vacant space decreased during the year by almost 12,800 square metres and totalled 99,155 square metres (111,955). The change during 2007 can be attributed mainly to the Uppsala Region and the improved letting situation in the Ultuna area. Work is in progress in the Ultuna area on a detailed plan to facilitate, among other things, housing development.

Based on the dialogue which is taking place with the Company's customers and the forecasts made for the letting of vacant premises, the level of vacant space will not change tangibly over the next few years. However, the situation differs between the regional companies and there are variations on local markets.

In the Northern Region there is a low level of vacant space with the exception of Härnösand, where there are 7,491 square metres of vacant space, equivalent to approximately 20 per cent. This is the highest figure for a single town within Akademiska Hus. The demand for premises continues to be low in Härnösand. In Luleå, a certain volume of vacant space will come about as a result of rationalisation at Luleå University of Technology.

The Uppsala Region has acquired more vacant floor space in recent years, particularly in Ultuna, as the Swedish University of Agricultural Sciences improves the efficiency of its use of premises. To counteract this, the Company is focusing on marketing Ultuna Park to companies that



Studying in peace at the Ångström Laboratory in Uppsala.

could benefit from proximity to the Swedish University of Agricultural Sciences. Planning is also progress for future housing development.

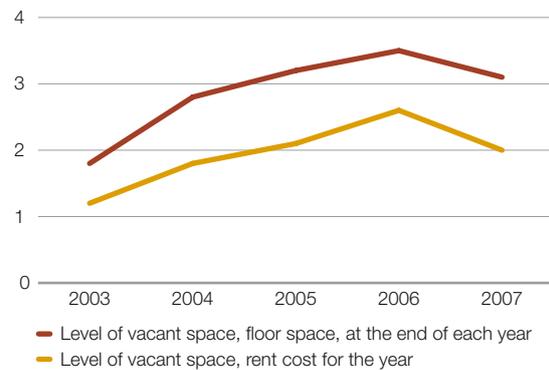
In total, the largest volume of vacant space, 29,468 square metres, is to be found in the Stockholm Region. The region has 29 per cent of the total rentable floor space and the total level of vacant space is thus only 3.2 per cent. Kista is the sub-market where the Company has the highest level of vacant space in square metre terms. The figure is approximately nine per cent, which is slightly less than the figure for the market in Kista as a whole.

In the Eastern Region, the level of vacant space for the Group continues to be low and the forecast for the next few years is stable.

In the Western Region, the vacant space is at the Mathematics Centre on the Chalmers University of Technology campus and totals 10,259 square metres. There are plans for it to be sold for redevelopment into, among other things, student housing.

In the Southern Region, the rental agreement reached previously with Lund University has not resulted in the vacant space made possible by the agreement. During the next few years an increase in the level of vacant space is expected in Lund and Alnarp.

Level of vacant space, %



| Vacant space 31-12-2007 | Location | Property | Sq. m. | Proportion, sq. m. | SEK m | Proportion, SEK m |
|--|------------------|---|---------------|--------------------|-------------|-------------------|
| Rentable | Gothenburg | Mathematics Centre, Chalmers | 10,259 | | 17.5 | |
| | Linköping | Terra | 6,785 | | 5.4 | |
| | Stockholm, Kista | Electrum | 6,407 | | 10.3 | |
| | Härnösand | Topasen | 4,151 | | 2.4 | |
| | Lund | Chemistry building | 3,865 | | 1.4 | |
| | Stockholm, Kista | Forum | 2,952 | | 4.3 | |
| | Uppsala, Ultuna | EMC | 2,929 | | 3.2 | |
| | Stockholm | Wallenberg Laboratory | 2,457 | | 1.3 | |
| | Härnösand | Seminarier | 2,203 | | 1.8 | |
| | Stockholm | Mechanical Engineering, Royal Institute of Technology | 1,420 | | 1.0 | |
| | Uppsala | BMC | 1,396 | | 1.8 | |
| | Härnösand | College of Nautical Sciences | 1,188 | | 1.0 | |
| | Others | | 19,355 | | 21.6 | |
| Total rentable vacant space | | | 65,367 | 2.0% | 72.9 | 1.5% |
| Non-rentable | Stockholm | College of Arts, Crafts and Design | 4,500 | | 6.3 | |
| | Uppsala, Ultuna | Clinical Centre, Building 4 | 3,433 | | 3.4 | |
| | Others | | 2,840 | | 5.2 | |
| Total non-rentable vacant space | | | 10,773 | 0.3% | 15.0 | 0.3% |
| Rentable space of minor economic value | | | 23,015 | 0.7% | 10.0 | 0.2% |
| Total | | | 99,155 | 3.1% | 97.8 | 2.1% |



Risk management and the future

Property management requires long-term strategic decisions

In the short-term there is limited potential to influence financial results. A great deal of energy is being devoted to management issues to influence the financial results in the long term. One example is the development of in-house energy solutions to reduce costs. Akademiska Hus has long leases, providing stable income. The operating costs are in the short-term regarded as fixed whilst maintenance costs are to a large extent variable and can be reduced to counteract a fall in profits or increase in vacant space.

With effect from the 2007 Annual Report, Akademiska Hus will not publish profit forecasts. The reason for this change is that the Akademiska Hus Annual Report is part of the bond prospectus that falls under new EU rules. If an issuer chooses to include a profit forecast, the prospectus must include an account of the most important assumptions that form the basis for the forecast and the prospectus must include a statement from the auditor. Following discussions with the Company's Audit Committee, the conclusion is that examination and verification of the assumptions that make up the profit forecast would be far too extensive. Profit forecasts have therefore been excluded from the Annual Report.

Certain information on prospects for the future will, however, continue to be provided under the various sub-headings covering the most important areas.

Strategic risk – owning and managing properties

Akademiska Hus is affected by the government's education policy as well as macroeconomic factors such as inflation, employment and expansion in society.

Key risks also take the form of property investments and transactions. Major investments in creative environments for know-how and research have formed the Akademiska Hus campuses. In this respect the property portfolio is a strategic risk. The campuses have a specific

purpose and are not in a broad sense general. Investments in specially adapted premises take place once a long lease that justifies the investment has been signed. Purchases and sales of properties take place to counteract and deal with the strategic risk in the property portfolio.

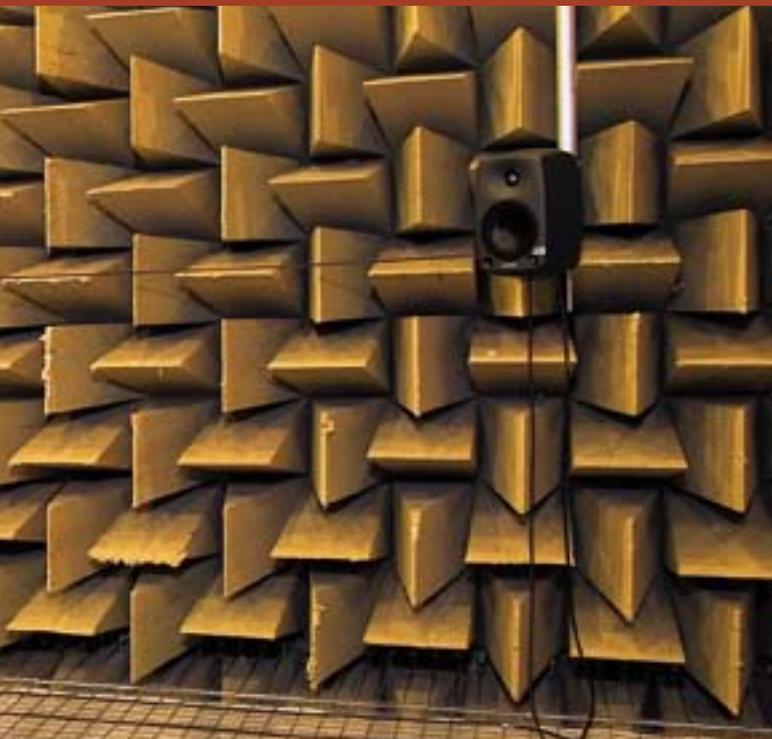
Operating risks

The strategy of owning and managing properties also entails operating risks, which Akademiska Hus works actively to handle. The term operating risk refers mainly to the risk of financial consequences and consequences related to trust which ensue from shortcomings in internal routines and systems. The handling of operating risks is aimed at identifying, assessing, monitoring and reducing those risks. The risks are assessed and handled based on their expected consequences and the degree of probability that they could occur. Internal directives and guidelines form the basis for risk management within Akademiska Hus. As opposed to market risks, the handling generally is directed more at reducing the risks. Corporate culture is critical in ensuring that internal controls are a normal and necessary operating prerequisite. An important factor in handling the operating risks is a standardised and process-oriented working approach. The essential elements of property management are process-oriented and include control points. Compliance with the established working approach is revised on an ongoing basis as part of the quality assurance process.

The operating risks that need to be handled can be divided into

- Administrative – insufficient or unsuitable routines, lack of controls and reporting, human error, lack of expertise, an unclear allocation of responsibility.
- IT – incorrect data systems, information security, stoppage risks
- Legal – sub-standard documentation, incorrect agreements

The Group's assets are insured in line with the assessed insurance requirements.



The echo-free room at Chalmers University of Technology is completely silent. This is where teaching and research are conducted in areas such as speakers and microphones, how human hearing functions and how we process information in the sounds we hear.

Risks – property management

Environmental risks

Owning and managing properties is always associated with environmental risks. The Environmental Code places considerable responsibility on the property owner. By satisfying the environmental certification requirements according to ISO 14001:2004, these risks are handled in a structured, co-ordinated way.

Based on documented environmental surveys, environmental impact is identified and the environmental programme is planned accordingly. The results of the environmental survey are compiled and evaluated in such a way that the environmental aspects that entail the greatest environmental impact are prioritised as 'significant environmental aspects'. The environmental aspects comprise energy management, material management, phasing out of hazardous substances and a good indoor environment. During 2007, these were expanded to also include transport.

Akademiska Hus uses risk analysis as a means of identifying, preventing, minimising or eliminating environmental risks in the Company's operations. This takes place in conjunction with purchasing, new construction, redevelopment and day-to-day management.

Before a property is acquired a documented environmental evaluation is made through a due diligence process.

New construction or redevelopment involves the use of large volumes of natural assets and environmental effects extend far into the future. The decisions reached at the planning and construction stage have considerable repercussions on environmental impact during the life cycle of the building and on costs over time. Consequently, an environmental programme is prepared for each individual project. The environmental objectives are formulated on the basis of a risk analysis for the project in question. Environmental risk analysis forms the basis for preventive measures to eliminate or minimise risks and create preparatory measures for those risks which, despite everything, persist. The environmental risk analysis is reviewed annually. The link between energy use and emissions of greenhouse gases influences our choice

of energy system and form of energy. Akademiska Hus is involved in making a continuous assessment and phasing out of hazardous substances in goods and building products.

The increasingly tangible climate deterioration in recent years means that new types of risks must be taken into account. Extreme weather situations make different demands on buildings. In the future, the effects of climate change will probably need to be weighed up in a more radical way in construction and management.

Changes in value

Changes in value are affected by external factors and by specific changes in the properties. External factors are the market rent trend, the direct yield requirement and cost of capital requirement. Specific changes in the properties are changes in vacant space and investments. Changes in value of existing holdings are often the single largest profit and loss item. It is, however, an unrealised profit and does not affect the cash flow. An unrealised change in value of one percentage point affects profit to the amount of SEK 484 million.

Rental income

Rental income is assured through, by industry standards, long leases. The average term for a newly signed lease with Akademiska Hus is 10.4 years and at the year-end the average remaining lease term was 6.3 years.

Specialist buildings intended for laboratory and research operations account for 34 per cent of the holdings and leases as these are normally signed with terms of ten years or more. In recent years, however, the need in the higher education sector for premises has fallen and many customers are reviewing their requirements.

Around 70 per cent of the rents are adapted annually to changes in the CPI. A small lease volume is also adapted to changes in interest rates.

In conjunction with rent negotiations there is a continuous follow-up of the lease renewal structure with the aim of securing an even spread of renewal dates. A change in rental income of one per cent affects the Group's pre-tax profit by SEK 46 million and the fair value by SEK 658 million.

Rents from state-controlled customers account for 88 per cent of the rental income and this income does not represent a credit risk. Few property companies can report such a combination of long, secure revenue flows.

In 2007, rental income increased in all regions and amounted to SEK 4,635 million (4,543). The largest increases are in the Eastern Region (SEK 30 million), the Stockholm Region (SEK 29 million) and the Northern Region (SEK 26 million). Other regions report rental income just above the 2006 level. In Stockholm, the full-year impact of commissionings and lettings during 2006 took effect. The Eastern Region is increasing thanks to the completion of the A-Building project in Linköping as well as customer adaptations in Örebro. In the Northern Region the increase is attributable mainly to the full-year effect of commissionings and the increase in rent levels in Umeå and Luleå.

Vacant space

An increase in vacant space has a direct impact on profit. The follow-up and handling of current and future vacant space is a high priority. Special plans have been drawn up to deal with all vacant space in conjunction with operational follow-up and these are also reported to the board of each regional company.

Vacant space amounted to 99,155 square metres (111,955), which is equivalent to 3.1 per cent (3.5). The economic level of vacant

space is lower and is 2.1 per cent (2.6). Vacant space generally has a lower rental value than the property holdings as a whole. The economic level of vacant space is equivalent to SEK 98 million (125). A change in the economic level of vacant space of one percentage point is equivalent to a change in pre-tax profit of SEK 43 million and in the fair value of SEK 730 million.

Vacant space within Akademiska Hus is very low compared with other property companies.

Operating costs

Energy costs make up the majority of the total operating costs and are difficult to influence in the short term. Operating costs are regarded in part as fixed costs as heating is often still necessary even if floor space is vacant. The rapid increase in energy prices has, however, not been reflected fully in the profit due to early procurement and energy-saving measures. A change in operating costs of one per cent affects profit by just under SEK 8 million and the fair value by SEK 137 million.

Akademiska Hus is not exposed fully to increases in operating costs as approximately 50 per cent of the cost of energy, fuel and water is passed on to the customers as a rent supplement. To deal with possible rises in electricity prices, 76 per cent of the estimated consumption in 2007 was hedged as of the year-end. Electricity is purchased directly on the electricity exchange Nordpool on a Group basis.

Akademiska Hus will continue to work to counter price rises, particularly district heating. Planning of in-house solutions is continuing and with the uncertain price trend which is expected in the future this is a highly prioritised area. Akademiska Hus will endeavour to invest in new energy solutions in all parts of the holdings where such investments are profitable.

Maintenance and investments

Maintenance costs are to a large extent variable and can be reduced or postponed to meet a fall in profit or vacant space. A change in maintenance costs of one percentage point would affect profit by SEK 7 million and the fair value by SEK 50 million (change in the maintenance standard in the property valuation).

The management organisation is working on a maintenance plan for each individual building. The measures taken over the years have meant that the property holdings are now well maintained.

Investments, i.e. value-enhancing measures, are only made if there is a calculation and a lease with a customer which together justify the investment on business grounds.

Financial risks

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 long-term strategic orientation, the Group's risk approach and how exposure to financial risks should be handled, and what mandates there should be to handle these risks. The plan for handling financial risks for the forthcoming year is laid down in December and includes authorisation and the mandates as well as concrete plans for financing operations. Handling of the liability portfolio interest risk takes place within the framework of a separate fixed interest mandate. The average fixed interest period at the year-end was 1.6 years, which is why fluctuations in market interest rates do not have an immediate impact on the liability portfolio. Financing is presented in more detail on pages 50–52.

The future – continued economic development despite the situation in the economy

External factors

Business climate and interest rates

It is not expected that the upturn in the economy that has taken place over a number of years will continue in 2008. The majority of analysts state that a weakening of the economy began in the latter half of 2007. Concern on the American mortgage market has contributed to fall in confidence in the financial system with a rise in risk premiums and a tightening of credit as a result. This has contributed to the downward revision of growth forecasts. In the face of the slightly weaker economic development in real terms there is a high residual cost pressure. The inflation forecast (CPI) for 2008 has been increased gradually and the average for the year is expected to exceed 3.5 per cent. The forecasts at the end of 2007 indicate that inflation will fall slightly towards the end of 2008. The previously relatively weak labour market, which had a restraining effect during the year, has developed more strongly and had a positive impact on the market for non-residential premises. Towards the end of the year, however, the financial turbulence contributed to higher financing costs for both individuals and companies. The result has been the same as with a tightening of monetary policy and has thus had a restraining effect on the economy.

The interest rate trend for 2008 is difficult to assess. The fixed interest period chosen by Akademiska Hus at the turn of the year is having an effect on the interest cost with a certain time-lag for interest rate changes.

Property and non-residential premises market

The property market during 2007 showed a break in the trend. The first half of the year was marked by a continued fall in the direct yield requirement from already low levels with a record number of transactions. During the autumn, however, the more stringent conditions on the credit market meant that on the transaction market there was stagnation in prices and valuations during the second half of the year. Akademiska Hus is of the opinion that the transaction market will slow down even further during 2008.

The market for non-residential premises reveals a more diversified trend. The rental market has for a long time reported stable rent levels although with relatively high volumes of vacant space on many sub-markets. Sweden is currently in an expansion phase with growth in the economy and rising employment. This is driving demand on the rental market, which is still considered to be stable. Being able to offer customers modern, attractive environments is, and will continue to be, a crucial success factor.

Leases and vacant space

In 2008, rental income will increase slightly. This is due mainly to the full-year effects of the buildings that were brought into use in 2007.

No major blocks of vacant space are expected to arise during 2008. The current available space within Akademiska Hus is to be found mainly in Gothenburg, Kista, Ultuna and Härnösand. In Gothenburg it is the Mathematics Centre on the Chalmers campus, totalling 10,259 square metres, which is vacant. There are plans to sell the building for conversion into, among other things student housing. Vacant space in Kista amounts to approximately 10,000 square metres. In Härnösand the demand is low and vacant space is



difficult to influence. In the Ultuna area of Uppsala, which to a large extent has the Swedish University of Agricultural Sciences as a customer, the vacant space is largely in the form of small buildings in need of modernisation and which are difficult to let out to another customer without substantial redevelopment. The long-term planning for the Ultuna area includes several major new constructions alongside extensive demolition of existing buildings.

Energy costs

Akademiska Hus will continue the work of counteracting the negative price trend. Planning of in-house solutions is proceeding and in the light of the price trend which is expected in the future this is a high priority area. Akademiska Hus is endeavouring to invest in new energy solutions for all parts of its holdings where such investments are profitable. Energy-saving initiatives have to date produced good results and will be developed further.

Challenges

A project started earlier to develop management activities and at the same time reduce management costs is continuing. The overall aim is to retain and reinforce profitability and competitiveness.

Another important area is the implementation of planned construction investments by Akademiska Hus. In 2008, the investments are

expected to amount to SEK 2.3 billion. There will be strict demands, particularly with regard to the procurement of contract work.

As always, it is a matter of preserving customer relations and being attentive to demands and changes. Akademiska Hus is working with special activity plans to gradually strengthen customer relations and in doing so have more satisfied customers. An important part of this work involves co-operating with customers and municipal representatives to plan the campuses so that long-term development potential can be highlighted. It is vital to capitalise on all the opportunities that exist to increase the range of services for those working on the campuses through collaboration with various parties, including restaurants, cafes, local stores and bookshops as well as healthcare and sports facilities.

Profit trend

The Group's expected future profit trend is considered to be stable. A low level of vacant space, longer leases with stable customers and the fact that Akademiska Hus is operating in a segment, i.e. higher education and research, that has become increasingly attractive on the market, are success factors for the future.

Sensitivity analysis

The table shows how the Group's pre-tax profit, return on equity and assessed fair value would be affected. The sensitivity analysis shows the impact on an annual basis at full effect.

A change in the cost of capital and the direct yield requirement of one percentage point would affect the profit and fair value by SEK 6–8 billion and the return on equity would change by 18–23 percentage points. Changes in the cost of capital and/or direct yield requirement are factors that affect the fair value most. It is, however, important to remember that the cash flow is not affected.

Akademiska Hus influenceable income and cost items which affect profit and valuation are rental income, vacant space, operating costs, maintenance costs, property administration costs and to a certain extent the interest cost. In the sensitivity analysis the current contract portfolio has not been taken into account and instead a calculation has been made on the basis that the variables were entirely floating.

A change in any of these items affects profit and valuation according to the table below.

Sensitivity analysis, liability portfolio

The Akademiska Hus interest-bearing liability portfolio is constantly exposed to interest rate changes on the market. As the fixed interest period is diversified and in accordance with the current risk mandate, a minimum of one year on average, the variations in the interest cost will fluctuate to a lesser extent than if the fixed interest period had been very short, e.g. three months. Akademiska Hus has fixed interest periods both within and outside the Balance Sheet. The aim of the interest derivative portfolio is to facilitate an extension of the liability portfolio's fixed interest period in addition to what has been achieved in the financing. If the interest rate goes up the existing fixed interest period would need to be subject to a higher rate of interest and thus increase the value of the interest derivative portfolio. In the following analysis the impact on profit of a rise in the interest rate by one percentage point is presented for all terms. The calculations are based on an unchanged debt amount.

Temporary current investments had a very short fixed interest period which justifies not taking into account the impact on profit. The analysis of the liability portfolio interest sensitivity is divided into two parts:

- A change in value of the interest derivative portfolio (current values).
- Cash flow effects over a calendar year for items with a short fixed interest period which are given a new short-term rate of interest for the remainder of the year.

Sensitivity analysis 2007

| Change | Impact on pre-tax profit, SEK m | Impact on return on equity, percentage points | Impact on fair value, SEK m | Impact on fair value, percentage points |
|--|---------------------------------|---|-----------------------------|---|
| Rental income, +/- one per cent | 46 | 0.1 | 658 | 1.4 |
| Vacant space, +/- one percentage point | 43 | 0.1 | 730 | 1.5 |
| Operating costs, +/- one per cent | 8 | 0.0 | 137 | 0.3 |
| of which energy, fuel and water | 5 | 0.0 | 92 | 0.2 |
| Maintenance costs, +/- one per cent | 7 | 0.0 | 50 | 0.1 |
| Cost of capital, + one percentage point | -3,056 | -8.9 | -3,056 | -6.3 |
| Cost of capital, - one percentage point | 3,390 | 9.8 | 3,390 | 7.0 |
| Direct yield requirement, + one percentage point | -3,227 | -9.4 | -3,227 | -6.7 |
| Direct yield requirement, - one percentage point | 4,457 | 12.9 | 4,457 | 9.2 |

(*) A change in the maintenance cost has in the event of an effect on the profit and return on equity been calculated based on actual maintenance costs. The effect on the fair value has been calculated based on a standard maintenance cost in the valuation model.

Sensitivity analysis, liability portfolio

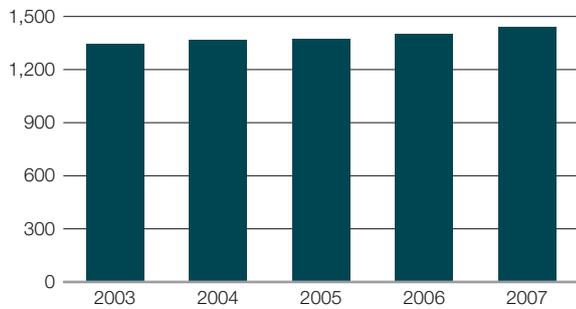
| | Nominal amount, SEK m | Maturity, years, average | Fixed interest period, years, average | Interest risk, one interest point, SEK m | Interest, per cent | Change in value of + 100 interest points, SEK m as of the year-end (*) | Change in interest income/expense of 100 interest points, SEK m during the remainder of the calendar year (*) |
|--|-----------------------|--------------------------|---------------------------------------|--|--------------------|--|---|
| Fixed interest within the balance sheet | 2,300 | 4.9 | 4.9 | 0.9 | 3.43 | - | - |
| Interest derivatives, fixed interest | 2,586 | - | 4.2 | 1.0 | 5.53 | 92 | - |
| Interest derivatives, variable interest | -2,586 | - | 0.3 | -0.1 | -4.67 | - | 18 |
| Variable interest within the Balance Sheet | 15,019 | 3.3 | 0.2 | 0.2 | 4.41 | - | -126 |
| Total | 17,319 | 3.5 | 1.4 | 2.0 | 4.54 | 92 | -108 |

(*) Refers to 100 interest points in a parallel displacement of the yield curve.

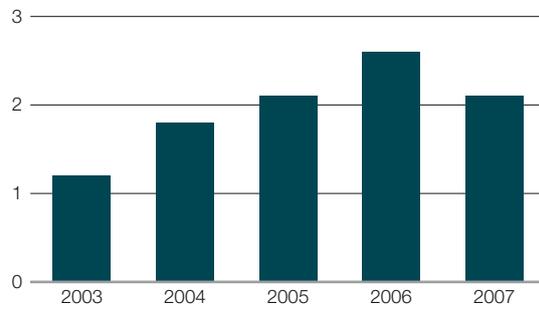
The graphs below show the historic outcome for the factors in the sensitivity analysis. The change in the vacant space situation does not affect profit in any appreciable way whilst from a valuation point of view it would have a major effect if the average economic level of

vacant space were to increase from, for example, 2.1 per cent to 3.1 per cent and the increase in vacant space reflects an average of the rental value. Expressed in square-metre terms, such an increase in vacant space would amount to approximately 32,000 square metres.

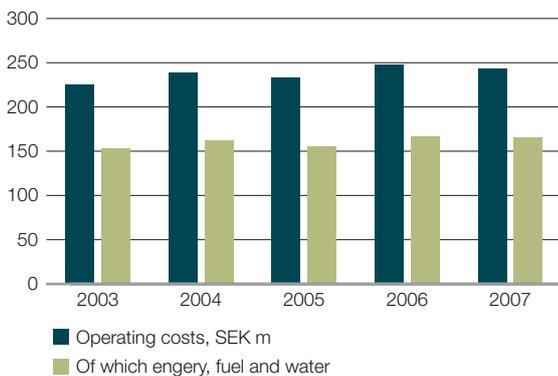
Rental income, SEK/m²



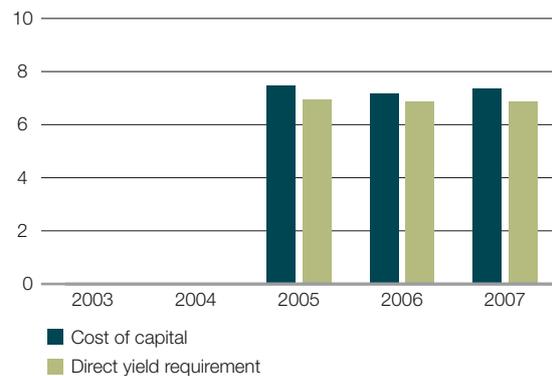
Level of vacant space, rent, %



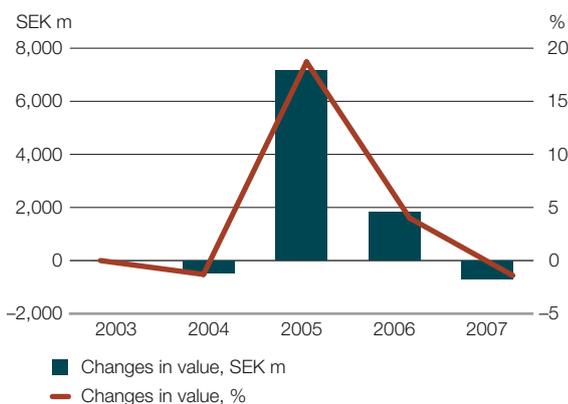
Operating costs, SEK/m²



Valuation variables, %



Changes in value



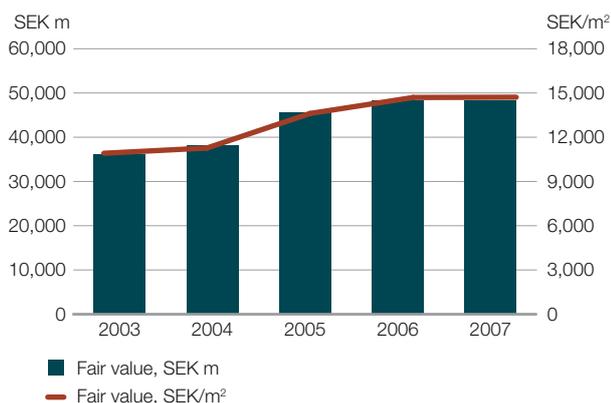


Property valuation

Slight increase in risk premiums in cost of capital

The fair value of Akademiska Hus investment properties as of the year-end 2007 was SEK 48,389 million (48,454). The unrealised change in value for the year was negative and amounted to SEK -684 million (1,818). The fair value per square metre is SEK 14,713 (14,695). The fair value has been set following an internal property valuation.

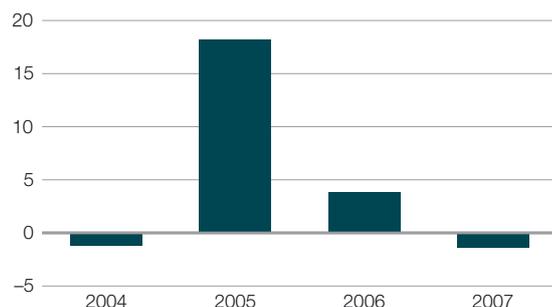
Property value



Change in value 2007

The change in value during the year was negative and amounted to SEK 684 million, which is equivalent to a decrease of 1.4 per cent (increase of 3.8) of the fair value. The decrease in value for Akademiska Hus is due almost entirely to an increase in the cost of capital as a result of the fact that the risk premiums have increased in the

Change in value, %



valuations. The cost of capital is on average 7.3 per cent (7.1). The letting level/level of vacant space and rent levels have only changed marginally. Several property companies reported a positive change in value in 2007 as result of major holdings in Central Business District (CBD) locations in Stockholm, Gothenburg and Malmö. These comprise commercial premises, stores and shopping centres which have experienced a growth in rents by up to 10 per cent. In 2006, the positive change in value was SEK 1,818 million and can be explained by falling direct yield requirements.

The total yield for 2007 was 4.6 per cent (9.8), of which the direct yield was 6.0 per cent (6.0) and the fall in value was -1.4 per cent (3.8).

Changes 2007

Apart from unrealised changes in value, investments have been made totalling SEK 1,123 million, of which SEK 435 million referred to Stockholm. Kärnhuset in Linköping was acquired during the year for SEK 15 million. Sales for the year amounted to SEK 504 million, of which the largest is the sale of Vanadishus AB in Stockholm for SEK 380 million, the sale of the Van der Huff 8 property in Stockholm for SEK 90 million and the sale of the Kommandantsängen 8:8 property in Gothenburg for SEK 20 million.

| Change in the property holdings during 2007 | SEK m |
|--|---------------|
| Assessed fair value, December 31, 2006 | 48,454 |
| + Investments in new construction and redevelopment | 1,108 |
| + Acquisitions | 15 |
| - Sales | -504 |
| + Unrealised change in fair value | -684 |
| <i>of which increase in value due to increased cost of capital</i> | <i>(-720)</i> |
| <i>of which decrease in value as a result of increased property administration</i> | <i>(-193)</i> |
| <i>of which increase in value as a result of increased market interest rates</i> | <i>(169)</i> |
| <i>of which other change in value</i> | <i>(60)</i> |
| Assessed fair value, December 31, 2007 | 48,389 |

The general upturn on the property market came to a halt during 2007.

During the first part of 2007 the market was characterised by a record number of transactions and to some extent continued yield compression. This applied largely to properties in CBD locations in Stockholm and Gothenburg. Akademiska Hus decided during the first half of the year not to adjust the direct yield requirement or the cost of capital, the reason being that our properties were not in the most sought after locations. After summer 2007, however, the market changed. A number of reports were received that the market for com-



The library and learning resources at Borås University College offer a modern library environment with areas for lively group discussions as well as quiet, individual study.

Assessed fair values of investment properties, regions, SEK m

| Region | 31-12-2007 | 31-12-2006 | Change | Of which investments/ acquisitions | Of which sales/ disposal | Of which unrealised change in value |
|--------------|---------------|---------------|------------|---------------------------------------|-----------------------------|--|
| North | 4,264 | 4,190 | 74 | 217 | -6 | -137 |
| Uppsala | 6,334 | 6,170 | 164 | 132 | -8 | 39 |
| Stockholm | 19,571 | 19,670 | -99 | 435 | -470 | -65 |
| East | 4,604 | 4,729 | -125 | 151 | - | -276 |
| West | 7,240 | 7,252 | -12 | 52 | -20 | -43 |
| South | 6,377 | 6,443 | -66 | 136 | - | -202 |
| Total | 48,389 | 48,454 | -65 | 1,123 | -504 | -684 |

mercial properties had peaked and stagnating prices and values are being reported. The number of transactions has fallen and since the summer credit concern has meant that the risk premiums in the cost of capital have once again increased slightly. In the light of this, and following consultation with DTZ, Akademiska Hus has chosen to allow the direct yield requirements to remain unchanged and at the same time adjust the cost of capital upwards by 0.5 percentage points for all valuation objects with a lease of six years or less. Customer factors, such as the category of customer, the customer's long-term presence and payment capacity have for several years been regarded by the market as being increasingly important in the valuations. Akademiska Hus has 88 per cent of its customers under state control and with long leases.

For a number of years the significance of customer factors has increased, which must be regarded as being very strong for Akademiska Hus, and means that the direct yield requirement can remain on the same level as 2006.

The direct yield requirement per town and location is shown in the graph on page 39. The direct yield requirement for Akademiska Hus includes the specific residual value risk in the Akademiska Hus property holdings. Laboratory premises make up 34 per cent of the holdings and there is a relatively higher risk in the rental flow in the long term. This higher risk justifies the relatively speaking slightly higher direct yield requirement (for an explanation of the valuation location, see the Town and location section). The upward adjustment of the cost of capital has had a negative impact on profit of SEK 720 million.

External valuation

A selection of the properties is valued each year by external valuation companies as a benchmark to quality-assure the internal valuation model. In addition, certain development properties with income and costs which are difficult to estimate are valued externally. Apart from developed properties, expansion reserves were also valued externally

during 2007. The external valuations were made by DTZ, whose valuers are authorised by the Swedish Society of Real Estate Economics.

Of the 100 objects in Akademiska Hus which had been valued the highest, 10 objects were valued externally. In terms of value, the external valuations account for approximately 10 per cent of the total value. The deviation in value for the externally valued objects compared with the internal valuation is on the object level with a margin of error of +/- 10 per cent. The external valuations carried out confirmed the reliability of the Akademiska Hus internal valuation model. The external valuations made of the Akademiska Hus expansion reserves give slightly lower values. At the end of 2007, these accounted for only 2.0 per cent of the total assessed fair value.

Internal valuation

SEK 46,349 million (96 per cent) of the assessed fair value has been set using the internal cash flow valuation.

| Assessed fair value, investment properties | SEK m | Share |
|--|---------------|-------------|
| Internal valuation model | 46,349 | 96% |
| Expansion reserves | 981 | 2% |
| Other valuation | 1,059 | 2% |
| Assessed fair value, investment properties, December 31, 2007 | 48,389 | 100% |

Valuation using the cash flow method

The value of an asset comprises the current value of the future cash flows which the asset is expected to generate.

Within Akademiska Hus the property valuation is based on each individual valuation object's expected cash flow during the coming ten years with an estimated residual value for year 11. The valuation objects have been valued individually without taking into account portfolio effects. The cash flow comprises each valuation object's income and expenses, i.e. the net operating profit. The calcu-

lation of the rental payments is based on current agreements. If the rent level at the end of the agreement was considered to be on market terms it has been assumed that the agreement could have been extended subject to the same terms and conditions. Otherwise the rents have been adjusted to bring them in line with the market.

Cash flow for operating costs is based on budget and forecasts. Property administration costs have been assessed based on the average level of costs within Akademiska Hus and maintenance costs have been assessed based on costs and experience from comparable objects as well as key maintenance figures for the industry. Investments have been assessed based on investment requirements.

To ensure the net operating profit during the calculation period an assessment is also made of inflation and vacant space. For the final year of the calculation period the residual value is calculated, which should be a probable market value at that point in time. The residual value is calculated using the direct yield method. The net operating profit for years 1–10 and the residual value for year 11 are discounted using a cost of capital. The current value of the net operating profit and the residual value have been calculated using the same cost of capital, reduced by three per cent for stamp duty.

Akademiska Hus's view of cost of capital and direct yield requirements

Cost of capital and direct yield requirements in the Akademiska Hus valuation model can be traced partly from transactions on the property market and partly using in-house analyses. Both the demands of the market and in-house analyses have been checked with external valuation companies.

Cost of capital and direct yield requirements should be justified from conditions specific to Akademiska Hus as well as practice within the property industry. It is in these yield requirements that the risk in the property holdings is highlighted.

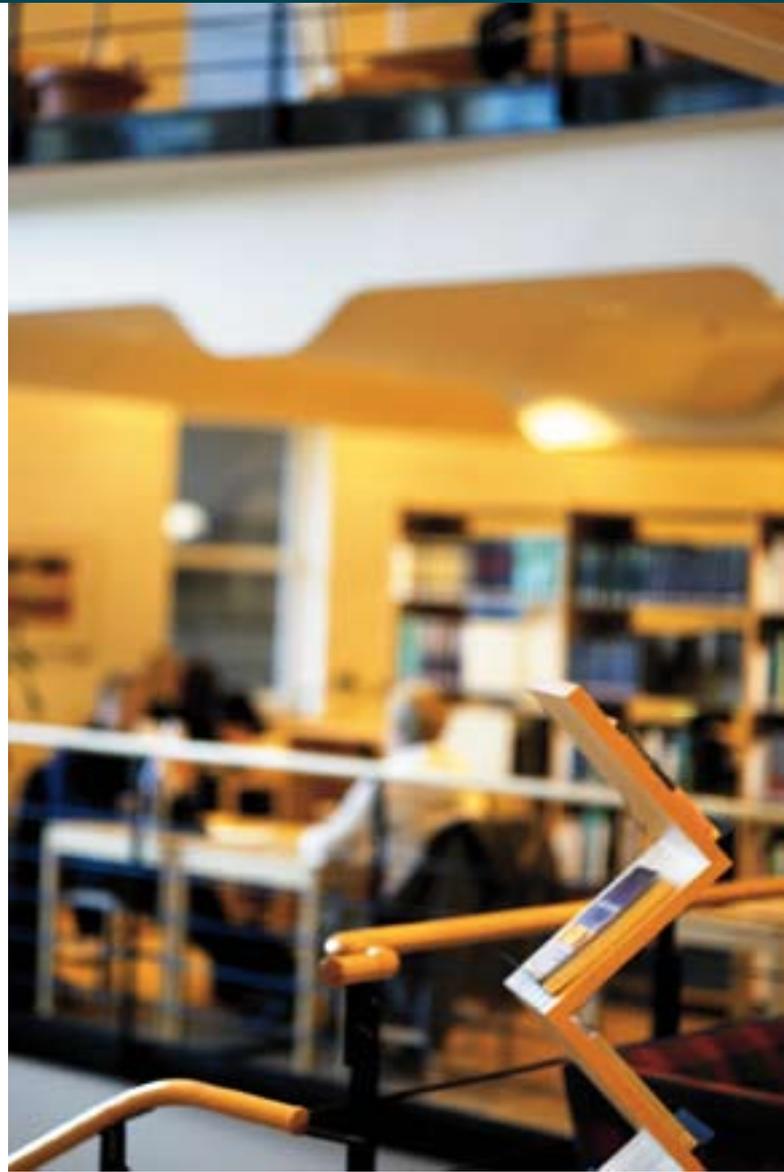
For Akademiska Hus the tenants are a strength factor. Approximately 88 per cent of the tenants are state-controlled and the average remaining term of current leases is 6.3 years. The cash flow during the calculation period is, using these conditions, extremely well assured and there are no major uncertainties during the calculation period. Using these conditions, the risk premium in the cost of capital should be low. The uncertainty largely takes the form of residual value risks and the fact that Akademiska Hus is working in a specific segment of the property market.

The residual value risk means that there is a relatively high risk in the rent flow in the long-term and in particular for buildings outside the city areas with a significant element of specific, operationally adapted premises. Several buildings are not general in the sense that they are not available for new customers or purposes without substantial redevelopment. The relatively large direct yield requirement spread reflects an assessment of this situation.

Town and location

As part of the valuation, town and location have been classified as follows:

- AA Inner city locations in Stockholm and Gothenburg.
- A Malmö, Lund, other parts of Gothenburg, other parts of Stockholm, Solna, Kista and Uppsala
- B Borås, Kalmar, Skövde, Norrköping, Linköping, Huddinge, Sundsvall, Umeå and Luleå
- C Alnarp, Kristianstad, Röbbäcksdalen, Skara, Ultuna, Örebro, Karlstad and Gävle
- D Other locations



The division into different towns and locations reflects the demand on the market and the attractiveness of the properties. AA towns and locations are the most sought after and attractive whilst D locations are in least demand.

The town and location classifications have been determined according to the general division of the property market, where larger and more important towns have from a demographic, employment and economic point of view been assigned a higher degree of attractiveness, and also from the point of view of higher education and research, where AA and A locations are more attractive and are considered to be more stable and secure education and research locations in the long term.

Extent of special adaptation and category of premises

In the valuation a division has been made into laboratory premises and non-laboratory premises. The proportion of laboratory premises within Akademiska Hus is 34 per cent. For these premises there is a relatively higher risk in the rent flow in the long term as they represent a significant element of specific operationally adapted premises. To counter this risk, laboratory premises have a generally higher direct yield requirement with regard to the residual value.

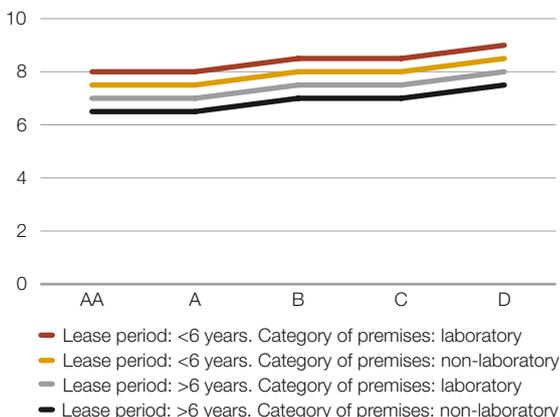
Remaining rental period

From a valuation point of view a division has been made into an average remaining lease period exceeding six years and equal to or less than six years. For valuation objects with an average remaining lease period exceeding six years the relative risk is lower as the cash flow valuation is predominantly based on hedged flows. During the second half of 2007 the risk premiums in the cost of capital increased slightly as a result of concern on the credit market. Consequently, Akademiska Hus has opted to increase the cost of capital for all valuation objects with leases of six years or less.

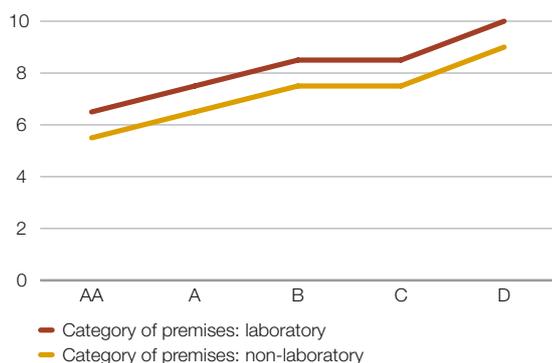
Cost of capital and direct yield requirements

The cost of capital for the cash flow varies for different valuation objects within the range 6.5–9.0 per cent depending on the town, location, lease period and category of premises in the valuation object. The cost of capital varies moderately, which can be explained by what are on average long and secure flows during the cash flow period. For 2007, the cost of capital has been adjusted upwards by 0.5 percentage points for all valuation objects with leases of six years or less. For 2007, the average cost of capital was 7.3 per cent (7.1).

Cost of capital, % per town and location

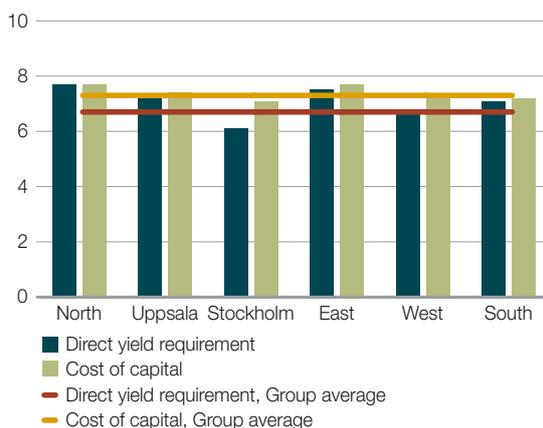


Direct yield requirement, % per town and location



The long-term direct yield requirement varies between 5.5 per cent and 10.0 per cent depending on the town, location and category of premises. There is a broader spread for the direct yield requirement compared with the cost of capital by reason of the fact that the direct yield requirement refers to uncertain conditions after year 10. For 2007, the average direct yield requirement was 6.7 per cent (6.7). The direct yield requirement and cost of capital by region are presented in the following graph.

Direct yield and cost of capital by region, %



Other assumptions

The following assumptions form the basis for the market valuation:

- The calculation period is 10 years.
- Inflation (CPI) is estimated at 2.0 per cent per year throughout the whole of the calculation period and is based on the Swedish Riksbank long-term inflation target of 2.0 per cent.
- The rent trend is estimated at a maximum of inflation (CPI). Consideration has been given to the formulation of the lease agreements, which have an annual rent increase equal to an average of 70 per cent of the CPI. The rent is adapted to the assessed market rent at the end of the lease period.
- For current lease agreements the actual level of vacant space has been used. At the end of the present lease agreement a general level of vacant space of five per cent has been assumed.
- It has been assessed that under normal circumstances operating costs follow inflation (CPI).
- Property administration costs have been set at the standard of SEK 75/m² (70).
- Maintenance costs have been set at a standard of SEK 70/m² (70) for non-laboratory premises and SEK 110/m² (110) for laboratory premises. The standard figures adopted reflect the actual costs.
- Costs have been taken into account for installation-intensive premises and for a small number of other premises with a considerable need for refurbishment of a maintenance nature.

Expansion reserves

Of the assessed fair value, SEK 91 million comprises expansion reserves, where building rights of approximately 1.3 million square metres gross area are included. As these do not generate cash flow they had been valued using the location prices for building rights as a guide with a deduction for estimated development costs, such as roads in conjunction with expansion. In some cases, where the planning conditions for a new development are unclear, the pure land values have been used to set the value.

Other valuation

A value of SEK 46,349 million has been set according to the internal valuation model and SEK 981 million refers to expansion reserves. The remaining value, SEK 1,059 million, comprises mainly development properties with uncertain future income and costs as well as the few Akademiska Hus residential objects. These have been valued individually outside the internal valuation model using the valuation method that has been most applicable. In addition to investment properties Akademiska Hus has current new construction amounting to SEK 1,316 million (894), which has been valued at cost.

Profitability

Stable net operating profit

Net operating profit and direct yield

In property management the profit is stable and is increasing compared to 2006. Operating income is increasing more than operating costs. The net operating profit, i.e. the profit from the Group's property operations before central administration costs and net financial income/expense, totalled SEK 2,918 million (2,843). The net operating profit has been positive ever since Akademiska Hus was founded. The net operating profit margin was 62 per cent (62).

The direct yield was 6.0 per cent (6.0) of the assessed fair value.

Return on equity and total assets

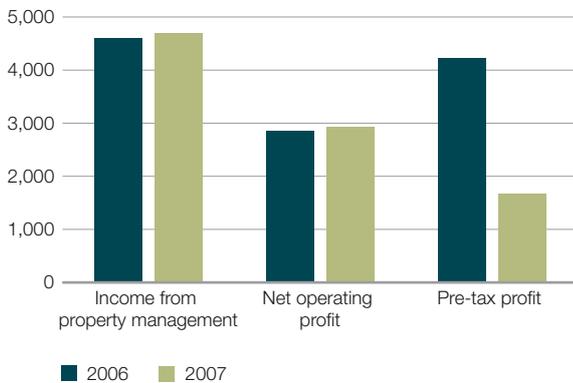
The return on equity for 2007 was 4.9 per cent (12.9) and the return on total assets was 4.8 per cent (10.0). The negative change can be attributed mainly to the negative change in value in the investment properties, amounting to SEK 684 million, as a result of the increased cost of capital in the valuations following the increase in the risk premiums during the year, and the net financial interest/expense falling to SEK -610 million (-419) due to the rise in interest rates.

One of the owner's requirements for profitability is that the return on equity should be equivalent to the average five-year government bond interest rate plus four percentage points viewed over a business cycle. The rise in interest rates during 2007 has meant that the five-year government bond interest rate increased and was on average 4.2 per cent. The yield requirement has thus amounted to 8.2 per cent.

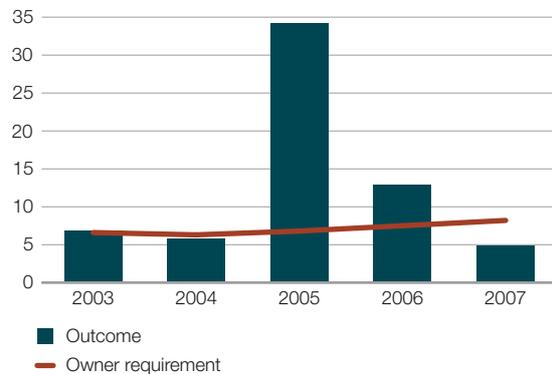
Net operating profit margin



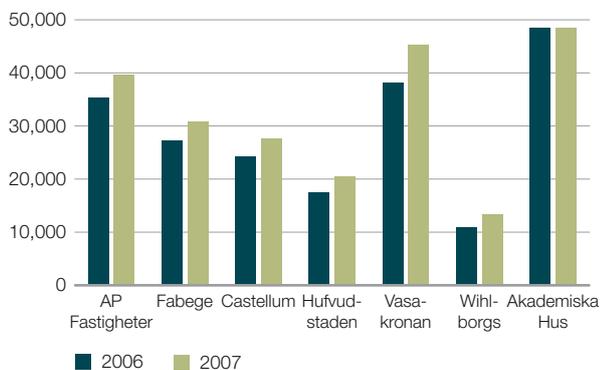
Income and profit, SEK m



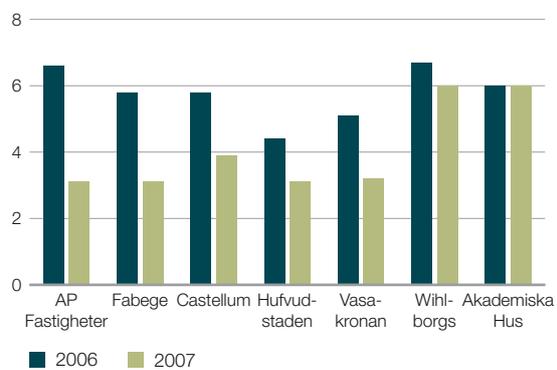
Return on equity, %



Fair value, 2006-2007, SEK m



Direct yield, 2006-2007, %



The above information has been taken from the companies' year-end reports for 2007. The majority of property companies report increasing property values for 2007.

The above information has been taken from the companies' year-end reports for 2007. The direct yield has been defined as the net operating profit in relation to the average assessed fair value according to the income Statement and Balance Sheet as of December 31, 2007.

Operating costs

Operating costs, a significant item that can be influenced

In 2007, operating costs amounted to SEK 782 million (803), of which energy and water supply amounted to SEK 530 million (538). Operating costs thus accounted for around 44 per cent of management costs.

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

- Cost of providing energy and water
- Other operating costs, such as labour costs for operating technicians/building supervisors and ground staff as well as refuse collection and official inspections.

Akademiska Hus operating costs should be assessed in the light of the complexity of the premises, including the large proportion of laboratories as well as the long utilisation time of the premises, which is increasing gradually. Laboratories total 1.1 million square metres (34 per cent). This is the reason for the relatively high operating cost level at Akademiska Hus. The technical complexity of the buildings is of major significance from an operating cost point of view. New and redeveloped premises that have been added in recent years have to a large extent taken the form of premises with large laboratory areas, which are more resource-intensive than normal classrooms, both from an energy and a supervision and maintenance point of view. The reason for the negative operating cost trend is mainly increased energy costs, which originate to a large extent in political decisions such as the introduction of trade in emission rights (CO₂ equivalents) as well as increased energy taxes. Despite this, the proportion of rental income that goes to meet operating costs is relatively stable. Average operating costs for the Group for the year amounted to SEK 244/m² (247). Of the operating costs, SEK 165/m² (166) referred to energy, fuel and water. The regional breakdown of operating costs is shown in the table below.

Energy management can be improved even further in line with the incentive models which are being introduced to the benefit of both customers and landlord. The aim is to apportion energy costs between Akademiska Hus and the customers in such a way that it offers an

incentive to both parties to make energy savings. Depending on the nature of the energy use and the character of the buildings there are two main paths that can be followed to divide energy costs between the customer and Akademiska Hus.

1. Energy costs are debited as a supplement to the rent. At the turn of the year 2007/2008 electricity and heating were debited separately in 55 per cent of the leases. The degree to which the cost of energy, fuel and water are passed on to the customers varies locally between 22 and 75 per cent and depends, among other things, on the proportion of energy-intensive laboratories and the lease renewal structure. For laboratory-intensive buildings a lease situation is sought where the customer is responsible for the energy cost depending on the fact that it is the actual laboratory operations that use most energy and this is something over which the customer has control. Of the operating costs for the year attributable to energy fuel and water, totalling SEK 530 million, SEK 303 million was passed on to the customer. The task of adapting the amount passed on to the customer is an integral part of all lease negotiations. Due to the long average lease period (6.3 years) this change will take time.
2. Energy costs are included in the rent. For teaching premises or buildings of a less complex nature, around 75 per cent of the energy cost is for heating and is to a large extent possible for the landlord to influence. For these buildings a lease situation is sought where the energy cost is included in the rent as this gives Akademiska Hus the greatest incentive to implement measures aimed at improving energy efficiency.

Regional variations in the operating cost structure are caused by:

- Different degrees to which the cost, particularly for energy, is passed on to the customer, which means a variation in incentives for the customers to manage their use of energy.
- The age structure of the buildings is of some significance as older buildings are more energy-intensive.
- Towns with technical and medical course programmes and research have as a rule higher energy costs as a result of the higher proportion of laboratories.

| Maintenance costs, SEK m | Region | | | | | | Group |
|---|------------|------------|-----------|------------|------------|-----------|------------|
| | South | West | East | Uppsala | Stockholm | North | |
| Electricity | 49 | 43 | 30 | 67 | 88 | 32 | 308 |
| Heating | 25 | 22 | 16 | 38 | 59 | 16 | 176 |
| Water | 2 | 3 | 2 | 5 | 5 | 3 | 20 |
| Cooling | 3 | 2 | 3 | 0 | 10 | 1 | 18 |
| Energy, other | 2 | 2 | 0 | -1 | 11 | 0 | 7 |
| Total energy, fuel, water | 82 | 72 | 50 | 109 | 173 | 52 | 530 |
| Energy, fuel and water, SEK/m ² | 162 | 145 | 153 | 199 | 185 | 126 | 165 |
| Land costs, maintenance etc. | 9 | 7 | 5 | 10 | 15 | 6 | 51 |
| Building costs | 1 | 8 | 3 | 17 | 29 | 10 | 67 |
| Refuse collection | 2 | 3 | 0 | 2 | 4 | 2 | 14 |
| Labour cost, operation | 15 | 16 | 7 | 18 | 19 | 8 | 83 |
| Other | 15 | 3 | 4 | 2 | 15 | 2 | 41 |
| Total, other operating costs | 42 | 36 | 19 | 48 | 83 | 28 | 256 |
| Total operating costs | 124 | 108 | 69 | 157 | 256 | 80 | 786 |
| Operating costs in SEK/m ² | 245 | 219 | 210 | 286 | 273 | 195 | 244 |
| of which energy, fuel and water, SEK/m ² | 162 | 145 | 153 | 199 | 185 | 126 | 165 |
| Proportion of energy cost passed on | 43% | 48% | 38% | 75% | 64% | 22% | 55% |

Choosing different incentive models is not, however, the primary task when reducing operating costs. The company is working actively to reduce operating costs mainly through operational optimisation of existing systems and, where it is possible and profitable, through the introduction of new, more energy-efficient technical systems. Knowledge of energy use in buildings is a critical area of expertise in order to be able to implement efficiency-enhancing measures and technical system changeovers. This expertise is available within Akademiska Hus through the Company's management personnel.

Examples of new technical systems are the large ground storage facilities for heating and cooling that have been installed in Lund, Örebro, Gothenburg and Karlstad. In Kristianstad, planning for a ground storage facility is in progress.

The successful negotiations by Akademiska Hus with energy suppliers have contributed to keeping increases in operating costs, despite everything, on a reasonable level. A further means of reducing operating costs is Group procurement of electricity on the Nordpool electricity exchange. To deal with possible increases in the price of electricity, 76 per cent of the estimated use for 2008 was hedged as of the turn of the year.

Energy activities

Akademiska Hus has for some time made use of a common system for the collection, monitoring and follow-up of its energy use. As the last locations transfer completely to the new system we are making significant headway. The system allows hourly collection for our holdings and following compilation of the readings a collective picture of the energy use is acquired. With the aid of our data store this

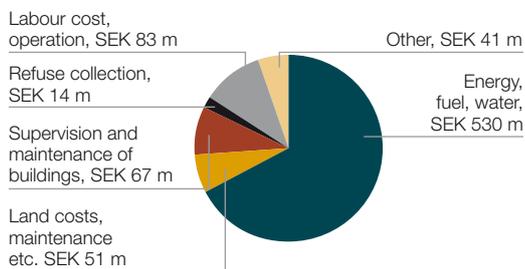
information is used jointly and is presented in a number of different tools, including our web-based customer portal. The system also allows our customers to have their energy use separated monthly based on actual use. With these solutions we can find incentives for us as a landlord, together with our customers, to influence our energy consumption.

During 2006-2007 a training programme was run for around 200 engineers, technicians and managers within the Group. The programme covered the basics of the technical systems in our buildings as well as a number of methods to detect and rectify shortcomings or areas that offer savings potential. The aim of the programme has been to find savings potential within our property holdings without this affecting the indoor climate. The 'Palette' tool developed within Akademiska Hus was used continuously during the programme as a reference. This collection of tangible advice is one of the basic elements in our energy-saving programme.

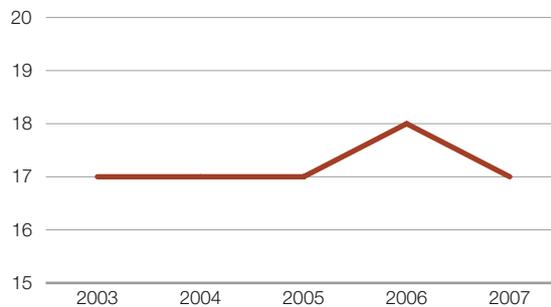
During 2008, Akademiska Hus property holdings will undergo an energy declaration procedure. An energy declaration describes the energy use of the building and is based on an EU directive aimed at making our buildings more energy efficient.

The declarations will be prepared by external energy experts and will take place continuously throughout the country during 2008. The aim of the energy declarations is to find energy measures without this taking place at the expense of the indoor climate, which must remain the same. The energy experts, together with Akademiska Hus personnel, will produce information and proposals for measures that will be cost-effective. A summary of the energy declaration will be posted in the entrances to our buildings.

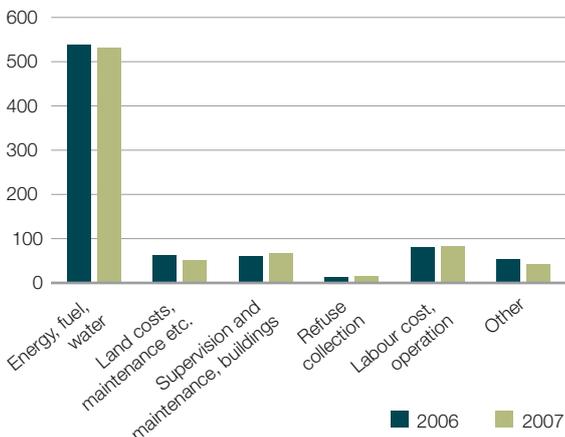
Operating cost breakdown 2007



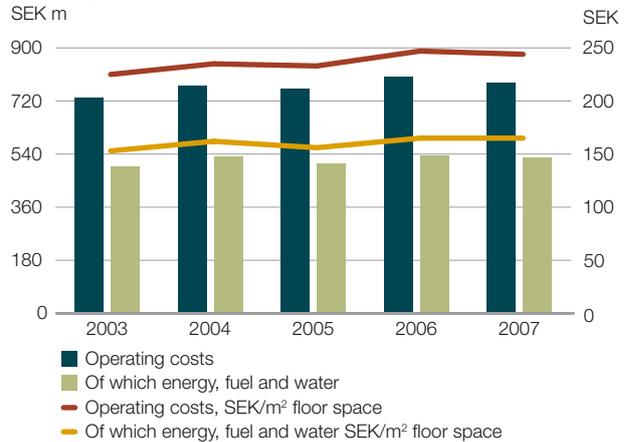
Operating costs – proportion of rental income, %



Operating cost 2006–2007, SEK m



Operating costs



Maintenance costs

Stable maintenance level

Maintenance costs are the measures taken to reinstate worn or damaged parts of a building to their original standard and function.

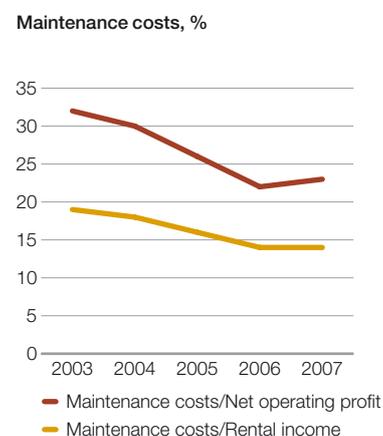
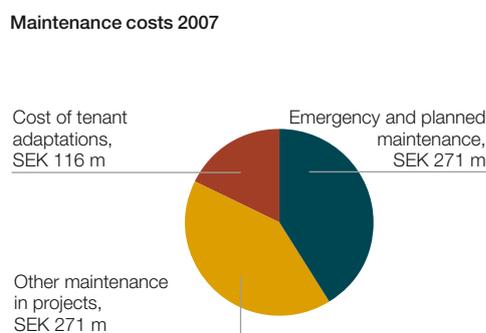
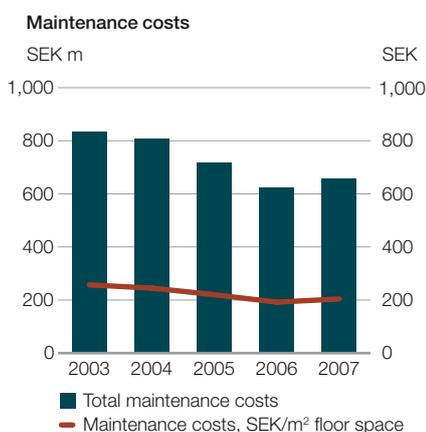
Maintenance costs for the year totalled SEK 658 million (624). Since it was founded Akademiska Hus has focused on maintenance measures with the aim of improving the standard of the property holdings, which is now considered to be very satisfactory. As a result of the measures taken earlier the maintenance costs, in relative terms, are expected to fall in the future. 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 income and net operating profit. Of the maintenance costs, SEK 271 million (252) refers to emergency and planned maintenance, SEK 271 million (252) refers to maintenance in projects and SEK 116 million (115) refers to customer adaptations. Averaged for the Group, maintenance costs for the year totalled SEK 204/m² (192). Emergency and planned maintenance was SEK 84/m² (79) and maintenance in projects was SEK 84/m² (78). A regional

breakdown of the maintenance costs is shown in the table below. The maintenance costs vary between regions, mainly as a result of maintenance in projects in conjunction with redevelopment.

In the South Region three major redevelopments took place during 2007 which involved maintenance measures. These are the renovation of the mansion in Alnarp, which resulted in maintenance at a cost of SEK 30 million, in Lund at the Lund University Technology Transfer Office (TTO) amounting to SEK 17 million and the Skåne Region information technology services department amounting to SEK 13 million.

In Uppsala there were two major redevelopment projects during the year that resulted in maintenance measures. These are the Education Building in Ultuna, amounting to SEK 35 million, and the English Park building 4 for the Department of Domestic Science at a cost of SEK 24 million. In Stockholm there was the redevelopment of the College of Naprapathy on the Frescati campus at a cost of SEK 20 million and the Tre Vapen property for the Swedish Environmental Protection Agency at a cost of SEK 12 million.

| Maintenance costs, SEK m | Region | | | | | | Total |
|--|------------|-----------|-----------|------------|------------|-----------|------------|
| | South | West | East | Uppsala | Stockholm | North | |
| Emergency and planned maintenance | 42 | 43 | 28 | 44 | 82 | 33 | 271 |
| Maintenance in projects | 78 | 31 | 14 | 89 | 43 | 16 | 271 |
| Customer adaptations | 24 | 16 | 18 | 25 | 11 | 22 | 116 |
| Total maintenance costs | 144 | 90 | 59 | 158 | 136 | 71 | 658 |
| Maintenance costs in SEK/m ² | 285 | 181 | 180 | 288 | 145 | 175 | 204 |
| of which emergency and planned maintenance, SEK/m ² | 82 | 87 | 85 | 79 | 88 | 81 | 84 |
| of which maintenance in projects, SEK/m ² | 155 | 62 | 41 | 163 | 46 | 40 | 84 |
| of which customer adaptations, SEK/m ² | 47 | 33 | 54 | 46 | 11 | 54 | 36 |



Five-year summary

| | Graph | 2007 | 2006 | 2005 | 2004 | 2003 ¹⁾ |
|---|-------|-------------------|-------------------|----------------------|--------|--------------------|
| Income statement, SEK m | | | | | | |
| Management income | | 4,693 | 4,596 | 4,533 | 4,530 | 4,413 |
| Operating costs | | -786 | -803 | -762 | -783 | -730 |
| Maintenance costs | | -658 | -624 | -717 | -806 | -835 |
| Property administration | | -239 | -253 | -254 | -245 | -216 |
| Net operating profit | | 2,918 | 2,843 | 2,727 | 2,625 | 2,573 |
| Change in value, investment properties | | -617 | 1,874 | 7,214 | -478 | - |
| Central administration costs | | -30 | -38 | -35 | -35 | -22 |
| Operating profit | 1 | 2,283 | 4,649 | 9,917 | 2,119 | 1,604 |
| Net financial income | | -610 | -419 | -647 | -794 | -895 |
| Profit before tax | 1 | 1,673 | 4,229 | 9,270 | 1,324 | 710 |
| Profit for the year | | 1,253 | 3,038 | 6,654 | 950 | 503 |
| Balance sheet, SEK m | | | | | | |
| Assessed fair value, properties | 2 | 48,389 | 48,454 | 45,616 ²⁾ | 38,230 | 36,118 |
| New construction in progress | | 1,316 | 894 | 1,121 | 806 | 1,555 |
| Other assets | | 2,449 | 3,147 | 3,414 | 1,385 | 1,471 |
| Equity | | 24,700 | 24,801 | 22,455 | 16,618 | 7,506 |
| Interest-bearing liabilities | | 18,009 | 18,270 | 19,140 | 17,454 | 16,794 |
| Other liabilities and provisions | | 9,445 | 9,424 | 8,556 | 6,349 | 3,138 |
| Cash flow, SEK m | | | | | | |
| Cash flow from current operations | | 1,814 | 1,777 | 1,675 | 1,200 | 1,591 |
| Cash flow from investments | 3 | -685 | -1,000 | -328 | -1,502 | -1,894 |
| Cash flow before financing | | 1,129 | 777 | 1,347 | -302 | -303 |
| Cash flow from financing | | -1,664 | -624 | -450 | 164 | -840 |
| Cash flow for the year | 3 | -535 | 153 | 897 | -139 | -1,143 |
| Property-related key figures | | | | | | |
| Total yield, properties, % | | 4.6 | 9.8 | 24.7 | 5.9 | 1.3 |
| of which direct yield, % | | 6.0 | 6.0 | 6.5 | 7.1 | 7.1 |
| of which change in value, % | | -1.4 | 3.8 | 18.2 | -1.2 | -5.8 |
| Rental revenue, SEK per m ² | | 1,439 | 1,399 | 1,372 | 1,365 | 1,342 |
| Operating costs, SEK per m ² | | 244 | 247 | 233 | 238 | 225 |
| Maintenance costs, SEK per m ² (including customer adaptations) | | 204 | 192 | 219 | 245 | 257 |
| Net operating profit in relation to administration income, % | | 62 | 62 | 60 | 58 | 58 |
| Net operating profit, SEK/m ² | | 906 | 875 | 835 | 799 | 791 |
| Level of vacant space, area | | 3.1 | 3.5 | 3.2 | 2.8 | 1.8 |
| Level of vacant space, rent | | 2.1 | 2.6 | 2.1 | 1.8 | 1.2 |
| Assessed fair value, properties, SEK/m ² ³⁾ | 2 | 14,713 | 14,695 | 13,610 | 11,269 | 10,913 |
| Financial key figures | | | | | | |
| Return on equity after standard tax, % ⁴⁾ | 4 | 4.9 | 12.9 | 34.2 | 5.8 | 6.9 |
| Return on total assets, % ⁵⁾ | 4 | 4.8 | 10.0 | 22.6 | 5.4 | 5.9 |
| Interest-bearing net loan liability, SEK m | | 16,411 | 16,250 | 16,336 | - | - |
| Equity ratio, % | | 47.8 | 47.2 | 44.8 | 41.1 | - |
| Interest coverage level, % ⁶⁾ | 5 | 399 | 434 | 435 | 327 | 179 |
| Interest cost in relation to average capital in interest-bearing liability, % | | 3.6 | 2.5 | 3.8 | 4.5 | 5.3 |
| Loan-to-value ratio, % | 5 | 33.9 | 33.5 | 35.8 | - | - |
| Dividend, SEK m | | 967 ⁷⁾ | 1,400 | 660 | 394 | 250 |
| Customers and personnel | | | | | | |
| Satisfied Customer Index (NKI) | | 69 | 69 | 67 | 67 | 67 |
| Average number of employees | | 397 | 398 ⁸⁾ | 446 | 442 | 430 |
| Satisfied Employee Index (NMI) | | 69 | 66 | 66 | 66 | 67 |

¹⁾ 2003 is reported according to the Annual Accounts Act. and 2004 onwards according to IFRS.

²⁾ Transition to a new valuation model.

³⁾ Excluding the value of expansion reserves.

⁴⁾ The owner's yield requirement is that the return on average equity should be equivalent to the five-year government bond interest rate plus 4.0 percentage points viewed over a business cycle. In 2007, the average five-year government bond interest rate was 4.2 per cent.

⁵⁾ According to IFRS 2007, 2006 and 2005.

⁶⁾ Excluding changes in the value of investment properties, from and including 2004.

⁷⁾ According to a proposition by the Board at the Annual General Meeting to be held on April 29, 2008.

⁸⁾ With effect from 2006 a different calculation method was used.

Comments on the Five-year summary

1. Profit, SEK m



The Group's operating profit was SEK 2,283 million (4,649). The unrealised change in value of the property holdings for the year amounted to SEK -684 million (1,818) and is the reason for the fall in profit. The net operating profit increased on the previous year by 2.6 per cent and amounted to SEK 2,918 million (2,843). The pre-tax profit was SEK 1,673 million (4,229). Net interest income/expense fell during the year to SEK -610 million (-419) as a result of rising short-term interest rates following increases in the repo rate by the Riksbank as well as increased credit spreads as an unsettled unrest on the credit market.

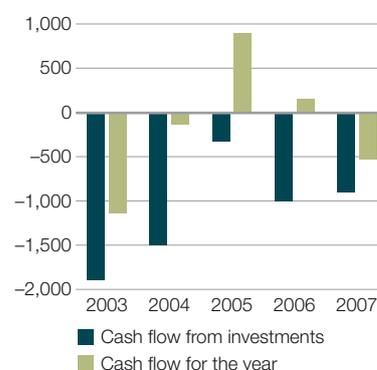
2. Fair value, investment properties



The assessed fair value has decreased and totals SEK 48,389 million (48,454). The fall in value amounts to SEK 684 million. During the second half of 2007 the number of transactions on the market for commercial properties fell significantly and the current concern on the credit market has meant that the risk premiums in the cost of capital have once again increased slightly.

The fall in value at Akademiska Hus can be attributed almost entirely to an increased cost of capital in the valuations. The letting levels/level of vacant space and rent levels have only changed marginally.

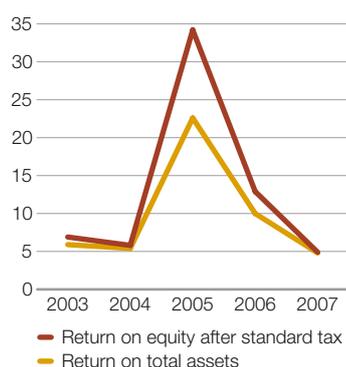
3. Investments and cash flow, SEK m



Net investments for 2007 totalled SEK 1,682 million. Over the past five years the annual net investments have amounted to between SEK 1,500 and 2,000 million with the exception of 2005 when certain property holdings on the Chalmers campus in Gothenburg were sold to Chalmersfastigheter AB (in the graph investments are reported with a minus sign).

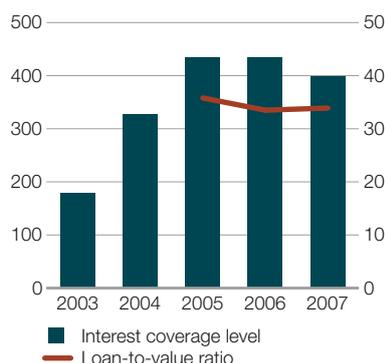
The pre-tax profit was SEK 1,673 million and adjustments for items not included in the cash flow, mainly unrealised values, properties, totalled SEK 507 million. Following a decrease in both current receivables and non-interest-bearing liabilities, cash flow from current operations was SEK 1,814 million. Net investments had a negative impact on cash flow to the amount of SEK 902 million. The dividend for 2007 amounted to SEK 1,400 million and reduced the cash flow from financing operations. Following a change in liquid funds, cash flow for the year amounted to SEK 535 million.

4. Return, %



The return was 4.9 per cent on equity and 4.8 per cent on total assets. The target set by the owner of a return on equity of the average five-year government bond interest rate plus 4.0 percentage points amounted to 8.2 per cent and was not achieved for the year. However, the target should be viewed over a business cycle and in the light thereof must be regarded as having been achieved.

5. Interest coverage level and loan-to-value ratio %



The loan-to-value ratio was 33.9 per cent for the year.

The interest coverage level was 399 per cent.





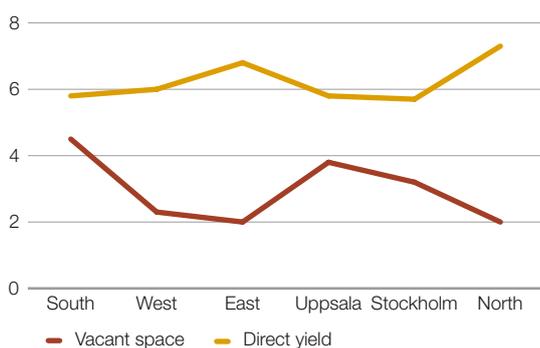
Regions and Group

Key figures

Key figures for the regional companies and the Group

| Key figures | Region | | | | | | Group |
|--|---------|---------|---------|---------|-----------|---------|-----------|
| | South | West | East | Uppsala | Stockholm | North | |
| Rental income, SEK/m ² | 1,342 | 1,356 | 1,422 | 1,314 | 1,721 | 1,192 | 1,439 |
| Operating costs, SEK/m ² | 245 | 219 | 210 | 286 | 273 | 195 | 244 |
| Maintenance costs, SEK/m ² | 285 | 181 | 180 | 288 | 145 | 175 | 204 |
| Net operating profit, SEK/m ² | 738 | 874 | 960 | 662 | 1,193 | 755 | 906 |
| Property administration costs, SEK/m ² | 78 | 78 | 71 | 74 | 74 | 70 | 74 |
| Vacant space, % | 4,5 | 2,3 | 2,0 | 3,8 | 3,2 | 2,0 | 3,1 |
| Direct yield, % | 5,8 | 6,0 | 6,8 | 5,8 | 5,7 | 7,3 | 6,0 |
| Property facts | | | | | | | |
| Average rentable floor space, m ² | 504,720 | 493,540 | 330,073 | 549,605 | 935,777 | 408,082 | 3,221,797 |
| Vacant space, m ² | 22,630 | 11,098 | 6,785 | 21,002 | 29,468 | 8,172 | 99,155 |
| Assessed fair value, properties, SEK m | 6,377 | 7,217 | 4,604 | 6,334 | 19,571 | 4,264 | 48,389 |
| Assessed fair value, properties SEK/m ² | 12,507 | 14,505 | 13,252 | 10,960 | 20,699 | 10,268 | 14,713 |
| NKI and NMI | | | | | | | |
| Satisfied Customer Index (NKI) | 68 | 66 | 78 | 66 | 69 | 74 | 69 |
| Satisfied Employee Index (NMI) | 64 | 64 | 73 | 71 | 71 | 73 | 69 |

Vacant space and direct yield, %



Direct yield was on average 6.0 per cent.

The regional companies reported a direct yield of between 5.7 and 7.3 per cent.

The level of vacant space continues to be low and fell during the year to 3.1 per cent (3.5).

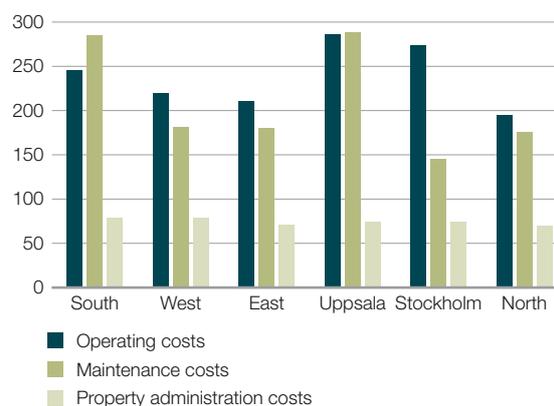
Rental income and net operating profit, SEK/m²



Rental revenue was on average SEK 1,439/m² and varied between SEK 1,192/m² in the Northern region and SEK 1,721/m² in the Stockholm region. The variation is due mainly to different market conditions. A larger proportion of laboratories means increased rental income.

The net operating profit, calculated in SEK/m², was on average SEK 906/m² and was highest in Stockholm with SEK 1,193/m².

Management costs, SEK/m²



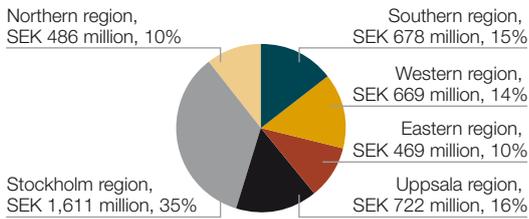
Operating costs calculated in SEK/m² amounted to between SEK 195/m² for the Northern region and SEK 286/m² for the Uppsala region. Approximately two-thirds of the operating costs are for energy, fuel and water. Stockholm has a considerably higher proportion of laboratories, which are more resource-intensive in this respect.

Property administration was between SEK 70/m² in the Northern region and SEK 78/m² in the Southern and Western regions. The large variation between the regional companies is reflected in maintenance costs due to major maintenance projects. In Uppsala and the Southern region extensive work was carried out during the year on, among other things, the mansion at Alnarp, the Education Building in Ultuna and the English Park building 4 in Uppsala.

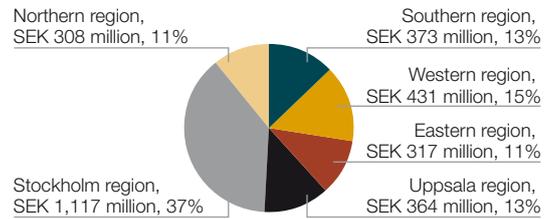
Regions

Financial results and overview

Rental income net, regional breakdown



Net operating profit, regional breakdown



Southern region

| SEK m | 2007 | 2006 |
|------------------------------------|------|------|
| Rental income, net, SEK m | 678 | 671 |
| Net operating profit, SEK m | 373 | 304 |
| Change in value, properties, SEK m | -203 | 398 |
| Operating profit, SEK m | 166 | 699 |
| Profit for the year, SEK m | 0 | 410 |
| Direct yield, % | 5.8 | 5.1 |

Property facts

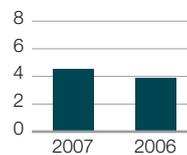
| | 2007 | 2006 |
|--|---------|---------|
| Average rentable floor space, m ² | 504,720 | 502,133 |
| Vacant space, m ² | 22,630 | 19,721 |
| Assessed fair value, properties, SEK m | 6,377 | 6,443 |

"The number of maintenance projects has fallen which has led to a considerable improvement in net operating profit compared with the previous year. Despite the fact that over 3,000 square metres have been let to new customers, including the Skåne Region authority and Lund Municipal Authority, the level of vacant space has increased due largely to the continued vacation of premises by Lund University. The NKI and NMI indexes also improved this year compared with the preceding year. The NKI has increased by 11 units in two years, which is the result of the very strong focus on customer satisfaction throughout the region," says Regional Director Mikael Lundström.

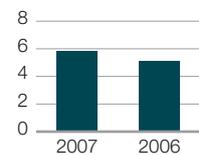


Regional outcome compared with the previous year

Vacant space, %



Direct yield, %



Western region

| SEK m | 2007 | 2006 |
|------------------------------------|------|------|
| Rental income, net, SEK m | 669 | 668 |
| Net operating profit, SEK m | 431 | 414 |
| Change in value, properties, SEK m | -34 | 551 |
| Operating profit, SEK m | 394 | 941 |
| Profit for the year, SEK m | 183 | 586 |
| Direct yield, % | 6.0 | 5.9 |

Property facts

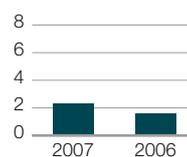
| | 2007 | 2006 |
|--|---------|---------|
| Average rentable floor space, m ² | 493,540 | 511,923 |
| Vacant space, m ² | 11,098 | 7,835 |
| Assessed fair value, properties, SEK m | 7,217 | 7,251 |

"The year has been dominated largely by a concentration of resources within administration coupled with an examination of a new organisation that is better suited to meeting the challenges of the future, such as energy and climate work, maintenance planning and a greater focus on the customer. Work in-house has resulted in increased employee satisfaction throughout the region. The year has also been dominated by extensive rent negotiations with our largest customer Göteborg University. The net operating profit has been positive as a result of reduced energy consumption and a decrease in operating costs," says Regional Director Birgitta Hohlfält.

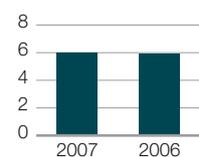


Regional outcome compared with the previous year

Vacant space, %



Direct yield, %



Eastern region

| SEK m | 2007 | 2006 |
|------------------------------------|------|------|
| Rental income, net, SEK m | 469 | 439 |
| Net operating profit, SEK m | 317 | 303 |
| Change in value, properties, SEK m | -274 | 264 |
| Operating profit, SEK m | 39 | 563 |
| Profit for the year, SEK m | -56 | 330 |
| Direct yield, % | 6.8 | 6.6 |

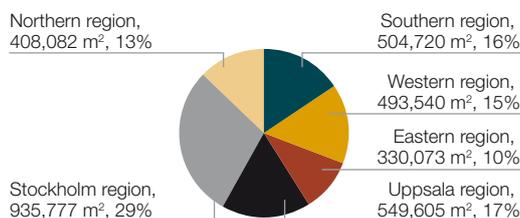
Property facts

| | 2007 | 2006 |
|--|---------|---------|
| Average rentable floor space, m ² | 330,073 | 325,308 |
| Vacant space, m ² | 6,785 | 7,752 |
| Assessed fair value, properties, SEK m | 4,604 | 4,729 |

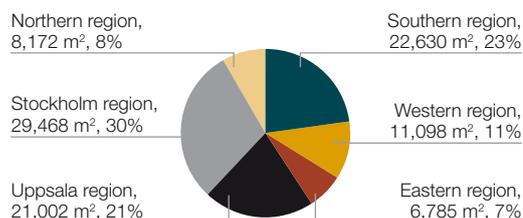
"Rent negotiations during the year have in a number of cases resulted in distinct rent reductions in Linköping. However, we have seen signs during autumn 2007 of a recovery on the local rental market," says Regional Director Bengt Erlandsson.



Average rentable floor space, regional breakdown



Vacant space, regional breakdown



Uppsala Region

| SEK m | 2007 | 2006 |
|------------------------------------|------|------|
| Rental income, net, SEK m | 722 | 723 |
| Net operating profit, SEK m | 364 | 446 |
| Change in value, properties, SEK m | 42 | 153 |
| Operating profit, SEK m | 399 | 592 |
| Profit for the year, SEK m | 196 | 311 |
| Direct yield, % | 5.8 | 7.3 |

| Property facts | 2007 | 2006 |
|--|---------|---------|
| Average rentable floor space, m² | 549,605 | 561,532 |
| Vacant space, m² | 21,002 | 33,192 |
| Assessed fair value, properties, SEK m | 6,334 | 6,170 |

"Both the region's universities have worked to improve the efficiency of their use of floor space. This has led to leases being terminated. During the operating year a number of these premises have been adapted and have acquired new customers outside the university sector. Extensive investments are planned over the next five-seven years," says Regional Director Hans Antonsson.

Stockholm Region

| SEK m | 2007 | 2006 |
|------------------------------------|-------|-------|
| Rental income, net, SEK m | 1 611 | 1 582 |
| Net operating profit, SEK m | 1 117 | 1 091 |
| Change in value, properties, SEK m | -11 | 410 |
| Operating profit, SEK m | 1 101 | 1 481 |
| Profit for the year, SEK m | 495 | 768 |
| Direct yield, % | 5.7 | 5.6 |

| Property facts | 2007 | 2006 |
|--|---------|---------|
| Average rentable floor space, m² | 935,777 | 948,745 |
| Vacant space, m² | 29,468 | 34,126 |
| Assessed fair value, properties, SEK m | 19,571 | 19,671 |

"The region's net operating profit for 2007 is on a par with 2006 despite the fact that the property holdings have fallen as result of a couple of customers vacating premises. During 2007, the level of investment continued to be high and at the same time the task of developing new building rights in Stockholm and Solna has been intensified. The region reinforced its NKI during the year to 69, which is an increase of three units and at the same time our NMI increased to 71, which is also an increase of three units compared with the previous year," says Regional Director Lennart Karlsson.

Northern Region

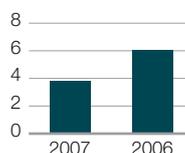
| SEK m | 2007 | 2006 |
|------------------------------------|------|------|
| Rental income, net, SEK m | 486 | 461 |
| Net operating profit, SEK m | 308 | 275 |
| Change in value, properties, SEK m | -136 | 98 |
| Operating profit, SEK m | 169 | 372 |
| Profit for the year, SEK m | 54 | 205 |
| Direct yield, % | 7.3 | 6.8 |

| Property facts | 2007 | 2006 |
|--|---------|---------|
| Average rentable floor space, m² | 408,082 | 399,311 |
| Vacant space, m² | 8,172 | 9,329 |
| Assessed fair value, properties, SEK m | 4,264 | 4,190 |

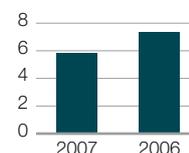
"The good results are expected to continue due to the solid work being done by the employees with an increase in the NKI, focused energy optimisation and more efficient management. By reason of the fall in investment volume and changes in demand at a couple of locations, structural changes within the region have commenced. The Härnösand Campus will be divested during 2008 and conversions for new customers will take place in Luleå and Sundsvall in 2008-2009," says Regional Director Mattias Lindberg.

Regional outcome compared with the previous year

Vacant space, %

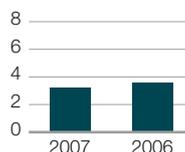


Direct yield, %

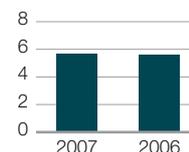


Regional outcome compared with the previous year

Vacant space, %

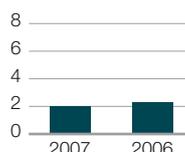


Direct yield, %

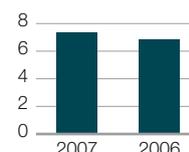


Regional outcome compared with the previous year

Vacant space, %



Direct yield, %



Financing

Stable financing despite turbulence and unrest on the credit market

The year has been characterised largely by turbulence on the financial markets. It has, however, been possible to cover the Group's financing requirements without any great impact on price.

Group financing

The Group pursues an active process of liability management where the strategy is to strike a balance between financial risks and a low financing cost. At the statutory board meeting the Group Board adopts the Finance Policy, which lays down the long-term strategic orientation and allocation of responsibility, the Group's approach to financial risks and the mandates that should be in place to handle these risks. A plan to handle these financial risks for the forthcoming year is adopted in December and the plan includes authorisations and mandates as well as concrete plans for financing operations.

Financing operations – objectives and strategies

- Using centralised financial management facilitate the utilisation of economies of scale and the efficient handling of exposure to financial risks within the Group.
- Using the Group's strong financial position and good rating, and remaining within the framework of stated risk mandates, achieve as low a financing cost as possible.
- Via the public financing programmes secure cost-effective financing on the sub-markets that best takes into account the Group's credit rating.

Maturity mandate

The total debt portfolio is divided into four separate portfolios, which are handled based on different conditions. Interest derivatives are included in the calculation of the interest risk exposure.

Risk-calculated portfolio

The risk-calculated portfolio is the main part of the liability portfolio and has been assigned a fixed interest mandate, which is expressed in the form of a spread for the portfolio's average fixed interest period. At the turn of the year the portfolio amounted to SEK 14,600 million. The mandate was 1–2.5 years for 2007.

Dedicated portfolio

The Group has a small number of large leases with interest-linked rent in addition to indexing. Adjustment of rent takes place in the light

of the government loan rate or subsidy rate, normally every fifth year. To avoid a mechanical reaction, the fixed interest for these leases should be covered to the least 50 per cent. At the turn of the year this exposure amounted to SEK 1,905 million.

Real interest portfolio

Real interest exposure represents a diversification in the debt portfolio and helps the Group avoid being exposed exclusively to changes in nominal interest rates. The portfolio can amount to a maximum of five per cent of the interest-bearing liabilities and at the year-end totalled to SEK 190 million.

Short-term portfolio

The size of the debt portfolio varies as a result of the incoming rent payments each quarter and an exchange of collateral. The short-term portfolio comprises short-term loans raised pending rent payments and collateral provided. The aim is to avoid changes in the risk-calculated portfolio's fixed interest as a result of these variations. The portfolio can therefore amount to a maximum of the next rents to be paid, including VAT, as well as collateral provided.

Maturity mandate

The Board also adopts a maturity mandate with the aim of limiting the refinancing risk. Loans that fall due within a 12-month period can amount to a maximum of 40 per cent of the total loan volume.

Financing forms and rating

The Group has efficient short-term and long-term financing programmes, both domestic and international. In addition to the programmes, there were bank overdraft facilities of SEK 4,200 million at the year-end, of which SEK 2,700 million was unconfirmed. Since 1996, the Group has had a long-term AA rating with a stable outlook and a short-term rating of A1+/K1 from Standard & Poor's.

Financing programmes and rating

| | Rating Standard & Poor's | Framework 31-12-2007 | Utilised nom. 31-12-2007 |
|---------------------------------|-----------------------------|-------------------------|-----------------------------|
| Commercial paper | A1+/K1 | SEK 4,000 m | SEK 1,621 m |
| ECP (Euro Commercial Paper) | A1+ | USD 600 m | USD 60 m |
| MTN (Medium Term Note) | AA | SEK 8,000 m | SEK 4,595 m |
| EMTN (Euro Medium Term Note) | AA/A1+ | USD 1,500 m | USD 869 m |

Risks and financial risk management

| Financial risk | Definition of risk exposure | Risk limit according to the policy |
|------------------------------|--|--|
| Interest risk | The risk of affecting the Group's profit as a result of a change in 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 due to be renewed. | Diversification via different financing forms should be even and well balanced. A maximum of 40 per cent of the total loan volume may fall due for renewal within a 12-month period. Bank overdraft facilities 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, the exchange risk should be eliminated. Limited currency exposure in conjunction with electricity trading is accepted. |

Interest-bearing net loan debt, including derivatives

| Amounts in SEK m | 31-12-2007 | 31-12-2006 |
|--|---------------|---------------|
| Total loans from financing programmes | 16,914 | 16,907 |
| Financial derivatives | 856 | 1,155 |
| Security received for derivative transactions | 29 | 29 |
| Total, other financial liabilities | 885 | 1,184 |
| LIABILITIES | 17,799 | 18,091 |
| Current investments | 798 | 815 |
| Cash and bank | 46 | 564 |
| Financial derivatives | 544 | 462 |
| ASSETS | 1,388 | 1,841 |
| NET LOAN DEBT (including financial derivatives) | 16,411 | 16,250 |

The table above does not include pension provisions and similar commitments amounting to SEK 220 million (212).

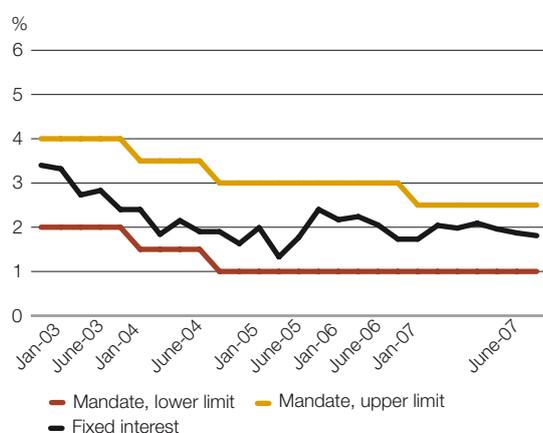
Liability management during 2007

Problems on the American sub-prime loan market during the year gradually worsened. In line with American banks reporting growing unrealised losses and impairment needs, confidence in the financial system diminished. This contributed to increased risk premiums and a tightening of credit, which was something the Group also noticed.

Rising prices for, among other things, energy and food, contributed to a higher rate of inflation. Towards the end of the year a number of economists wrote down growth forecasts. In the USA the Federal Reserve cut interest rates in the autumn and at the same time the ECB held back on making previously indicated increases in interest rates. In Sweden, the Riksbank raised the repo rate during the year from three to four per cent and indicated at the end of the year that there could be a further rise during the first half of 2008.

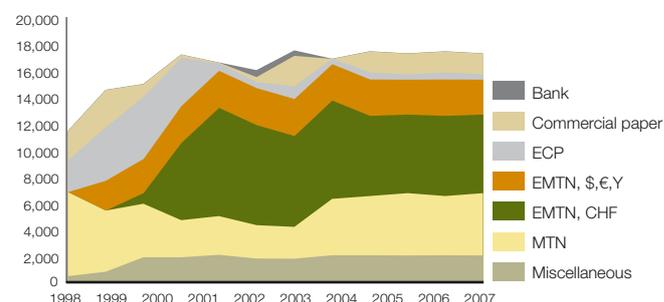
The handling of the Group's fixed interest is central to financing operations. At each point in time the fixed interest period chosen is based on the Group's assessment of the future interest rate trend. The assessments are based on an analysis of macrodata and financial statistics as well as the trend on the financial market.

Fixed interest and mandate, 2003–2007



A total of SEK 1,760 million was issued as part of the bond programmes, of which SEK 1,120 million was on the Swiss market. The issues have contributed to what is largely unchanged average maturity. 63 per cent of the Group's total financing at the end of the year derived from abroad.

Financing sources, 1998–2007, SEK m



Renewal structure for fixed interest and net loan liability maturity as of 31-12-2007

| Year | Fixed interest, SEK m | Maturity, SEK m |
|----------------|-----------------------|-----------------|
| 2008 | 12,834 | 4,697 |
| 2009 | 1,300 | 2,365 |
| 2010 | 1,500 | 3,095 |
| 2011 | -1 | 759 |
| 2012 and later | 1,686 | 5,905 |
| Total | 17,319 | 16,821 |

| Key figures | 2003 | 2004 | 2005 | 2006 | 2007 |
|---|--------|--------|--------|--------|--------|
| Interest-bearing net loan debt, SEK m (*) | - | - | 16,336 | 16,250 | 16,411 |
| Interest-bearing liabilities | 16,794 | 17,454 | 19,140 | 18,270 | 18,009 |
| Interest coverage, % | 179 | 327 | 435 | 434 | 399 |
| Fixed interest, December, years | 2.4 | 1.6 | 2.4 | 1.9 | 1.6 |
| Fixed interest, average for the year, years | 3.0 | 2.1 | 1.9 | 2.1 | 1.9 |
| Maturity, December, years | 3.2 | 2.3 | 4.0 | 3.7 | 3.6 |
| Maturity, average for the year, years | 3.3 | 2.7 | 2.9 | 3.6 | 3.6 |

(*) Recalculation according to IFRS was not made for 2004 and earlier.

Financing cost

The net interest income/expense was SEK -610 (-419), of which SEK 116 (220) represented changes in value of interest derivatives. The interest-bearing net loan debt was on average SEK 16,913 million (16,773).

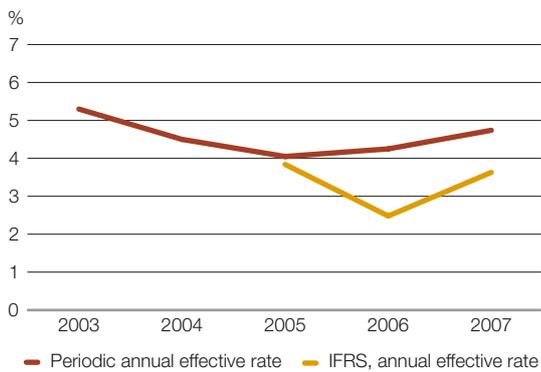
Financing cost, composition

| | 2005 | 2006 | 2007 |
|--|-------------|-------------|-------------|
| Financing cost loans, % | 2,62 | 2,81 | 3,80 |
| Net interest income/expense, interest swaps, % | 1,05 | 0,93 | 0,45 |
| Period allocations and charges, % | 0,03 | 0,02 | 0,01 |
| Changes in value, financial instruments according to IFRS, % | 0,15 | -1,28 | -0,63 |
| Total financing cost, % | 3,85 | 2,48 | 3,63 |

The higher rate of interest can be explained mainly by rising short-term interest rates during the year as a result of the increases in the repo rate by the Swedish Riksbank and increasing credit spreads as a result of the credit uncertainty.



Comparisons, different calculations of the interest cost, 2003–2007



Prospects for 2008

It is the Group’s assessment that the Swedish Riksbank will probably continue to make only small changes in the repo rate during 2008. Inflation will initially continue to rise, mainly as a result of rising food and energy prices. The tight conditions on the credit market will probably continue. The Federal Reserve will continue to cut interest rates, which will contribute to a weaker dollar and thus indirectly to a stronger euro. This, coupled with a slower increase in inflation later in the year and a decreasing rate of growth, will probably lead to the ECB also cutting the interest rate.

Portfolio growth for the Group is expected to be moderate during 2007. Financing requirements largely comprised loans falling due amounting to SEK 4,500 million. Net investments of SEK 2,255 million and the dividend are expected to be financed to a certain extent by the good cash flow from property operations.

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

| | Bonds, fixed interest | | Other long-term liabilities, variable interest | | Commercial paper | | Total within the Balance Sheet | | Interest swaps, short-term | | Interest swaps, variable interest | | Total | |
|------------|-----------------------|-------------|--|-------------|------------------|-------------|--------------------------------|-------------|----------------------------|-------------|-----------------------------------|-------------|--------|-------------|
| | SEK m | Interest, % | SEK m | Interest, % | SEK m | Interest, % | SEK m | Interest, % | SEK m | Interest, % | SEK m | Interest, % | SEK m | Interest, % |
| 31-12-2007 | 2,298 | 3.43 | 12,620 | 4.59 | 1,996 | 4.33 | 16,914 | 4.41 | 2,586 | 5.53 | -2,586 | -4.67 | 16,914 | 4.54 |
| 31-12-2008 | 2,298 | 3.43 | 10,233 | | | | 12,531 | | 3,186 | 4.83 | | | 12,531 | |
| 31-12-2009 | 2,298 | 3.43 | 7,976 | | | | 10,274 | | 1,886 | 4.73 | | | 10,274 | |
| 31-12-2010 | 799 | 4.07 | 6,028 | | | | 6,827 | | 1,886 | 4.73 | | | 6,827 | |
| 31-12-2011 | 799 | 4.07 | 5,241 | | | | 6,040 | | 1,886 | 4.73 | | | 6,040 | |
| 31-12-2012 | 799 | 4.07 | 4,440 | | | | 5,239 | | 1,161 | 4.70 | | | 5,239 | |
| 31-12-2013 | 799 | 4.07 | 4,434 | | | | 5,233 | | -100 | 4.48 | | | 5,233 | |
| 31-12-2014 | 799 | 4.07 | 2,897 | | | | 3,696 | | -100 | 4.48 | | | 3,696 | |
| 31-12-2015 | 599 | 4.01 | 649 | | | | 1,248 | | -100 | 4.48 | | | 1,248 | |

Construction projects

New construction mainly in Stockholm-Uppsala

Since Akademiska Hus was founded in 1993 an average of SEK 2 billion each year has been invested in new construction, making Akademiska Hus one of Sweden's largest building developers. Up to now construction has been well spread throughout the country although in the immediate future the focus will be on Stockholm-Uppsala.

Aim

With such a large annual project volume, it is essential for Akademiska Hus that the project process has been carefully considered and systematised and that it leads to projects being designed and implemented in such a way that the Company can achieve the objective of offering customers creative environments with the right level of quality and with competitive rents.

The term 'creative environments' means that the buildings should be inspirational and effective to work in, that there should be conditions for being able to think a little better in buildings that are constructed and managed by Akademiska Hus and that the environments should reinforce the creativity of the customers. This means good architecture, both with regard to the campuses 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 interaction. Akademiska Hus has in a special document 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.

Property development

It is in the interests of both the customers and Akademiska Hus that the development potential that exists in the properties and the campuses is utilised optimally. Akademiska Hus works continuously to develop plans for the properties and campuses that have a broad impact and where all the conditions have been mapped. This could include a desire to increase the level of service in the form of stores and restaurants, proximity to housing, assessed development of existing operations and possible supplementation with other customers, contributing to the development of a campus.

Akademiska Hus follows the property market actively in order to rapidly identify potential for purchasing properties that fit into core operations or sell properties that do not fit in. Akademiska Hus also has a number of building rights in attractive locations and is working actively to exercise these rights. At the same time it is a strategic resource to have long-term construction potential on our campuses.

Thinking through and producing plans for future changes offers a good level of preparedness and means that it is quicker to imple-

ment future building projects. The time allocated for implementation of the project is often tight and it is vital that in its planning Akademiska Hus makes use of every opportunity to save time without sacrificing accuracy and quality.

Akademiska Hus has introduced a new computerised project management system that will make it easier to capitalise on all the project experience within the Group. The external project managers brought in by the Group will also become part of the knowledge mass. Akademiska Hus is working actively to increase access to all the property holdings so that, in the first instance, all public areas are designed optimally for people with various functional disabilities. The Group has already made considerable headway in this work.

Early stages

It is at the early stages, when ideas are to be formulated and when project conditions are to be analysed, that a customer has the greatest benefit of a developer with solid knowledge of the customer's operations.

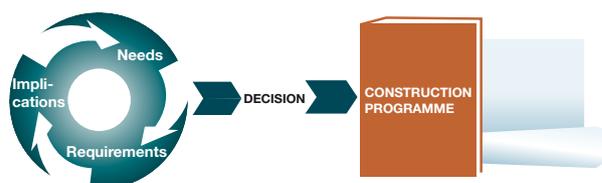
Akademiska Hus offers advanced support at these early stages, most importantly in the implementation of a project. Ideas for changes are mapped and analysed, the need for premises is identified, internal and external links are noted, location alternatives are examined and costs are estimated. All this takes place in close, continuous co-operation with the customer.

In a preliminary study there could be parallel assignments or a competition for architects to highlight further aspects of the change process.

The planning process

The Akademiska Hus 'Planning Guidelines' include a detailed description of how the Company 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. Presenting alternative solutions and their financial implications related to the satisfaction of needs offers the customer the correct conditions for examining how those needs can be satisfied.

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.



The planning process is to a large extent dependent on how the construction process is organised, which varies depending on the many parameters that are included. The starting point, however, is always a carefully considered construction programme.

Akademiska Hus is continuously constructing buildings for laboratories and classrooms and these buildings are special as a result of the scope and complexity with regard to installations. In these cases, Akademiska Hus guides the construction process towards procurement based on relatively finalised documents as the Company's extensive experience is then used optimally.

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 construct and easy 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 being changed as well as solutions that are generally applicable and repeatable. As both generality and flexibility (i.e. easily changeable) are important components in the planning and affect all planners, Akademiska Hus has laid down the Company's view regarding these matters in special guidelines.

The construction process

Procurement always takes place according to Akademiska Hus guidelines and always in competition. Based on an assessment of the market and conditions specific to a project, a construction process is chosen which is best for each project. It is vital that the contractors' experience and knowledge of construction methods and choice of materials is introduced into a project. This can take place in different ways. Akademiska Hus is currently testing methods for co-operation solutions with contractors based on procurement in competition. Partnering is one such method.

Akademiska Hus 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 of the correct quality and free of faults. The supplier must be able to show that its work and controls are carried out with such knowledge and classification that the risk of error is minimised.

Akademiska Hus attaches great importance to systematic quality and environmental work and ensures that the supplier is involved in this task by running internal project audits and second-party audits within the project.

The construction process.



In summer 2008 the new Science Building in Karlstad will be opened. A multimedia studio in the form of a hovering egg is just one of the exciting architectural features.

By drawing up good documents for contract procurement and following up and controlling project costs continuously, Akademiska Hus can achieve overall cost effectiveness. In particular, it can minimise unexpected extra costs and deal with undesired time displacements. The cost of 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 being tested together, which can be extensive and time-consuming. This time period must be planned in detail so that everything harmonises and that any shortcomings which the joint test reveals can be rectified in time.

Projects 2007

The Group's project portfolio is SEK 10,506 million (8,400). Apart from investments in properties this also includes maintenance linked

to the projects. The different investments are categorised as current, decided/planned and miscellaneous.

- Current projects are projects that have commenced, SEK 4,756 million.
- Decided/planned projects are projects that had been decided or where some form of arrangement or agreement exists between the Company and the customer, SEK 947 million.
- Miscellaneous projects are projects currently being examined, SEK 4,802 million.

During 2007, investments in properties and new construction in progress amounted to SEK 2,182 million (2,400). The project portfolio for the coming year reveals a distinct emphasis on Stockholm and Uppsala with several major new construction projects.

Projects completed in 2007 in excess of SEK 50 million

| Project name | Location | New construction/ redevelopment | Total investment, SEK m | Customer | Lease, years | Estimated annual net operating profit, SEK m |
|---|------------|------------------------------------|-------------------------|--|--------------|--|
| Biovitrum | Solna | New construction | 80 | Biovitrum | 20 | 6 |
| IKSU extension | Umeå | New construction | 59 | Stiftelsen Universitetshallen | 10 | 6 |
| SIDA, Tre vapen | Stockholm | Redevelopment | 289 | Swedish Environmental Protection Agency | 6 | |
| Centre for Chemistry and Chemical Engineering 3 and 4 | Lund | Redevelopment | 75 | Lund University | 10 | |
| A-building, part C | Linköping | Redevelopment | 74 | Linköping University | 7 | |
| C Building, stage II | Luleå | Redevelopment | 73 | Luleå University of Technology, Student Union Restaurant | 10/5 | |
| Faculty of Odontology, laboratory wing | Malmö | Redevelopment | 71 | Malmö University | 10 | |
| Natural Sciences Building | Umeå | Redevelopment | 70 | Umeå University | 7 | |
| Berzelius Laboratory Nano | Lund | Redevelopment | 67 | Lund University | 10 | |
| Histology | Gothenburg | Redevelopment | 62 | Göteborg University | 10 | |

Current projects, 31-12-2007 in excess of SEK 50 million

| Project name | Location | New construction/ redevelopment | Total investment, SEK m | Customer | Lease, years | Estimated annual net operating profit, SEK m |
|---|------------|------------------------------------|-------------------------|---|--------------|--|
| Karolinska Institute Science Park | Solna | New construction | 587 | Biovitrum | 15 | 32 |
| Pedagogikum | Uppsala | New construction | 516 | Uppsala University | 20 | |
| Hus 21 | Karlstad | New construction | 278 | Karlstad University | 20 | 22 |
| Billbergska Building | Örebro | New construction | 190 | Örebro University | 10 | 13 |
| Pharmaceutical Centre | Gothenburg | New construction | 97 | Göteborg University | 20 | 7 |
| Teaching Building | Ultuna | New construction | 64 | Swedish University of Agricultural Sciences | 20 | 6 |
| Centre for Chemistry and Chemical Engineering | Lund | Redevelopment | 356 | Lund University | 10 | |
| National Academy of Mime and Acting | Stockholm | Redevelopment | 176 | National Academy of Mime and Acting | 15 | |
| Kåkenhus, buildings 6+7 | Norrköping | Redevelopment | 158 | Linköping University | 10 | |
| EBC 3 | Uppsala | Redevelopment | 92 | Uppsala University | 20 | |
| Geosciences | Stockholm | Redevelopment | 72 | Stockholm University | 10 | |
| Knowledge School | Uppsala | Redevelopment | 69 | Knowledge School | 15 | |
| Ecology Building | Ultuna | Redevelopment | 61 | Swedish University of Agricultural Sciences | 10 | |
| Knowledge High School | Uppsala | Redevelopment | 60 | Knowledge School | 10 | |
| BMC stage 31 | Uppsala | Redevelopment | 58 | Uppsala University | 10 | |

Project presentations

A-building on the Valla Campus

The customers' need for premises varies over time. Operations change in orientation or scope. New teaching methods and technology emerge. Sometimes new construction is required but often existing buildings are redeveloped to a lesser or greater extent. During 2007, extensive reconstruction of the A-building on the Valla Campus in Linköping was completed and it is now equipped to meet the demands of the present and the needs of the future.

Linköping University is the largest customer on the Valla Campus. This is where 19,000 people study and work, 4,200 of them in the A-building, which is the second-largest building on the campus. The A-building was completed at the beginning of the 1970s. Since then operations have changed and so have teaching methods and technology. When the building was constructed there was not the same need for places for group work, which is a characteristic feature of present-day teaching. Today considerable emphasis is placed on those areas that act as creative meeting points where people can work in groups and socialise outside the classrooms and work rooms. The need for laboratories is also different – the large machines which were required as part of teaching in the 1970s have in many cases been replaced by computers for simulation purposes, which has had a marked impact on demands with regard to design and climate facilities. In addition, the university needs more space for its expanding activities.

The result has been extensive redevelopment in four stages in order to disrupt operations as little as possible. At each stage the part of the building in question was emptied completely and only the outer walls and the joists were retained. A new floor was added by

adding new joists in sections of an existing floor with a high ceiling. In doing so 6,300 square metres of new floor space could be added without requiring any major redevelopment. The extensive changes also included new installations as new needs and new technology required and made possible an improved indoor environment. All the work was marked by the importance of future flexibility in the building. New installations were added, for example, to facilitate future reconstruction, both large and small.

Today the A-building on the Valla Campus is a place for modern teaching and research, creative meeting points for students and personnel and the opportunity for flexible use of floor space to satisfy the customer's future requirements.

Fact file:

- Redevelopment of the A-building was concluded in 2007 and cost approximately SEK 290 million.
- The building comprises 36,000 square metres, of which 6,300 square metres were added through redevelopment.
- In the A-building people at the Department of Management and Engineering can work and study.
- Apart from classrooms, laboratories and offices the building also has public areas for meetings, small rooms for group work and several kitchens for the students.
- As part of the redevelopment, one of the largest solar cell facilities in Sweden was placed on the roof of the building. There are also solar panels for hot water for a laundry in the building.



Akademiska Hus – a partner in the development of Stockholm as a region of science

As a major property owner with a focus on a sector that is vital for economic development, Akademiska Hus is often invited to act as a partner in long-term community development projects and visionary work. In the Stockholm region several projects are currently in progress and the Company is working together with the universities, municipal authorities and other bodies to facilitate the long-term development of areas of strategic importance to the whole region.

In Stockholm there is a continuous area of higher education and research extending along Vallhallavägen through to Frescati. Within this area there is Stockholm University, the Royal Institute of Technology and 15 or so colleges and research institutes. Directly southwest of this institute belt is the Karolinska Institute campus and Karolinska University Hospital in Solna.

At present extensive development is taking place within this area, the aim being, among other things, to create the potential for the expansion of higher education and research which will reinforce the physical links between the different campuses. This area is also the subject of extensive supplementary development for housing as well as facilities for services and other activities for the planned covering over of Norra Station and Östra Station. Extensive areas of land will be released in conjunction with the county council's planned new construction for Karolinska University Hospital.

Albano is an important development area for Akademiska Hus. Albano is currently undeveloped land, formerly used for industrial purposes, located strategically between the Stockholm University campus and the Royal Institute of Technology. This is also the site of the AlbaNova University Centre, a collaborative venture between the two centres of learning. At Albano a structured, town-like development is planned with research, education and student housing to link the two university campuses. Akademiska Hus, Stockholm University and the Royal Institute of Technology will continue working during 2008 on proposals for the design of the area, which in total could be between 70,000 and 90,000 square metres. The expansion of the area will also require extensive infrastructure and service investments which will contribute to creating a new, vibrant city area at Roslagstull.

Together with Stockholm University, Akademiska Hus has also produced a development plan for the Frescati Campus, the site of Stockholm University. The aim of the plan is to pave the way for future projects and changes within the area and create conditions for a good dialogue between different parties involved and in doing so a more rapid process once needs have been concretised. One of the most immediate needs that the development of Frescati and Albano will satisfy is the planned move by the University of teacher training from Konradsberg.

Another important development area for Akademiska Hus is the area around the present Norra Station and along Solnavägen, where the Karolinska Institute campus is located on the western side of the road and a planned new construction for Karolinska University Hospital is planned on the eastern side. Planning for the whole area will take place together with the City of Stockholm, the town of Solna, Stockholm County Council and Akademiska Hus. One of the aims behind this co-ordinated planning is that the whole area should be perceived as being part of the inner city, among other things by development largely taking on an inner city character with a division into blocks and relatively tall buildings. Another objective in the plans is to establish the area as a world-leading innovation centre for life science. For Akademiska Hus planning is aimed at creating major development potential, particularly along Solnavägen, where the transformation into an inner city area means that it is given the potential for much more intensive exploitation than has been possible up to now. It is important that Akademiska Hus also capitalises on the link to and the potential for development of the clinically applied research on the hospital side of Solnavägen and the more theoretical basic research which has traditionally taken place on the campus side. At the interface between the medical research that is being conducted in industry and the equivalent academic research, expansion of the Karolinska Institute Science Park will play a prominent role.

These development projects are all strategically important in community development and are conditions for Stockholm to continue to develop as a knowledge region and in doing so contribute to Sweden's competitiveness in the international education and research world.





Sustainable development

58–65



Sustainability

Akademiska Hus's ambitions and visions for a sustainable society

Akademiska Hus has for many years run a focused, ambitious sustainability programme within the environment, working environment and human resources. Since 2004, the Company has been affiliated to the government initiative Global Responsibility, which is based on guidelines for sustainable responsibility in the UN's Global Compact.

Why Akademiska Hus exists

Akademiska Hus has been charged by the owner, the state, with the task of offering the country's universities and colleges suitable buildings for education and research. The Company's vision includes being the leader in establishing attractive, creative environments for our customers and in doing so contribute to reinforcing Sweden as a nation of knowledge. Apart from this assignment, the Company is managerial responsibility for capitalising on the major economic and cultural values that exist in the buildings. The owner also makes demands regarding yield, equity ratio and dividend.

The founding of Akademiska Hus in 1992/93 was part of a reform package which included both a change in the funding for universities and colleges and also the arrangement of state property management. A large proportion of the state property management was run through newly formed companies and was subject to market terms and conditions. Each individual authority became responsible for its own supply of premises. The centres of learning thus became free to go out onto the market and in open competition select and negotiate the premises they wanted. The overall objective behind the reform was to achieve a more efficient supply of premises and more efficient property and asset management. This would also provide a fairer picture in the state budget of the cost of land and premises.

Environmental responsibility

The Akademiska Hus environmental programme was based originally on the four system conditions for sustainability as laid down in the Natural Step. The Environmental Policy, which was formulated in conjunction with certification according to ISO 14001, is now part of the Company's most important control document, AkaVision, and describes how operations should be run in order to contribute to a sustainable society. The environmental programme means that properties are planned, constructed and managed in such a way that the greatest possible consideration is given to the environment. A number of significant environmental aspects that have had a particularly important impact on operations are energy and material management, phasing out of hazardous substances and assurance of a good indoor environment. The environmental objectives, and how the Company lives up to those objectives, are presented on pages 60–62.

Successful health care and working environment programmes

In 2007, the Akademiska Hus working environment was certified according to AFS 2001:1. The task of making an already good working environment even better is ongoing. To reinforce the health of the employees there is also an extensive health care programme and absence due to illness in the Company is very low. This is presented in more detail in the Employees section on pages 63–65.

Future sustainability report

The Company's aim is to report according to the international standard GRI, The Global Reporting Initiative, with effect from the 2008 financial year. Information will be published continuously during the year on the website www.akademiskahus.se.



Environment

We are working to safeguard a good, sustainable environment

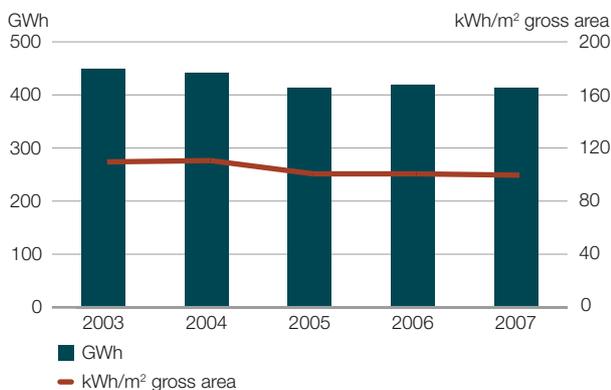
The Akademiska Hus Environmental Policy contains a number of key words. Using concrete examples from operations during 2007 the link is shown here between these key words in AkaVision and day-to-day operations. During the year AkaVision has been revised with, among other things, the following addition: "We work to safeguard a good, sustainable environment". This is done to emphasise Akademiska Hus's ambition to actively contribute to sustainable development.

Akademiska Hus will be environmentally certified and in doing so satisfy applicable laws, ordinances and other requirements.

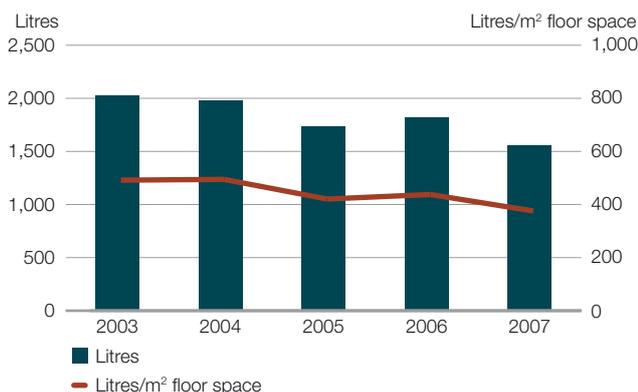
During 2007, the certification body Technical Research Institute of Sweden (SP) in Borås carried out a recertification audit of Akademiska Hus. The audit resulted in a certificate according to SS-EN ISO 14001:2004, renewed for 2008–2010.

The audit leader's assessment is that "Akademiska Hus has an efficient environmental programme which leads to constant improvements." The impression is "based on random checks the Company has extremely competent and motivated personnel. The management system is in the majority of cases a natural part of the work process."

Electricity consumption



Water consumption



Akademiska Hus will work to ensure compliance with demands regarding prevention of pollutants that could arise in the course of operations and will work to ensure that the environmental programme is constantly improved.

Akademiska Hus supports the Ecocycle Council proposal for a common industry standard: "Guidelines for ecocycle-adapted waste management in conjunction with construction and demolition". This is achieved through involvement in a pilot project, ECDC, in Stockholm and through the annual project manager meetings.

During the autumn, Akademiska Hus also produced an online tool for reporting on the follow-up of waste volumes in conjunction with demolition, construction and redevelopment.

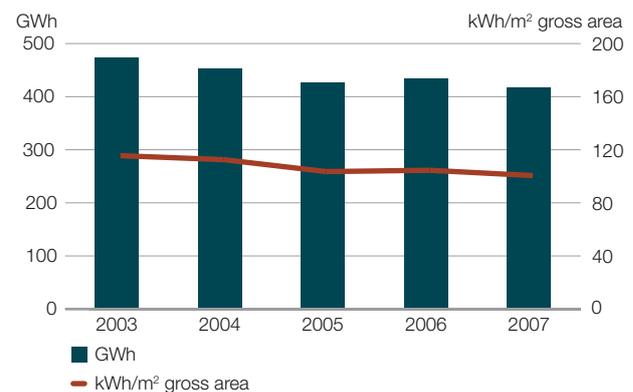
In conjunction with recertification the certification body examined how the environmental programme has been improved over the period 2004–2007. The assessment was that "the Company's performance regarding the external environment and the gradual process of improvement over the past three years is as follows: Akademiska Hus has over a number of years reduced its total energy consumption [...]. The aim with regard to material management, expressed as reduced mass sent for disposal, has been satisfied by a broad margin [...]. The objective of phasing out hazardous substances and that the customer should be satisfied with the indoor environment have also been fulfilled."

Akademiska Hus builds and manages property in an environmentally adapted and resource-efficient way.

The Group has been involved in the merger of Milab and Byggd Miljö (two property owner systems for the environmental assessment of building material and construction products). In June, the name was changed to *Byggsvarubedömningen* (Construction Product Assessment). The association is supported by 17 of the country's largest property owners, a construction company and two consulting companies. During the year two new members were added, Stockholm Transport, and Västmanland County Council. In addition, the City of Stockholm cites Construction Product Assessment in its environmental programme as a tool for the environmental assessment of construction products.

The system will be used both in construction as well as management to facilitate a choice of materials and products from a sustainability point of view with the best possible performance.

Heating consumption



Akademiska Hus is working to ensure that similar environmental care is demonstrated by customers, suppliers and other partners to ensure that it has an impact throughout the whole of the Group's operations.

Akademiska Hus runs different activities together with customers to create a common view regarding key environmental issues. Environmental groups and different networks often exist on the local level. An example of this is the Akademiska Hus environmental collaboration 'Sustainable Campus' along with Chalmers University of Technology and Chalmersfastigheter AB (CFAB). Collaboration has up to now resulted in a common energy objective. Another activity which has been run is the common carbon dioxide inventory covering, among other things, CO₂ emissions from energy and transport. Through environmental collaboration between Chalmers, CFAB and Akademiska Hus, environmental seminars have been run for several years following different themes. The theme for 2007 was lighting and was run three times at Chalmers and at Göteborg University.

Akademiska Hus assumes responsibility for ensuring that consultants and contractors work actively with its important environmental aspects through a prequalification procedure in respect of areas such as quality, environment and working environment issues.

Akademiska Hus makes improving energy efficiency and the development of alternative energy production a high priority.

During 2007 yet another energy store for heating and cooling was brought into use, this time in Karlstad. The ground store is made up of 35 boreholes which generate a saving of approximately 1,000 MWh, equivalent to a 40-tonne reduction in the emission of CO₂ equivalents.

The total volume of CO₂ as energy turnover within Akademiska Hus buildings, including operating power, gave rise in 2007 (based on the 2006 outcome reduced by two per cent) to: heating (426 GWh) = approximately 34,100 tonnes, and electricity (410 GWh) = approximately 16,400 tonnes.

During 2006, test bores were made to evaluate the potential for aquifer storage for the production of cooling and heating at Akademiska Hus properties in Kristianstad. The work during 2007 is continuing, among other things with a legal process to secure a water judgment that will hopefully materialise in spring 2008. Negotiations have also taken place with the municipal energy company.

Akademiska Hus endeavours to find the most efficient energy solution for each property to the benefit of both customers and Akademiska Hus.

Also during 2007 a large number of energy surveys were carried out in the property holdings. These have led to a whole series of measures, including improved climate shells, supplementary insulation, replacement windows, reconstruction of ventilation units, heat recycling, energy savings in flue cupboards, new control equipment, adjustment control times, replacement of light fittings, movement detectors for both lighting and ventilation in group rooms, classrooms and conference areas, frequency control of ventilation units etc.

The Group plays an active part in the work being conducted by the National Board of Housing, Building and Planning to produce proposals for energy declarations. Akademiska Hus has commissioned an external energy consultant to work during 2008 on an energy declaration of the Group's approximately 1,000 buildings.

Akademiska Hus will, through its high level of in-house expertise, be on the front line in the development and use of modern, effective technology with a good environmental profile that supports construction and management and in doing so ultimately our customers' operations.

Several of the regional companies have during the year shown Al Gore's film 'An Inconvenient Truth' internally to raise the employees' insight and awareness regarding a sustainable society. Stockholm and Gothenburg have run environmental training programmes for their personnel.

Several regional companies installed solar cells during the year. In total, 1,600 square metres have been installed at a total cost of around SEK 13 million. Government grants covered 70 per cent of the investment. The energy outcome has been calculated at 160,000 kWh electricity per year. Profitability is still far from good and the installations are being made for technical support reasons, goodwill and to get to know the technology.

We are working to safeguard a good, sustainable ecological environment

Akademiska Hus is playing an active role in the industry's development of a sustainable society, among other things by taking part in the Bygga-Bo dialogue, the Ecocycle Council, the Building Contractors Environmental, Technical and Quality Group and the Swedish Architects Environmental and Technology Committee.

| Region | Electricity kWh/m ² floor space | | | Electricity kWh/m ² gross area | | | Heating kWh/m ² floor space | | | Heating kWh/m ² gross area | | | Water Litres/m ² floor space | | |
|--------------|---|------------|------------|--|------------|-----------|---|------------|------------|--|------------|------------|--|------------|------------|
| | 2005 | 2006 | 2007 | 2005 | 2006 | 2007 | 2005 | 2006 | 2007 | 2005 | 2006 | 2007 | 2005 | 2006 | 2007 |
| South | 125 | 130 | 124 | 98 | 102 | 97 | 124 | 117 | 114 | 97 | 92 | 89 | 339 | 337 | 267 |
| West | 123 | 125 | 126 | 94 | 96 | 97 | 108 | 111 | 108 | 80 | 85 | 83 | 356 | 434 | 383 |
| East | 128 | 126 | 121 | 103 | 102 | 96 | 106 | 102 | 105 | 85 | 83 | 83 | 457 | 423 | 352 |
| Uppsala | 161 | 156 | 161 | 122 | 118 | 122 | 191 | 194 | 180 | 144 | 147 | 136 | 504 | 496 | 432 |
| Stockholm | 115 | 121 | 120 | 90 | 93 | 91 | 131 | 138 | 137 | 103 | 106 | 104 | 436 | 463 | 379 |
| North | 121 | 118 | 116 | 98 | 95 | 94 | 117 | 114 | 111 | 94 | 92 | 90 | 402 | 406 | 415 |
| Total | 128 | 129 | 128 | 100 | 100 | 99 | 132 | 134 | 130 | 103 | 104 | 100 | 418 | 435 | 373 |

Reconciliation of overall environmental objectives and activities for Akademiska Hus, 2007

Environmental aspects and vision (from AkaVision)

ENERGY MANAGEMENT We assign high priority to improving energy efficiency and the development of alternative energy production. We endeavour to find the most effective energy solution for each property to the benefit of both the tenant and us.

| Long term | 2007 | Activities implemented | Objectives achieved |
|--|---|--|---|
| The amount of purchased energy stated in kWh/m ² will be reduced by 30 per cent through to 2025 compared with 2000 (Bygga-Bo Dialogue). | <ul style="list-style-type: none"> The total energy requirement for 2007 will be reduced compared with the outcome for 2006. The number of leases where electricity is reported separately will be presented. Emissions into the air of carbon dioxide as a result of energy production (in-house or indirect) will be reported. Active involvement in the energy management development project within the industry. | <ul style="list-style-type: none"> Due to the difficulty obtaining information from suppliers of district heating and district cooling, the Group has produced a standard to calculate the equivalent emission of greenhouse gases (CO₂) for electricity, district heating and district cooling. With effect from 2007 this will be used to report CO₂ emissions. The Group is playing an active part in the work being conducted by the National Board of Housing, Building and Planning to produce proposals for energy declarations. The Stockholm Region has for the past year or two played an active role in the 'Svalan' collaboration, where several companies in Stockholm are working together to exert pressure on pricing by energy suppliers and at the same time examine what other energy supply alternatives are available. The Western Region has during the year entered into close co-operation with CFAB with the aim of finding energy-efficient measures within Chalmers. Several regional companies installed solar cells during the year. In total, 1,600 square metres have been installed at a total cost of around SEK 13 million. Government grants have at the same time covered 70 per cent of the investment. The energy outcome has been calculated at 160,000 kWh electricity per year. Profitability is still far from good and the installations are being made for technical support reasons, goodwill and to become better acquainted with the technology. | <p>The Group reports lower energy consumption for 2007 compared with the preceding year.</p> <ul style="list-style-type: none"> The proportion of leases where electricity is reported separately (invoiced) is: Southern Region 38%, Western Region 42%, Eastern Region 98%, Uppsala Region 72%, Stockholm Region 63%, Northern Region 24% (Luleå 6%, Umeå/Sundsvall/Härnösand 44%). Based on the 2006 outcome reduced by two per cent: heating (426 GWh) = approximately 34,100 tonnes and electricity (410 GWh) = approximately 16,400 tonnes. Cooling has not been measured as the volumes for district cooling are relatively low. |

MATERIAL MANAGEMENT We build and manage our properties in an environmentally adapted and resource-efficient way

| Long term | 2007 | Activities implemented | Objectives achieved |
|--|---|---|--|
| Through better control of our material flow we will reduce the volume of construction waste sent for disposal to no more than 10 per cent in 2025. | <p>Implement the Ecocycle Council's new instructions for waste management in development and demolition.</p> <ul style="list-style-type: none"> Investigate whether industrial construction means a reduction in the material flow. Active involvement in developments within the industry dealing with material management. In a Group project test the Ecocycle Council's new proposal for instructions for waste handling in conjunction with demolition and development. | <ul style="list-style-type: none"> Project manager days run during autumn 2007. The question has been discussed and a number of study visits were made during 2007. The Group has been involved in the steering committee and reference group in the Ecocycle Council project "Guidelines for ecocycle-adapted waste handling in conjunction with construction and demolition". Ran and reported on the ECDC project in the Stockholm Region. | <ul style="list-style-type: none"> The volume of deposited material in projects is reported in kg total and as a percentage of all fractions. There has been no totalling on the unit, region or Group level. |

PHASING OUT OF HAZARDOUS SUBSTANCES We will work to ensure that the demands for preventing pollutants that could arise in operations are met and we will also work to ensure that our environmental work is improved continuously.

| Long term | 2007 | Activities implemented | Objectives achieved |
|--|---|--|---|
| <ul style="list-style-type: none"> Materials and products which are used in a building or in other operations should not affect the health of human beings or the environment negatively. | <ul style="list-style-type: none"> Akademiska Hus will have a functioning system for <ol style="list-style-type: none"> the phasing out of undesired chemical products in property management. an assessment of environmental impact in conjunction with choosing between different materials and products. The number of products in the Group with a chemical content on the 'blacklist/avoidance list' will be reduced compared with 2006. More than 75% of the total investment projects will use Milab to evaluate hazardous substances in materials and goods. Active involvement in development within the industry aimed at phasing out hazardous substances | <ul style="list-style-type: none"> Chemical goods that will be phased out have been 'grey marked' in the regions' chemical lists. Gradual phasing out of grey-marked products. The demand that the system be used for investment and development projects has been made in the project's environmental programme at all regional companies except one. The Group has been involved in the merger of the two functioning assessment systems for property owners Byggarubedömningen and Byggd Miljö. | <ul style="list-style-type: none"> The system comprises the environmental assessment system <i>Byggarubedömningen</i>. A preliminary list in Stockholm shows that the total number of chemical products has increased slightly. A list in Stockholm shows that the number of facilities with HCFC fell during the period 2004–2007 from 15 to 9. In terms of kg the fall was from 439 kg to 32 kg. At the association meeting in June a new organisation was adopted and the name was changed to <i>Byggarubedömningen</i>. Behind the association are 17 of the country's largest property owners as well as a contracting company and two consulting companies. |

INDOOR ENVIRONMENT Our properties and campuses will satisfy the changing needs of our tenants over time.

| Long term | 2007 | Activities implemented | Objectives achieved |
|--|---|--|--|
| <ul style="list-style-type: none"> No established health problems are registered and the customer should be satisfied with the indoor climate. Parliament's objective 8 regarding Good Built Environment: In 2020 buildings and their features should not have a negative effect on health. Consequently, it should be ensured that the level of radon in all schools and preschools in 2010 is lower than 200 Bq/m³ air. | <ul style="list-style-type: none"> Improve the outcome regarding 'satisfied tenants' in the NKI survey by one unit with regard to the questions <ul style="list-style-type: none"> The premises are pleasant. The premises have a good indoor climate. Radon • Damp • A project at each regional company will be reported with regard to handling of damp. Active involvement in development in the industry towards a good indoor environment. | <ul style="list-style-type: none"> The Group has produced a directive for handling radon: Report, Radon handling within Akademiska Hus. The Western and Eastern regions have measured the occurrence of radon. In the Northern region measurement of radon is in progress. The Group office has purchased a measurement instrument for both instantaneous measurement and continuous measurement. The instrument is intended to be used for indicative measurement as guidance on whether normed measurement should be carried out. The Western and Northern regions have carried out such an audit. The Stockholm Region has not done so. Other regions did not report. Involvement in the Bygga-Bo dialogue, the Ecocycle Council, the Building Contractors Environmental, Technical and Quality Group. | <p>The results of the NKI survey were</p> <ul style="list-style-type: none"> The premises are pleasant (fallen from 78 in 2006 to 75 in 2007). The premises are suited to their purpose (increased from 74 in 2006 to 75 in 2007). When asked about care for the environment the results were as follows: 76 (2005); 77 (2006); 75 (2007). The premises have a good indoor climate (increase from 54 in 2006 to 58 in 2007) as regards the question 'care for the environment' the results are as follows: 76 (2005); 77 (2006); 75 (2007). A small number of premises in Norrköping and Örebro show increased levels of radon and in Linköping at several measurement points. In the Stockholm Region there is a small number of premises with the occurrence of radon related to buildings materials. Radon in the ground could occur and surveys are in progress. In Uppsala, the Uppsala ridge means that there is a high risk of radon in the ground. |

Employees

Investment in employee development to satisfy the demands of the customers

For Akademiska Hus employees 2007 was marked by a continued investment in development and healthcare. The increasing competition for skilled workers has inspired and also demanded that Akademiska Hus continues to develop into an even more attractive employer.

With AkaVision, employees at Akademiska Hus have created a common set of values using the business concept. AkaVision contains five key concepts: creativity, attractiveness, long-term thinking, profitability and efficiency.

New Ethics Policy 2007

Akademiska Hus should be seen as a company with a high degree of integrity and morals and which pursues and develops healthy, successful operations. To achieve this all employees must know about and comply with the Company's ethical and moral undertakings, i.e. perceptions about what is right and wrong.

During 2007 we produced and implemented a new Ethics Policy in order to support all employees and clarify the Company's position and the expectations of the personnel regarding external contacts and acting in the name of the Company. The policy deals with general principles governing compliance with the Akademiska Hus business concept and moral and ethical values. There is also detailed information about competition, bribes, corruption, business representation and relations with parties outside the Group and between employees.

Efficient work through process orientation

The Group conducts extensive process work and co-ordination and development follow the management system and process map. Our platform for in-house information and communication, the AkaCampus intranet, is built up according to this process map.

The Group has identified operational processes and how these are interlinked and has described this in the form of an overall process map. This forms the starting point for controlling, following up

and developing operations on different levels. This means that Group control and co-ordination take place partly via the existing line organisation, and partly in a matrix organisation via the processes. Each year the management lays down objectives and key figures for each process.

Human resource development and new employment

Competition for qualified employees in the property industry is becoming increasingly keener and it has become more important than ever when recruiting in order to mediate the Company's positive approach and potential for individual education and development.

The combination of technically interesting administration settings, large, advanced construction projects and the customers' advanced operations also contribute strongly to attracting new co-workers to Akademiska Hus.

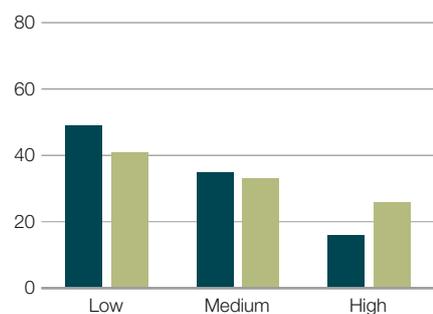
The rate of education and development in the Group continues to be high. As the majority of Akademiska Hus customers are active within higher education and research it is important that employees from the outset have a good level of education and that they receive continuous in-service training throughout their employment in order to keep pace with the customers' renewed demands and conditions. Appraisal discussions are an important foundation for competence development and the aim is that all employees should undergo regular appraisal discussions with their immediate superior. During 2007, 81 per cent stated that they have had an appraisal discussion with their manager during the past year.

Education costs per employee in 2007 were on average SEK 20,000 (18,000), which covers external and in-house education. Based on business plans and the individual objectives that emerge from appraisal discussions, each employee has a personal development plan. The education includes a deepening of knowledge within specialist areas but also general education within, for example, customer relations and personal development.

Once a year a joint training day is run for all employees in the Group where considerable emphasis is placed on greater knowledge

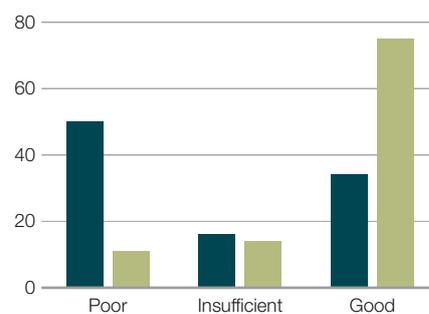
Results from the Spirit programme

Physical fitness, %



■ Opening values, Akademiska Hus, November 2005
■ Closing values, Akademiska Hus, October 2007

Eating habits, %



■ Opening values, Akademiska Hus, November 2005
■ Closing values, Akademiska Hus, October 2007



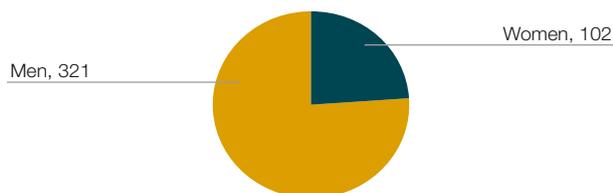
of and understanding of the parts of the Group in which one is not personally active. Customers and other external persons are invited as speakers on the training day. Twice a year all the management team members from all the companies, around 50 employees in all, meet for development activities and an exchange of experience. The development of the Group's processes takes place within approximately 15 networks with representation from the units concerned. The networks, which form a good base for both individual and organisational development, normally meet 3–6 times each year.

More satisfied employees

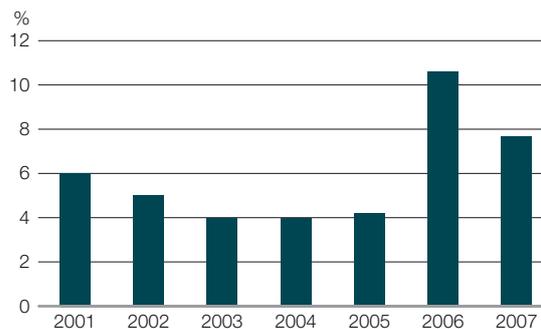
How satisfied employees are with their working situation and Akademiska Hus as an employer is measured annually through a questionnaire. The 2007 questionnaire showed that Akademiska Hus employees had become markedly more satisfied with their working situation the previous year. The Satisfied Employee Index (NMI), was 69, which is an improvement of three units.

The response rate was once again very high, with 94 per cent (94) of the employees taking part. The results are presented, on the

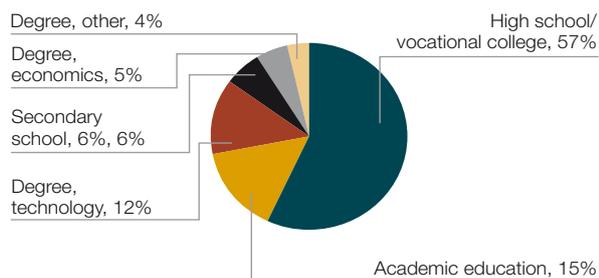
Division, number of women and men



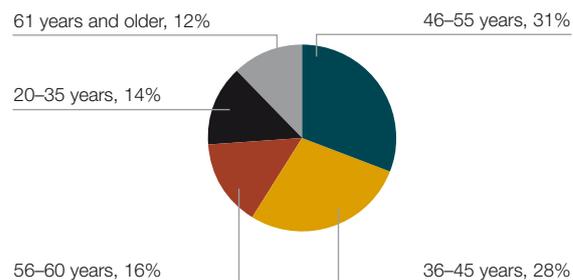
Staff turnover, Group



Education level



Age distribution, %



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 most important factors behind the NMI are the employer, the duties, competence and development and information.

As many as 63 per cent of the employees in the Group feel that it is has become better to work at Akademiska Hus over the past year while 26 per cent feel that it is the same as last year.

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 certification

The Group working environment programme has been certified according to AFS 2001:1 "Systematic management of the work environment" since April 2007.

Certification means, among other things, that we have undertaken to constantly improve on already good working environment. In the Group, 50 employees (12.6 per cent) are involved in the formal working environment committees that have been set up at the different companies.

Certification also means that each year we examine which risks exist in our operations and the risks to which our tenants are exposed and which are of significance to the safety and health of our staff. Based on the identified risks, the expertise, present working methods and other aids available to our staff are mapped and developed in order to handle these risks safely.

Another important part of the certified working environment programme is to inform both the Company's personnel and suppliers and contractors that have been brought in about the risks that a specific task could entail. This type of information often takes the form of local safety regulations, formulated by Akademiska Hus and/or the customer.

One of the most important elements in the certified working environment programme is to follow up and provide feedback on the results to the Company's executive management, who then decide whether the system is working and which measures need to be taken to improve the system.

In response to the question in the Employee Survey about whether Akademiska Hus handles working environment issues well, 85 per cent of the employees agreed. Other working environment questions also produced good results in the survey.

Employees are encouraged to exert an influence over their working situation through, for example, the employee questionnaire, appraisal discussions, proposals for improvements and involvement in Group projects such as AkaVision.

Extract from the employee questionnaire

| | 2005 | 2006 | 2007 |
|---|------|------|------|
| I support the Company's objectives | 85 | 86 | 86 |
| I am generally very satisfied with my duties | 78 | 78 | 80 |
| The Company invests in staff training to develop the Company's collective expertise | 73 | 74 | 75 |
| The Company gives me the opportunity to develop my expertise | 75 | 77 | 77 |
| I am generally very satisfied with my immediate superior | 79 | 79 | 78 |
| I have the authority to take action to solve problems that arise in my work | 82 | 84 | 84 |
| I am happy at work | 86 | 87 | 87 |

Healthcare initiative

In collaboration with the healthcare company Spiritgruppen, Akademiska Hus has offered all employees the opportunity to take part in a three-year health development programme aimed at improving health awareness and reducing poor health. The programme has been well received by the employees and many have improved their eating habits and physical fitness. In total, 75 per cent have good eating habits compared with 34 per cent when the programme started two years ago.

Absenteeism due to illness was 3.3 per cent, of which long-term absenteeism due to illness, i.e. a continuous period of absence due to illness of at least 60 days, was 2.1 per cent. This is a substantial improvement on the previous year, when total absenteeism due to illness was 4.0 per cent, and on the 2005 figure of 5.4 per cent.

To prevent and reduce costs arising from absenteeism due to illness, Akademiska Hus, together with Alecta, has produced a Group action plan for dealing with sickness and rehabilitation. The plan has been approved by all managers and an education element has been included. The aim is to achieve a uniform approach, which has been explained to both managers and employees, creating conditions to deal with someone affected by an illness in a better way.

Akademiska Hus has received a diploma from Alecta pension insurance for its work on reinforcing knowledge within the Company of subjects such as ITP, the cost of absenteeism due to illness and routines for maintaining contact with employees who are off sick.

The personnel turnover has fallen considerably and the figure for 2007 is 7.7 per cent (10.6).

Towards a better gender balance

Akademiska Hus had at the end of the year 423 persons who are permanently employed, of whom 24 per cent are women. There is a conscious endeavour to achieve a better gender balance both within positions in the organisation and within management groups and Group networks. In the more operative positions the property industry is still very much male-dominated, although Akademiska Hus does have eight female property managers and five female project leaders in what are traditionally male positions.

Diversity work

Around 10 per cent (approximately 40 persons) of Akademiska Hus employees have a foreign background, half of whom are technical personnel with the remainder 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.

Number of employees according to position and gender

| | Women | Men |
|----------------------|-------|-----|
| Operating engineers | 4 | 160 |
| Property supervisors | 8 | 23 |
| Property managers | 1 | 12 |
| Project managers | 5 | 23 |
| Accounting personnel | 38 | 5 |
| Executive Management | 4 | 10 |
| Other positions | 42 | 88 |



Governance

66–72



Group corporate governance report

The overall aim is to create value

A continuous process is taking place to develop the rules and routines which ensure transparency, a clear allocation of responsibility between different corporate bodies and the efficient functioning of the Board of Directors.

This report, which was adopted by the Board in March 2008, describes the structure and processes for Group management and control. The Company complies with the Swedish Corporate Governance Code (the Code) and statements from the Swedish Corporate Governance Board and also applies the guidelines laid down by the government in its ownership policy (www.naring.regeringen.se). Akademiska Hus follows the rules laid down in the Code governing the provision of information, in corporate governance issues for example, on the Company's website as well as the time and venue of the Annual General Meeting.

The Company's articles of association also state that the Company's purpose is to own and manage real estate and carry on building activities and building administration and operations compatible therewith, as well as own and manage moveable property.

Deviations from the Code

The Code has been prepared for companies with a broad ownership base. The election committee is in the first instance a body for shareholders to prepare decisions regarding appointments. For companies wholly owned by the State the rules laid down in the Code regarding an election committee are replaced by principles regarding a structured nomination process, which is to be found in the state ownership policy (see below).

Code rule 2.1–2.3 appointment of a Board of Directors and auditors
Akademiska Hus does not apply the rules in the Code that apply to the appointment of a Board of Directors and auditors.

Code rule 3.2.5 Reporting of the independence of Board members
Akademiska Hus does not apply the rules in the Code regarding the reporting of the independence of Board members.

Owner control

The primary task is to offer the country's universities and colleges healthy, suitable buildings for education and research. The Company shall also have the managerial responsibility of capitalising on the significant economic and cultural values that exist in the properties. Akademiska Hus shall be Sweden's leading property company in suitable, creative environments for higher education and research.

Akademiska Hus is wholly owned by the Swedish state through the Ministry of Enterprise, Energy and Communications. It is the owner's policy that ownership of Akademiska Hus should be long term. The government and the Ministry of Enterprise, Energy and Communications decide on state ownership policy and guidelines for state-owned companies¹⁾. According to the guidelines, state-owned companies should be as transparent as listed private companies. They should be a role model with regard to sustainability and healthy workplaces as well as equality and diversity at the workplace. Akademiska Hus is working continuously in all the aforemen-

tioned areas and has control documents that describe how the work on ethics, sustainability, equality and diversity takes place.

Nomination of board members and auditors

It is the Government's objective that boards should have a high level of expertise which is well adapted to each company's operations, situation and future challenges. Each nomination of a board member should be based on the need for expertise within the board of the company in question. The composition of the board should be such that the board always has knowledge of the industry or other know-how which is relevant to the company. The composition should also be such that a balance is achieved in terms of background, age and gender. The owner applies a structured nomination process in conjunction with the appointment of Board members and auditors. The nomination process is conducted and co-ordinated by the unit for state ownership within the Ministry of Enterprise, Energy and Communications. The selection of members is made from a broad recruitment base.

Annual General Meeting

The Annual General Meeting must be held within six months of the end of the financial year but should take place before April 30 each year. At the Annual General Meeting the shareholders elect, among others, the Board of Directors and auditors and also decide on discharge from liability for the Board of Directors and the President. The Board decides on guidelines for remuneration to persons in leading positions and, where applicable, amendments to the articles of association.

The Board of Directors

The Board of Directors is responsible for the overall management of the Company's business according to the Companies Act as well as decisions of major strategic and financial significance. The Board also decides on major 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 set forth the Board's working methods, the instructions for the President and instructions for the Board's committees.

During 2007 the Board comprised eight members elected at the Annual General Meeting as well as two members to represent the employees in the Company. Two of the members elected at the Annual General Meeting, Eva-Britt Gustafsson and Ingemar Ziegler, were elected whilst the others were re-elected. Claes Ljungh resigned from the Board. Of the eight members elected at the Annual General Meeting, one member is an employee at the Swedish Government Offices.

The Chairman of the Board leads the work of the Board and represents the Board and the Company in dealings with the owner. The Chairman is also responsible for an evaluation of the work of the Board.

The Board meets at least five times a year, of which one meeting should be devoted to matters of a long-term, strategic nature. If necessary, extraordinary meetings are held for specific matters. The Group's auditors take part each year in at least one Board meeting during the year and on one occasion the Board met the Company's auditor without the President or other person from the Executive Management being present.

¹⁾ See <http://www.naring.regeringen.se/content/1/c6/09/41/19/ea93479e.pdf>

In 2007, the Board met as follows:

| | |
|----------------------|--|
| January | Year-end report |
| March | Annual Report, investments |
| April (Two meetings) | Quarterly report, investments, rules of procedure for the Board, allocation of responsibility and authorisation, election of members of the Finance Committee, Remuneration Committee and Audit Committee. |
| June | Investments, strategic issues |
| August | Interim report |
| September | Investment |
| October | Interim report, investments, Ethics Policy |
| December | Business plan and budget for 2008, including overall working environment and environmental objectives, finance policy and finance plan, equality and diversity plan, investments, evaluation of the Board. |

The Board held ten meetings during the year at which minutes were taken. The Board members receive written documentation regarding the agenda well in advance of each Board meeting.

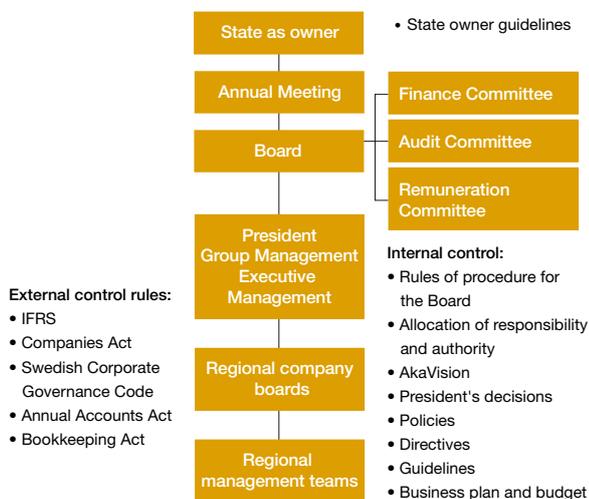
Attendance by the members of the Board can be seen in the table below.

Attendance by the members of the Group Board

Number of meetings during 2007: 10

| Board members | Number of meetings attended | Number of meetings which the member did not attend |
|----------------------|---|--|
| Eva-Britt Gustafsson | 7 (Elected to the Board at the Annual General Meeting on April 19) | |
| Charlotte Axelsson | 7 | 3 |
| Sigbrit Franke | 9 | 1 |
| Marianne Förander | 10 | |
| Maj-Charlotte Wallin | 8 | 2 |
| Per Granath | 10 | |
| Claes Ljungh | 3 (Resigned from the Board at the Annual General Meeting on April 19) | |
| Parzin Seradji | 10 | |
| Sveinn Jonsson | 10 | |
| Göran Wendel | 7 | 3 |
| Ingemar Ziegler | 6 (Elected to the Board at the Annual General Meeting on April 19) | 1 |

Control structure, Akademiska Hus



Board committees

| Finance Committee | | |
|--|--|--------------------------------|
| Members | Duties | Number of meetings during 2007 |
| Eva-Britt Gustafsson Göran Wendel Per Granath | The task of the Committee is to prepare and monitor financing issues and provide assistance to the Board in the handling of these issues. | 3 |
| Audit Committee | | |
| Members | Duties | Number of meetings during 2007 |
| Eva-Britt Gustafsson Maj-Charlotte Wallin Ingemar Ziegler Marianne Förander | The task of the Committee is to assist the Board in matters related to financial risk, reporting and control, property valuation, application of accounting principles, external audits and to assist the owner in the election of auditors. | 3 |
| Remuneration Committee | | |
| Members | Duties | Number of meetings during 2007 |
| Eva-Britt Gustafsson Sigbrit Franke Charlotte Axelsson | The task of the Committee is to prepare decisions regarding salary and terms and conditions of employment for the President and the Executive Management. | No recorded meetings |

The meetings can also be attended by the Head of Accounting and Finance, the Treasurer, the Planning Director and the President for the purposes of presentation. All members attended the meetings during the year. Feedback on the work of the committees is presented to the Board. An examination is made at each Board meeting of the minutes from each of the committees.

Company management and the President

AkaVision is the overall instrument for control of the Group. The vision is put into practice each year in an overall business plan.

Corporate governance proceeds from the Group Management and Executive Management. The Group Management comprises the CEO, Planning Director, Treasurer, Head of Accounting and Finance, IT Manager, Director of Corporate Communications, Technical Director and General Counsel. The Executive Management comprises the CEO, Planning Director and the six heads of the regional companies.

The President, who is also the CEO, leads operations within the frameworks decided by the Board. The heads of the regional companies and the members of the Executive Management report to the CEO.

The Group Management supports the President in leading operations, primarily running and developing the control process, the management system and the support processes as well as preparing matters for the Group Board. The Group Management is the process owner for the support processes except Construction projects.

The Executive Management supports the President in leading operations, primarily running and developing the Group's main process. The task of the Executive Management is also to act as adviser to the CEO on business and strategy issues related to operations. The Executive Management is the process owner for the main process and the support process Construction projects.

The Parent Company units are responsible for financial reporting for the Group, financing, human resources, IT, law, corporate communications and other matters of a Group nature. Certain Group areas, such as environment and energy, are dealt with through a network of persons from different parts of the Group.

Remuneration and other terms and conditions of employment for persons in executive positions are payable in accordance with the state "Guidelines for terms and conditions of employment for holders of executive positions".

The regions

The President of the Parent Company is the chairman of all the boards of the regional companies. External persons with local knowledge of industry and higher education as well as employee representatives are also included. At all the Board meetings it is the president of the regional company who presents the matters to be dealt with.

Investment matters are initiated and prepared by the company management for examination by the board of the regional company. In conjunction with major investments the matter is decided by the Group Board after being confirmed by the board of the regional company.

The regional companies have their own company management, allowing efficient control of the company.

Auditors

At the 2007 Annual General Meeting it was decided to elect Deloitte AB, with Peter Gustafsson as the principal auditor, as the auditor for the period up to the end of the 2010 Annual General Meeting. The auditor appointed by the National Audit Office is Anita Nilsson. The fee payable to the auditors during the year shall be as invoiced.

REPORT ON INTERNAL CONTROL BY THE BOARD

General

This report has been prepared in accordance with Sections 3.7.2 and 3.7.3 of the Code and is thus limited to internal control regarding financial reporting. The report is not part of the formal annual report and has not been examined by the Company's auditors.

Internal control regarding financial reporting at Akademiska Hus is an ongoing process that involves the Board, Executive Management and personnel and is formulated in such a way that it provides reasonable assurance that the Company's objectives are achieved and leads to reliable financial reporting.

The presentation of Akademiska Hus internal control regarding financial reporting is divided into Control environment, Risk assessment, Control activities, Information and communication and Follow-up. This is the same division as used in COSO, the internationally most established framework for describing a company's internal control.

Control environment

The basis for internal control comprises the control environment with the organisation, decision procedures and responsibility as stated in control documents such as policies, guidelines and manuals.

The general document AkaVision describes the way Akademiska Hus works, deals with customers, handles assets and addresses the future. AkaVision contains the business concept, objectives and strategies and a description of the way the Company acts in different contexts. With AkaVision as a basis a number of directives and guidelines were drawn up for certain strategic areas within Akademiska Hus, such as property valuation, financing, investment, accounting and reporting. During 2007, a separate Ethics Policy was decided and information about this has been produced in the Group. The Akademiska Hus liability and authorisation procedures include decision levels regarding different limits on investment amounts.

The Board has overall responsibility for financial reporting and is responsible under the Companies Act and the Swedish Code of Corporate Governance for internal control. The Audit Committee exercises the control of the Board. The allocation of duties between the Board and the President is laid down in the rules of procedure, which are decided each year.

Risk assessment

In the risk assessment for Akademiska Hus items in the financial reports and processes for financial reporting are identified where the risk of material error is greatest, i.e. where the values in the transactions are high or that the process is extremely complex and with a need for strong internal control. Identified risk areas are:

- Property valuation risks. In the property valuation process it is important that trends on the property market are monitored and Akademiska Hus checks with external valuers. The valuation parameters which are used are checked with the Audit Committee and the Board.
- Akademiska Hus has extensive operations involving large, complex projects. To minimise the risks, project reviews are conducted regionally and centrally alongside a decided allocation of responsibility between the regional and central level on both company level and board level.
- The Akademiska Hus back-office and accounting function, which is organisationally separate from the finance unit, examines and controls outcomes and reports from the finance unit and checks compliance with the mandates that have been granted in the finance policy in respect of counterparty, market, liquidity and currency risks. The basis for the examination comprises, among other things, reports from the finance system.

Control activities

Using standardised reporting routines, the joint Group finance handbook and the adopted rules of procedure, errors and deviations should be prevented, discovered and corrected. For key processes, both risks and controls are documented in the process descriptions which have been produced. Within each IT system there are a number of inbuilt controls. During 2007, IT security within the Group was examined.

General risks exist to some extent in all items in the reports. The matrix on the next page shows the more specific risks and associated control structures which are linked to material Income Statement and Balance Sheet items in Akademiska Hus operations. Risk management with regard to these items has been assigned maximum priority. Within the Income Statement these items are rental income, operating costs, changes in value and financial items. In the Balance Sheet the key items are investment properties and interest-bearing liabilities.

Information and communication

External financial information is published in direct association with the Board meeting in question. In the case of quarterly reports this takes place on the website and in the case of the Annual Report a printed publication is also produced. Apart from the Board meetings, other information channels include committees appointed by the Board, meetings of the Executive Management and the regional management teams as well as other information meetings.

An important channel for the Group's communication is the intranet. This includes:

- Directives and guidelines for areas such as property valuation financing.
- Liability and authorisation procedures.
- Attestation instructions.
- Organisation of the accounting functions.
- Reporting and accounting instructions.
- Time schedules for reporting and the audit.

Within the Group employees meet regularly within the established processes at network meetings in order to develop a common group view on different issues. Systems and routines are in place to provide the Board and the Executive Management with reports in relation to established objectives. The financial reporting takes place through a common group reporting system with a common group reporting package used by all units. All reporting units use the same accounting plan/code plan and the same accounting system.

Follow-up

Ongoing follow-up takes place to ensure that internal control is appropriate and effective based on established policies, directives

and guidelines. Shortcomings in the system must be reported to an immediate superior.

At each Board meeting the Board receives financial information and an analysis as well as a report from the most recent meetings of the different committees. The financial reports are followed up quarterly and with a year-end report.

The Audit Committee follows up audit matters and more extensive matters of principle with regard to financial reporting, including property valuation.

The Group Management handles result follow-up through a reporting system, which includes a budget, past results, key figures, deviations, textual comments etc.

The Akademiska Hus Group has a common finance and human resource unit. This unit, which has mainly transaction-intensive duties, acts as a control function in relation to regional core operations as it is organisationally separate.

In addition to internal controls, recommendations by the auditors are taken into account. These recommendations are followed up and action is taken.

The follow-up of processes and quality is an internal process at Akademiska Hus.

Income statement

| Item | Risks | Control structure – directives etc. | Control structure – process support | Control structure – system support |
|---|---|---|---|--|
| Rental income | <ul style="list-style-type: none"> – Renewal structure – All rental income is not debited – Correct rental income is not debited | | <ul style="list-style-type: none"> – Process description of the leasing process – Process description of the sales ledger/debiting of rent | <ul style="list-style-type: none"> – System controls in the rent system |
| Operating costs | | <ul style="list-style-type: none"> – Guideline for electricity trading | <ul style="list-style-type: none"> – Process description, electricity trading – Organisationally separate back-office function | <ul style="list-style-type: none"> – Energy follow-up system |
| Changes in value, investment properties | <ul style="list-style-type: none"> – Incorrectly calculated market values | <ul style="list-style-type: none"> – Property valuation directive | <ul style="list-style-type: none"> – Valuation manual and process description produced. Delimitation between what is an asset and what is to be expensed | <ul style="list-style-type: none"> – Reconciliation of the fixed assets register – Standardised system support |
| Net financial items | <ul style="list-style-type: none"> – Interest risk – Refinancing risk – Credit and counterparty risk – Currency risk | <ul style="list-style-type: none"> – Financing directive – Guideline for the back-office function | <ul style="list-style-type: none"> – Process description, financing – Organisationally separate back-office function | <ul style="list-style-type: none"> – Reconciliation in the finance system |

Balance Sheet

| Item | Risks | Control structure – directives etc. | Control structure – process support | Control structure – system support |
|------------------------------|--|---|---|--|
| Investment properties | <ul style="list-style-type: none"> – Assurance that all investment properties are reported – Assurance of correct valuation | <ul style="list-style-type: none"> – Property valuation directive | <ul style="list-style-type: none"> – Valuation manual and process description produced. Delimitation between what is an asset and what is to be expensed | <ul style="list-style-type: none"> – Reconciliation of the fixed assets register – Standardised system support |
| Interest-bearing liabilities | <ul style="list-style-type: none"> – Interest risk – Refinancing risk – Credit and counterparty risk – Currency risk | <ul style="list-style-type: none"> – Financing directive – Guideline for the back-office function | <ul style="list-style-type: none"> – Process description, financing – Organisationally separate back-office function | <ul style="list-style-type: none"> – Reconciliation in the finance system |

Board and auditors

BOARD

Eva-Britt Gustafsson

Born 1950. MBA. Chairwoman since 2007. Previously president of Venantius AB. Member of the board of JM AB, the Sixth Swedish National Pension Fund, Euler Hermes Kreditförsäkring Norden AB and the Legal, Financial and Administrative Services Agency Fund Delegation.

Charlotte Axelsson

Born 1948. Graduate in social science and administration. Member since 1998. President of HSB Stockholm. Chairwoman of the employers' association Fastigo. Member of the board of the National Swedish Property Board. Also board appointments linked to work as president of HSB Stockholm.

Sigbrit Franke

Born 1942. PhD. Member since 2001. Special government researcher, senior advisor Umeå University, Visiting Professor, Royal Institute of Technology. Chairwoman of the Royal Dramatic Theatre and the Education Science Committee within the Swedish Research Council, board member of Umeå University, Lifco. Fam. Erling-Perssons Foundation, Supreme Education Council, Qatar.

Marianne Föränder

Born 1967. MBA. Member since 2003. Deputy Director at the Ministry of Enterprise, Energy and Communications, State Ownership Unit. Member of the board of Vasallen AB, Specialfastigheter Sverige AB and SOS Alarm AB.

Per Granath

Born 1954. MScEng. Studies at the School of Business, Economics and Law, Gothenburg and Stockholm University. Member since 2005. President and CEO of Humana Group AB. Chairman of the board of Svefa Holding AB.

Sveinn Jonsson

Born 1942. High School Education. Employee representative (SEKO) since 2001. Operating engineer at Akademiska Hus Syd AB. No other board appointments.

Parzin Seradji

Born 1959. Operational Engineering programme, Royal Institute of Technology. Employee representative (Ledarna) since 2001. Operating engineer at Akademiska Hus Stockholm AB. Board member of the Rödbý association.

Maj-Charlotte Wallin

Born 1953. MBA. Member since 2004. Vice-President and Director of Finance, Alecta pensionsförsäkring, öms. No other board appointments.

Göran Wendel

Born 1954. High School Economist. Member since 2006. President of Svenska Bostäder AB. Member of the board of the employers' association Fastigo.

Ingemar Ziegler

Born 1947. BA, business administration and sociology. Member since 2007. President of AB Storstockholms Lokaltrafik. Member of the board of the National Fortifications Administration, AB Transitio, AB SL Finans, Clara Foundation, deputy board member AB SLL Internfinans.

AUDITORS

Peter Gustafsson

Born 1956 Auditor at Akademiska Hus since 2003. Deloitte AB. Authorised Public Accountant. Selected assignments: Nexus, Rezidor Hotel Group, SAAB Automobile, SAS, Semcon, Ledstierman and Teleca.

Anita Nilsson

Born 1955 Auditor at Akademiska Hus since September 2006. Swedish National Audit Office. Authorised Public Accountant. Selected assignments: Swedish Foundation for Strategic Research, National Board of Health and Welfare, Swedish Research Council, Parliamentary Administration.



Eva-Britt Gustafsson



Charlotte Axelsson



Sigbrit Franke



Marianne Föränder



Per Granath



Sveinn Jonsson



Parzin Seradji



Maj-Charlotte Wallin



Göran Wendel



Ingemar Ziegler



Peter Gustafsson



Anita Nilsson

Executive Management and Group Staffs



Left to right: Hans Antonsson, Mikael Lundström, Lennart Karlsson, Thomas Norell, Anders Rubensson, Birgitta Hohlfält, Bengt Erlandsson, Matias Lindberg.



Left to right: Agneta Rodosi, Gunnar Oders, Thomas Norell, Anders Rubenson, Marina Andersson, Per Brantsing Karlsson, Carolin Åberg Sjöqvist, Tomas Hallén.

EXECUTIVE MANAGEMENT**Thomas Norell**

Born 1944. President and CEO, Akademiska Hus. Employed 1993. Studies at Stockholm University. Previous experience: Director of Planning, National Swedish Board of Public Building, Assistant Under-Secretary, Ministry of Finance. Board appointments: Deputy Chairman, Grants Foundation for the Promotion of Japanese Studies.

Hans Antonsson

Born 1950. Regional Director, Akademiska Hus Uppsala. Employed 1996 MScEng. Previous experience: President Akademiska Hus, Umeå/Luleå, President UMI Fastighetsutveckling, Head of Property Department Umeå Municipal Authority, Assistant Director, Head of Property Supply, Umeå University.

Bengt Erlandsson

Born 1946. Regional Director, Akademiska Hus Öst. Employed 1993, Construction engineer. Studies at Linköping University. Previous experience: Property manager, National Swedish Board of Public Building, Area Manager AB Stångåstaden, Head of Human Resources, Tekniska Verken, Linköping AB.

Birgitta Hohlfält

Born 1958. Regional Director, Akademiska Hus Väst. Employed 2005. Graduate in social sciences and public administration, Göteborg University. Previous experience: Planning adviser, Akademiska Hus Group Office. Head of property supply and operating manager Karlstad University, Planning Manager, Property Department, Karlstad Municipal Authority. Board appointments: Member of the board of the Building Management Issues Foundation.

Lennart Karlsson

Born 1954. Regional Director, Akademiska Hus Stockholm. Employed 1993. MScEng. Executive MBA. Previous experience: President, Förvaltnings AB Galären, project manager Åke Larsson Byggare AB.

Matias Lindberg

Born 1965. Regional Director, Akademiska Hus Norr. Employed 2006. Administrative Economist. Previous experience: President AB Telgebostäder, Vallonbygden AB and ÅrehusAB.

Mikael Lundström

Born 1961. Regional Director Akademiska Hus Syd. Employed 2005. MScEng. Previous experience: Vice president Jonas Lang LaSalle AB, area manager Skandia Fastighet and head of administration NCC Fastigheter.

Anders Rubensson

Born 1951. Planning Director, Akademiska Hus. Employed 1993. BA Soc. Admin. Previous experience: Head of department, regional administration manager and other positions at the National Board of Public Building. Board appointments: member of ALMEGA Fastighetsarbetsgivarna.

GROUP MANAGEMENT**Thomas Norell**

See Executive Management.

Per Brantsing Karlsson

Born 1964. CIO, Akademiska Hus. Employed 2003. MBA. Previous experience: operational consultant Preera AB and Ekan AB, economist specialising in IT, Förörternas Bostads AB and Bostads AB Poseidon.

Tomas Hallén

Born 1951. Technical Director, Akademiska Hus. Employed 1998. MScEng. Previous experience: own consulting firm Energiprojekt AB. Board appointments: member of Chalmers EnergiCentrum CEC, member of Projekt Energi-System PES, member of the Energy Development Board, EUN for overall control of the energy authority STEM. Member of the National Board of Housing, Building and Planning Energy Council. Member of the IVA Academy.

Marina Andersson

Born 1978. Acting Director of Corporate Communications, Akademiska Hus. Employed 2006. BA. Previous experience: consultant JKL.

Gunnar Oders

Born 1956. Director of Finance, Akademiska Hus. Employed 2001. MBA. Previous experience: Head of Accounting and Finance, Higab and Bostads AB Poseidon.

Agneta Rodosi

Born 1957. Treasurer, Akademiska Hus. Employed 1994. MBA. Previous experience: responsible for the money and capital markets at Första Sparbanken and den Norske Creditbank, Sweden. Board appointments: member of the board of the Swedish Ships' Mortgage Bank.

Carolin Åberg Sjöqvist

Born 1968. General Counsel, Akademiska Hus. Employed 2004. LL.M. Previous experience: lawyer Advokatfirman Glimstedt, Associate Judge of Appeal, Court of Appeal for Western Sweden.

Anders Rubensson

See Executive Management.



Financial Report

73–104



Financial result summary

Group

Income

The Group's turnover for 2007 was SEK 4,786 million (4,704). Of this, rental income accounted for SEK 4,635 million (4,544). The level of income increased slightly as a result of redevelopment and new construction. Renegotiations during the year at a number of locations have led to unchanged or slightly reduced rent levels.

Profit

- The net operating profit was SEK 2,918 million (2,843). The cash flow in property operations is very stable.
- Operating profit before financial items amounted to SEK 2,283 million (4,649). The significant change in profit can be attributed to an unrealised change in value of investment properties amounting to SEK -684 million (1,818). The fall in value during 2007 is due almost entirely to increased cost of capital as a result of an increase in the risk premiums in the valuations.
- Net interest income and expense amounted to SEK -610 million (-419). The year was marked by increased market interest rates.
- Pre-tax profit was SEK 1,673 million (4,229).

Property values

The Group makes use of an internal valuation model, which forms the basis for setting the fair value. This value at the year-end was SEK 48,389 million (48,454).

Investments

Net investments in properties and new construction in progress in 2007 amounted to SEK 1,682 million (1,802). A number of major projects were completed in 2007. These included redevelopment of Tre Vapen in Stockholm for the Swedish Environmental Protection Agency and new construction for Biovitrum in Solna. There was also the redevelopment of the Centre for Chemistry and Chemical Engineering, stages 3 and 4, in Lund, the A building, stage C in Linköping, the C building, stage 2 in Luleå, the Faculty of Odontology laboratory wing in Malmö and the Natural Sciences building in Umeå.

Sales

During the year the Mimer 5 property in Stockholm, comprising 12,439 square metres, the National Academy of Mime and Acting in Stockholm comprising 5,648 square metres and the Kommandantsängen 8:8 property in Gothenburg comprising 2,500 square metres were sold. There were two minor sales in Uppsala. The contribution to profit from sales totalled SEK 66 million.

Cash flow

The Group's cash flow from current operations totalled SEK 1,814 million (1,778). Investments totalled SEK -684 million (-1,000), which generated cash flow after investments of SEK 1,129 million (778). Cash flow from financing totalled SEK -1,664 million (-624). Cash flow for the year amounted to SEK -535 million (153).

Environmental impact

Environmental impact caused by buildings and their operation is extremely moderate within Akademiska Hus. The greatest source of environmental impact, albeit indirect, is operation of buildings and customers' operations. Energy use is reported separately in the Environmental Report. There is a small number of facilities within the Group which require a permit or which need to be reported to a supervisory authority. These facilities have been reported and applications for permits (as required) have been submitted to the supervisory authorities concerned and have been granted. The facilities in question are: Two boilers for combustion technology research, two boilers for heating and electricity production, heat pump facilities for extracting heat from bedrock, seawater and ground heating/cooling, extraction of groundwater for cooling purposes, sewage facilities and ground storage for heating and cooling. The Group's dependence on facilities requiring permits and those carrying reporting obligations is of minor importance.

Parent Company

Income and profit

The Parent Company's income for 2007 was SEK 129 million (132). Of this amount, income from regional companies totalled SEK 128 million (122). The operating profit was SEK 17 million (3). Net interest income and expense was SEK 2,204 million (1,181), including dividends from regional companies totalling SEK 1,760 million (710). The profit before appropriations and tax was SEK 2,220 million (1,184). Investment in machinery and equipment totalled SEK 1 million (3). Equity amounted to SEK 6,382 million (5,683).

Proposed allocation of unappropriated earnings

According to the owner's financial objectives for Akademiska Hus, the dividend shall be 50 per cent of the profit after financial income and expense, excluding unrealised changes in fair value, with a deduction for possible tax. When deciding a dividend, consideration should be given to the Group's capital structure and capital requirements. The other financial targets are that the equity ratio should be at least 35 per cent and that the return on equity should be equivalent to the five-year government bond interest rate plus four percentage points, which for 2007 means 8.2 per cent. During 2007, the equity ratio was 47.4 per cent for the Group and 25.8 per cent for the Parent Company. After the proposed dividend the equity ratio would be 45.5 per cent for the Group and 21.9 per cent for the Parent Company. The owner's equity ratio target will be achieved even after the proposed dividend.

Available for allocation at the Annual General Meeting:

| | |
|---|-------------------|
| Retained earnings and other non-restricted equity | SEK 58,211,400 |
| Profit for the year | SEK 2,053,616,296 |
| Total | SEK 2,111,827,696 |

The Board and the President propose that the profit be allocated in such a way that SEK 967,000,000 is paid to the shareholder and that SEK 1,144,827,696 is carried forward. For details of the financial results and the financial position in general, reference can be made to the following financial statements.

Income Statements

| Amounts in SEK 1,000 | Note | Group IFRS | | Parent Company Annual Accounts Act | |
|--|---------------|-------------------|-------------------|------------------------------------|------------------|
| | | 2007 | 2006 | 2007 | 2006 |
| Income from property management | 5 | | | | |
| Rental income | 7 | 4,635,052 | 4,543,873 | – | – |
| Other property management income | 7, 8 | 57,873 | 52,065 | – | – |
| Total property management income | | 4,692,925 | 4,595,938 | – | – |
| Property management expenses | | | | | |
| Operating costs | 10 | –786,024 | –803,499 | – | – |
| Maintenance costs | | –658,104 | –623,648 | – | – |
| Property administration | 10, 19 | –239,068 | –252,758 | –84,349 | –89,303 |
| Other property management expenses | 9 | –91,669 | –72,834 | – | – |
| Total property management expenses | 6 | –1,774,865 | –1,752,739 | –84,349 | –89,303 |
| Net operating profit/loss | | 2,918,060 | 2,843,199 | –84,349 | –89,303 |
| Changes in property values, positive | | 1,224,100 | 3,316,148 | – | – |
| Changes in property values, negative | | –1,840,955 | –1,442,401 | – | – |
| Total changes in property values | 5, 20 | –616,855 | 1,873,747 | – | – |
| Central administration costs | 6 | –29,845 | –37,750 | –28,185 | –36,142 |
| Other operating income | 5, 11 | 93,258 | 107,695 | 129,122 | 132,503 |
| Other operating expenses | 6, 12 | –81,510 | –138,349 | –6 | –4,178 |
| Total, other operating items | | 11,748 | –30,654 | 129,116 | 128,325 |
| Profit/loss before financial items | 5, 13, 14, 33 | 2,283,108 | 4,648,542 | 16,582 | 2,880 |
| Financial income | | 203,348 | 461,717 | 3,005,683 | 2,048,771 |
| Financial expense | | –813,425 | –880,797 | –801,863 | –867,617 |
| Total, financial items | 15, 32, 33 | –610,077 | –419,080 | 2,203,820 | 1,181,154 |
| Profit after financial items | | 1,673,031 | 4,229,462 | 2,220,402 | 1,184,034 |
| Appropriations | 16 | – | – | –49,424 | –48,046 |
| Profit before tax | | 1,673,031 | 4,229,462 | 2,170,978 | 1,135,988 |
| Taxes | 17 | –419,799 | –1,191,393 | –117,361 | –121,886 |
| NET PROFIT FOR THE YEAR | 18 | 1,253,232 | 3,038,069 | 2,053,617 | 1,014,102 |
| Of which attributable to the shareholder in the Parent Company | | 1,253,232 | 3,038,069 | | |

Balance Sheets

| Amounts in SEK 1,000 | Note | Group IFRS | | Parent Company Annual Accounts Act | |
|---|--------|-------------------|-------------------|---------------------------------------|-------------------|
| | | 31-12-2007 | 31-12-2006 | 31-12-2007 | 31-12-2006 |
| ASSETS | | | | | |
| Fixed assets | | | | | |
| Tangible assets | | | | | |
| Investment properties | 20 | 48,389,118 | 48,454,287 | – | – |
| Construction in progress in investment properties | 21 | 1,315,859 | 893,817 | – | – |
| Equipment and fittings | 22 | 19,246 | 24,520 | 3,891 | 5,696 |
| Total tangible assets | | 49,724,223 | 49,372,624 | 3,891 | 5,696 |
| Financial assets | | | | | |
| Shares in Group companies | 23 | – | – | 1,564,200 | 1,564,200 |
| Other investments held as fixed assets | 29 | 50 | 50 | – | – |
| Derivatives | 24, 29 | 404,954 | 385,028 | 404,954 | 385,028 |
| Other non-current receivables | 25, 29 | 503,561 | 513,442 | – | – |
| Total financial assets | | 908,565 | 898,520 | 1,969,154 | 1,949,228 |
| Deferred tax | 17, 29 | – | – | – | 33,014 |
| Total fixed assets | | 50,632,788 | 50,271,144 | 1,973,045 | 1,987,938 |
| Current assets | | | | | |
| Current receivables | | | | | |
| Rental income and accounts receivable | 26 | 253,926 | 369,342 | – | – |
| Receivables from Group companies | | – | – | 21,763,385 | 20,721,967 |
| Prepaid tax | 17 | 82,561 | – | – | 6,856 |
| Other receivables | 27 | 70,191 | 295,656 | 5,215 | 8,870 |
| Prepaid expenses and accrued income | 28 | 131,158 | 102,460 | 34,418 | 30,290 |
| Derivatives | 24 | 139,401 | 77,702 | 139,401 | 77,702 |
| Total current assets | 29 | 677,237 | 845,160 | 21,942,419 | 20,845,685 |
| Liquid funds | | | | | |
| Current investments | | 797,601 | 815,250 | 797,601 | 815,250 |
| Cash and bank balances | | 46,232 | 563,563 | 45,779 | 563,507 |
| Total liquid funds | 30 | 843,833 | 1,378,813 | 843,380 | 1,378,757 |
| Total current assets | | 1,521,070 | 2,223,973 | 22,785,799 | 22,224,442 |
| TOTAL ASSETS | 5 | 52,153,858 | 52,495,117 | 24,758,844 | 24,212,380 |

Balance Sheets

| Amounts in SEK 1,000 | Note | Group IFRS | | Parent Company Annual Accounts Act | |
|---|-------|-------------------|-------------------|------------------------------------|-------------------|
| | | 31-12-2007 | 31-12-2006 | 31-12-2007 | 31-12-2006 |
| EQUITY AND LIABILITIES | | | | | |
| Equity | | | | | |
| <i>Equity attributable to the Parent Company's shareholder:</i> | | | | <i>Restricted equity</i> | |
| Share capital | | 2,135,000 | 2,135,000 | 2,135,000 | 2,135,000 |
| Other contributed capital/Share premium reserve | | 2,134,950 | 2,134,950 | – | – |
| Statutory reserve | | – | – | 2,134,950 | 2,134,950 |
| | | | | <i>Non-restricted equity</i> | |
| Hedge reserve | 31 | 47,099 | 1,842 | – | – |
| Fair value reserve | 31 | – | – | 47,099 | 1,842 |
| Profit brought forward, including profit for the year | | 20,382,668 | 20,529,436 | – | – |
| Profit brought forward (in the Parent Company) | | – | – | 11,111 | 397,010 |
| Profit for the year (in the Parent Company) | | – | – | 2,053,617 | 1,014,102 |
| Total equity | | 24,699,717 | 24,801,228 | 6,381,777 | 5,682,904 |
| Untaxed reserves | 16 | – | – | 321,971 | 272,546 |
| Liabilities | | | | | |
| <i>Non-current liabilities</i> | | | | | |
| Loans | 32 | 12,113,499 | 13,062,578 | 11,939,902 | 12,881,932 |
| Derivatives | 24 | 774,930 | 909,762 | 774,930 | 909,762 |
| Deferred tax | 17 | 7,407,450 | 7,218,838 | 21,198 | – |
| Other liabilities | 34 | 6,942 | 9,134 | 696 | 2,487 |
| Pension provisions and similar obligations | 33 | 220,430 | 212,064 | 75,961 | 77,130 |
| Total non-current liabilities | | 20,523,251 | 21,412,376 | 12,812,687 | 13,871,311 |
| <i>Current liabilities</i> | | | | | |
| Accounts payable | | 330,307 | 86,358 | 21,742 | 18,155 |
| Liabilities to Group companies | | – | – | 14,632 | 2,470 |
| Income tax liabilities | 17 | – | 101,775 | 20,662 | – |
| Other liabilities | 34 | 130,814 | 298,178 | 36,909 | 39,314 |
| Accrued expenses and prepaid income | 35 | 1,587,538 | 1,705,292 | 273,260 | 242,773 |
| Loans | 32 | 4,800,770 | 3,844,218 | 4,793,743 | 3,837,215 |
| Derivatives | 24 | 81,461 | 245,692 | 81,461 | 245,692 |
| Total current liabilities | | 6,930,890 | 6,281,513 | 5,242,409 | 4,385,619 |
| Total liabilities | 5, 36 | 27,454,141 | 27,693,889 | 18,055,096 | 18,256,930 |
| TOTAL EQUITY AND LIABILITIES | | 52,153,858 | 52,495,117 | 24,758,844 | 24,212,380 |
| MEMORANDUM ITEMS | | | | | |
| Pledged assets | 39 | 259,535 | 319,812 | 259,535 | 319,812 |
| Contingent liabilities | 40 | 2,301 | 2,107 | 120,387 | 111,799 |

Changes in equity

| Amounts in SEK 1,000 | Note | Attributable to the Parent Company's shareholder | | | | Total equity |
|---|------|--|--------------------------------|------------------|---------------------------|--------------|
| | | Share capital | Other contrib- uted capital | Hedge reserve | Profit brought forward | |
| Group | | | | | | |
| OPENING BALANCE AS OF JANUARY 1, 2006 | | 2,135,000 | 2,134,950 | 33,636 | 18,151,367 | 22,454,953 |
| Profit from cash flow hedging | 31 | – | – | –15,233 | – | –15,233 |
| Tax attributable to items reported directly against equity | | – | – | 12,362 | – | 12,362 |
| <i>Income and expenses for the period reported directly against equity, excluding transactions with the Company's owner</i> | | – | – | –2,871 | – | –2,871 |
| Cash flow hedging | 31 | | | | | |
| Dissolved against profit and loss | | – | – | –28,923 | – | –28,923 |
| Profit for the year | | – | – | – | 3,038,069 | 3,038,069 |
| <i>Total income and expenses for the period, excluding transactions with the Company's owner</i> | | – | – | –31,794 | 3,038,069 | 3,006,275 |
| Dividend | | – | – | – | –660,000 | –660,000 |
| CLOSING BALANCE AS OF DECEMBER 31, 2007 | | 2,135,000 | 2,134,950 | 1,842 | 20,529,436 | 24,801,228 |
| Profit from cash flow hedging | 31 | – | – | 60,190 | – | 60,190 |
| Tax attributable to items reported directly against equity | | – | – | –17,598 | – | –17,598 |
| <i>Income and expenses for the period reported directly against equity, excluding transactions with the Company's owner</i> | | – | – | 42,592 | – | 42,592 |
| Cash flow hedging | 31 | | | | | |
| Dissolved against profit and loss | | – | – | 2,665 | – | 2,665 |
| Profit for the year | | – | – | – | 1,253,232 | 1,253,232 |
| <i>Total income and expenses for the period, excluding transactions with the Company's owner</i> | | – | – | 45,257 | 1,253,232 | 1,298,489 |
| Dividend | | – | – | – | –1,400,000 | –1,400,000 |
| CLOSING BALANCE AS OF DECEMBER 31, 2007 | | 2,135,000 | 2,134,950 | 47,099 | 20,382,668 | 24,699,717 |

Other contributed capital comprises a share premium reserve of KSEK 2,134,950 (applies to both the opening and closing balance for all the above reporting periods).

| Amounts in SEK 1,000 | Note | Restricted equity | | Non-restricted equity | | Total equity |
|---|------|-------------------|----------------------|-----------------------|---------------------------|--------------|
| | | Share capital | Statutory reserve | Fair value reserve | Profit brought forward | |
| Parent Company | | | | | | |
| OPENING BALANCE AS OF JANUARY 1, 2006 | | 2,135,000 | 2,134,950 | 33,636 | 1,057,010 | 5,360,596 |
| Profit from cash flow hedging | 31 | – | – | –15,233 | – | –15,233 |
| Tax attributable to items reported directly against equity | | – | – | 12,362 | – | 12,362 |
| <i>Income and expenses for the period reported directly against equity, excluding transactions with the Company's owner</i> | | – | – | –2,871 | – | –2,871 |
| Cash flow hedging | 31 | | | | | |
| Dissolved against profit and loss | | – | – | –28,923 | – | –28,923 |
| Profit for the year | | – | – | – | 1,014,102 | 1,014,102 |
| <i>Total income and expenses for the period, excluding transactions with the Company's owner</i> | | – | – | –31,794 | 1,014,102 | 982,308 |
| Dividend | | – | – | – | –660,000 | –660,000 |
| CLOSING BALANCE AS OF DECEMBER 31, 2006 | | 2,135,000 | 2,134,950 | 1,842 | 1,411,112 | 5,682,904 |
| Profit from cash flow hedging | 31 | – | – | 60,190 | – | 60,190 |
| Tax attributable to items reported directly against equity | | – | – | –17,598 | – | –17,598 |
| <i>Income and expenses for the period reported directly against equity, excluding transactions with the Company's owner</i> | | – | – | 42,592 | – | 42,592 |
| Cash flow hedging | 31 | | | | | |
| Dissolved against profit and loss | | – | – | 2,665 | – | 2,665 |
| Profit for the year | | – | – | – | 2,053,617 | 2,053,617 |
| <i>Total income and expenses for the period, excluding transactions with the Company's owner</i> | | – | – | 45,257 | 2,053,617 | 2,098,874 |
| Dividend | | – | – | – | –1,400,000 | –1,400,000 |
| CLOSING BALANCE AS OF DECEMBER 31, 2007 | | 2,135,000 | 2,134,950 | 47,099 | 2,064,728 | 6,381,777 |

Share capital is divided into 2,135,000 shares at a nominal value of SEK 1,000 with one (1) vote per share (applies to both the opening and closing number of shares for with all the above reporting periods).

Cash Flow Statements

| Amounts in SEK 1,000 | Note | Group IFRS | | Parent Company Annual Accounts Act | |
|--|--------|-------------------|-------------------|------------------------------------|--------------------|
| | | 2007 | 2006 | 2007 | 2006 |
| Current operations | | | | | |
| Profit after financial items | 41 | 1,673,031 | 4,229,462 | 2,220,402 | 1,184,034 |
| Adjustment for items not included in the cash flow | 42 | 508,969 | -2,059,460 | -124,875 | -212,677 |
| Tax paid | | -404,776 | -163,055 | -53,231 | -953 |
| Cash flow from current operations before changes in working capital | | 1,777,224 | 2,006,947 | 2,042,296 | 970,404 |
| Cash flow from changes in working capital | | | | | |
| Increase (-)/decrease (+) in current receivables | | 318,451 | 148,622 | -1,041,891 | -20,720,158 |
| Increase (+)/decrease (-) in current liabilities | | -281,883 | -377,684 | 41,650 | -124,646 |
| Cash flow from current operations | | 1,813,792 | 1,777,885 | 1,042,055 | -19,874,400 |
| Investments | | | | | |
| | 43 | | | | |
| Investment in shares in Group companies | | - | -15,421 | - | - |
| Investment in investment properties | | -489,479 | -620,056 | - | - |
| Sale of investment properties | | 528,020 | 93,453 | - | - |
| Investment in new construction in progress | | -809,348 | -570,621 | - | - |
| Investment in other fixed assets | | -4,896 | -9,133 | -1,327 | -2,875 |
| Sale of other fixed assets | | 198 | 422 | 17 | 35 |
| Increase (-)/decrease (+) in non-current receivables | | 91,029 | 121,155 | 81,148 | 21,612,855 |
| Cash flow from investments | | -684,476 | -1,000,201 | 79,838 | 21,610,015 |
| Financing | | | | | |
| Raising of interest-bearing loans, excluding refinancing | | - | 35,650 | - | - |
| Amortisation of interest-bearing loans | | -264,296 | - | -257,270 | -922,282 |
| Dividend paid | | -1,400,000 | -660,000 | -1,400,000 | -660,000 |
| Cash flow from financing | | -1,664,296 | -624,350 | -1,657,270 | -1,582,282 |
| Cash flow for the year | | -534,980 | 153,334 | -535,377 | 153,333 |
| Opening liquid funds | | 1,378,813 | 1,225,479 | 1,378,757 | 1,225,424 |
| Closing liquid funds | 30, 44 | 843,833 | 1,378,813 | 843,380 | 1,378,757 |

Notes

1 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 Gothenburg. Akademiska Hus is wholly owned by the Swedish Government.

The Company is the parent company in the Akademiska Hus Group, the principal purpose of which is to own and manage university and college properties. The Company's core operations and its regional companies are presented in earlier sections.

The Parent Company's functional currency is SEK.

All amounts are in SEK 1,000 unless stated otherwise.

2 Adoption of the Annual Report

The Annual Report and consolidated accounts were adopted by the Board and approved for publication on March 6, 2008. The Income Statement and Balance Sheet for the Parent Company and the Group will be the subject of adoption at the Annual General Meeting on April 29, 2008.

3 General accounting principles

The consolidated accounts have been prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS) as well as interpretations by the International Financial Reporting Interpretations Committee (IFRIC) as of December 31, 2007. The Group also applies Swedish Financial Accounting Standards Council recommendation RR 30:06, Supplementary Rules for Consolidated Financial Statements, which specifies the supplements to the IFRS information required pursuant to the rules in the Annual Accounts Act.

In the Annual Report, items have been valued at cost except with regard to revaluation of investment properties, financial assets that can be sold and financial assets and liabilities (including derivatives) valued at fair value through profit and loss. The following is a description of the more material accounting principles that have been applied.

New and amended IFRS standards and interpretations

With effect from January 1, 2007, the Group has applied IFRS 7 Financial Instruments: Disclosures and amendments to IAS 1 Presentation of Financial Statements. IFRS 7 means expanded disclosure requirements regarding the significance of financial instruments to the Group's financial position and profit as well as the nature and extent of risks deriving from the financial instruments. The amendment in IAS 1 means new disclosure requirements regarding the extent of external financing as well as the Company's objectives, policies and methods for capital management.

Four interpretations issued by the IASB's International Financial Reporting Interpretations Committee (IFRIC) are compulsory for the 2007 financial year. These are: IFRIC 7 Applying the Inflation Approach under IAS 29, Financial Reporting of Hyperinflationary Economies; IFRIC 8 Scope of IFRS 2; IFRIC 9 Reassessment of Embedded Derivatives and IFRIC 10 Interim Financial Reporting and Impairment. The Executive Management expects that the introduction of these interpretations will not entail any material financial effect on the Group's financial statements.

The International Accounting Standards Board (IASB) has issued the following new and amended standards which, at the time of publication of this Annual Report, had not yet come into effect:

| Standard | Will be applied for the financial year commencing: |
|--|--|
| IFRS 8 Operating Segments | January 1, 2009 or later |
| Amendment to IFRS 2 Share-based payment * | January 1, 2009 or later |
| Amendment to IAS1 Presentation of Financial Statements * | January 1, 2009 or later |
| Amendment to IAS 23 Borrowing costs * | January 1, 2009 or later |
| Amendment to IAS 32 Financial Instruments: Presentation * | January 1, 2009 or later |
| Amendment to IFRS 3 Business Combinations | July 1, 2009 or later |
| Amendment to IAS 27 Consolidated and Separate Financial Statements * | July 1, 2009 or later |
| Amendment to IAS 28 Investments in Associates * | July 1, 2009 or later |
| Amendment to IAS 31 Interests in joint ventures * | July 1, 2009 or later |

* Not yet approved for application in the EU.

The IASB's International Financial Reporting Interpretations Committee (IFRIC) has issued the following new interpretations, which have not yet come into effect.

| Interpretation | Will be applied for the financial year commencing: |
|---|--|
| IFRIC 11 IFRS 2: Group and Treasury Share Transactions | March 1, 2007 or later |
| IFRIC 12 Service Concession Arrangements * | January 1, 2008 or later |
| IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction * | January 1, 2008 or later |
| IFRIC 13 Customer Loyalty Programmes * | July 1, 2008 or later |

* Not yet approved for application in the EU.

The above new and amended standards and interpretations have not yet been applied. The Company has not yet examined how introduction of these new standards and interpretations will affect the Group's financial statements.

Consolidated accounts

The consolidated accounts cover the Parent Company and companies over which the Parent Company has a controlling influence (regional companies). A controlling influence means a right to formulate strategies for financial activities with the aim of securing economic advantages. The occurrence and effect of potential voting rights which can at present be exercised or converted are taken into account when assessing whether the Group can exercise a controlling influence over another company. All regional companies are wholly owned. The regional companies are included in the consolidated accounts with effect from the point at which the controlling influence is achieved and they are not included at the point at which the controlling influence ceases.

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

Goodwill is reported in the Balance Sheet as an intangible asset at the acquisition value with a deduction for accumulated impairments. Goodwill comprises the amount by which the acquisition value exceeds the fair value of the Group's share of the acquired identifiable net assets of the regional company at the time of acquisition. Any profit or loss on disposal of the unit includes the remaining reported value of the goodwill which refers to the divested operations.

Goodwill has been assessed to have an indeterminate useful life. Goodwill is allocated to the smallest possible cash-generating unit and the reported value is examined at least once a year for possible impairment requirements. Examination of impairment requirements takes place more often if there are indications that a fall in value has taken place during the year.

If an acquisition means that the fair value of acquired assets, liabilities and contingent liabilities exceeds the acquisition value, the surplus is reported immediately in the Income Statement. In the event an acquisition takes place of a group of assets or net assets which do not comprise a business, the costs in the Group are instead divided up into individually identifiable assets and liabilities in the Group based on their relative fair values at the time of acquisition.

If necessary, the regional companies' accounts are adjusted in order to comply with the same principles that are applied by other Group companies. All transactions between Group companies and intra-Group transactions are eliminated when the consolidated accounts are prepared. Unrealised losses are also eliminated if the transaction does not constitute evidence that an impairment requirement is needed.

Segment reporting

The Group is organised and controlled based on a geographical division into markets/administration areas which are used as a primary segment. The geographical areas (segments) are exposed to similar risks and opportunities which differ compared with other geographical areas (segments). Geographical areas concur with each regional company. At present there is only one secondary segment, property management, and consequently no further division is possible.

Income reporting

In its capacity as landlord the Group has signed operational lease agreements with customers and consequently the Group's reported income mainly

Note 3, cont'd.

comprises rental income. Reported rental income has, where applicable, been reduced by the value of discounts granted to customers. In those cases where lease agreements result in reduced rent during a certain period, which is equivalent to a higher rent during another (later) period, this higher or lower rent is allocated to a specific period over the term of the lease. Rental income, lease income and parking income are reported in advance and the allocation of rents to specific periods therefore takes place so that only part of the rents that accrue to the period are reported as income. Income reporting normally takes place linearly over the term of the lease agreement except in exceptional cases when another method better reflects how financial advantages accrue to the Group.

Interest income is reported as income divided across the term on application of the annualised percentage interest rate method.

Dividend income is reported when the right to receive payment has been confirmed.

Other operating income and operating expenses

Other operating income and operating expenses comprise income and costs which are attributable to normal operations but which derive from secondary activities or which cannot in an obvious way be placed under any of the other items in the Income Statement.

Remuneration to employees

The Group has both defined contribution and defined benefit pension schemes. A defined benefit pension scheme is a pension scheme that guarantees an amount the employee receives as a pension benefit on retirement, normally based on a number of different factors such as salary and period of service. A defined contribution pension scheme is a pension scheme where the Group, after having paid its pension premium to a separate legal entity, has discharged its undertaking to the employee.

Defined contribution pension schemes are reported as a cost during the period to which the premiums paid can be allocated.

Pension expenses for defined benefit schemes are calculated with the aid of the Projected Unit Credit Method in such a way that it divides the costs over the employee's professional life. The calculation is made annually by independent actuaries. These undertakings, i.e. the liability which is reported, is valued at the current value of the expected future payment where the calculated future salary increases are taken into account making use of a discount interest rate which is equivalent to the interest rate on first-class company bonds or government bonds issued in the same currency as the pension will be paid with a remaining term that is comparable with the current undertakings. Accumulated actuarial gains and losses, outside the 'corridor', are reported in the Income Statement as income or as a cost, divided over the employees' average remaining calculated period of employment through to retirement. The corridor comprises the higher of 10 per cent of the current value of the defined benefit pension commitments and 10 per cent of the value of the management assets. Costs related to service during earlier periods are reported directly in the Income Statement unless the changes in the pension scheme are subject to the employees remaining in service during a stated period. In such a case the cost regarding the period of employment is separated from earlier periods linearly over the earning period.

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 a 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 carrying 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.

Tax receivables and tax liabilities are set off and reported at a net amount in the Balance Sheet when there is a legal right to set off and when there is an intention to either receive or pay a net amount or receive payment of a receivable and pay the liability at the same time.

Recalculation of items in foreign currency

Financial assets and liabilities in foreign currency are calculated at the year-end rate whereupon realised and unrealised translation differences are capitalised. Translation differences on operating receivables and liabilities are reported under Other operating income or Other operating expenses whilst translation differences attributable to financial assets and liabilities are reported under Net interest income and expense.

Intangible assets

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

Costs for the development and/or maintenance of IT projects are expensed when they arise except in those cases where the expenses are estimated to bring probable financial advantages to the Group during a period of more than one year and that these exceed the development costs and can be checked. In these cases the charge is reported as an intangible asset. Charges mainly include consulting costs, time worked internally and licence costs. Capitalised expenses for IT projects are depreciated over the expected useful life which does not exceed five years.

Investment properties

Investment properties, i.e. properties that are held for the purpose of generating rental income or gains from an increase in value are valued continuously at the fair value (assessed market value). The fair value is based on the assessed market value at the year-end, which means the value at which the property could be transferred between knowledgeable parties who are independent of each other and who have an interest in the transaction being implemented. Changes in fair value are reported in the Income Statement with the effects of changes in value of the properties.

The term investment properties includes buildings and land, land equipment and buildings and land equipment.

Property sales and property purchases are reported in conjunction with the risks and benefits linked to title transferring to the purchaser or seller, which normally takes place on the completion date, as long as this does not conflict with the terms and conditions in the contract of sale.

A profit or loss that arises on a sale or disposal of investment properties comprises the difference between the sales price and the most recent valuation (reported value based on the most recent revaluation at fair value). The result in conjunction with sale or disposal is reported in the Income Statement with an effect on the changes in the value of properties.

In those cases where Akademiska Hus uses part of a building for its own administration, the property is only classified as an investment property if an insignificant part is used for administrative purposes.

If an investment property is reclassified as a property held for resale or inventory item, the property is reported at the assumed acquisition value, equivalent to the property's fair value at the time of reclassification.

Fair value, investment properties

When valuing the investment properties at fair value (assessed market value) an internal valuation model is used which is quality assured through the checking of the conditions with external property valuers and through externally performed valuations. The valuation is based on each property's expected cash flow during the coming ten years and an estimated residual value for year eleven. The yield requirement has been differentiated for different types of objects, the rental period as well as the town and location assessment. The rental income which is included in the valuation has been assessed on market terms and in the model normalised operating costs have been used. Maintenance costs have been calculated on a standard basis based on the use of the property.

New construction in progress

New construction in progress in investment properties is reported at the cost incurred until the new investment has been completed when it is reclassified as an investment property. At the time of reclassification the difference between the reported value and the assessed fair value is reported in the Income Statement with the effect of the change in value of the properties.

*Note 3, cont'd.***Equipment, fixtures and fittings**

Equipment and fittings mainly comprise IT equipment and office equipment. This is reported at the acquisition value reduced by depreciation according to plan and possible impairment.

Depreciation according to plan is based on the original acquisition value reduced by the estimated residual value and takes place linearly over the expected useful life of the asset.

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

| | |
|----------------------------------|-----|
| Computer equipment | 33% |
| Equipment, fixtures and fittings | 20% |

Depreciation according to plan of equipment, fixtures and fittings is reported as an operating cost or property administration.

The profit or loss which arises on scrapping or disposal of equipment and installations is reported as Other operating income or Other operating expense.

Impairments

Impairment takes place in those cases where the reported value of the asset exceeds the recovery value. Reported values for the Company's assets are checked at each period-end to determine if there is any indication of an impairment requirement. If there is such an indication the recoverable value of the asset is calculated. The recoverable value is the highest of the useful value and the net sales value.

On computing the useful value, future cash flows are discounted at a rate of interest before tax that it is envisaged will take into account the market's assessment of risk-free interest and risk linked to the specific asset. For an asset which does not, independent of other assets, generate any cash flow the recoverable value of the cash-generating unit to which the asset belongs is calculated.

Reversal of previous impairments takes place when the recoverable value for a previously impaired property exceeds the carrying value and the need for impairment which was previously made is no longer considered necessary and is reported in the Income Statement. An examination of past impairments takes place on an individual basis.

Financial instruments

The general principles for the valuation of financial instruments is that financial assets and all derivatives should be valued at fair value whilst financial liabilities are valued at the accrued acquisition value.

Financial instruments are reported initially at the acquisition value corresponding to the fair value of the instrument with an addition for transaction costs for all financial instruments apart from those that belong to the category Financial Assets, which are valued at fair value through profit and loss. Reporting subsequently takes place depending on how they are classified as stated below.

A financial asset or financial liability is recorded in the Balance Sheet when the Company becomes a party to the contractual terms and conditions of the instrument or when applicable according to 'regular way purchase' principles. The receivables are recorded in the Balance Sheet when an invoice has been sent. A liability can be recorded when the counter-party has performed and there is a contractual obligation to pay even if an invoice has not yet been received. Accounts payable are recorded when an invoice has been received.

A financial asset is removed from the Balance Sheet when the rights in the agreement are realised, fall due or the Company loses control over them. The same applies to part of the financial asset. A financial liability is removed from the Balance Sheet when the obligation in the agreement is discharged or is in some other way extinguished. The same applies to part of a financial liability.

The Group categorises its financial instruments as:

- *Assets which are valued at fair value through profit and loss*
Assets under this category are reported initially at the acquisition value, i.e. fair value at the time of acquisition, and are subsequently valued continuously at fair value. The change in value is reported continuously in the Income Statement. All Akademiska Hus investment assets and outstanding derivatives (with a positive fair value) come under this category
- *Loan receivables and other receivables*
Assets under this category are non-derivative financial assets with established or establishable payment flows which are not listed on an active

market. These assets are reported and valued on a continuous basis at the accrued acquisition value. Akademiska Hus's accounts receivable are also classified under this category and are reported and valued continuously at the acquisition value. At each period-end an impairment review is made of this asset. Non-current security holdings fall under this category and are valued at the acquisition value unless an impairment requirement has been identified

- *Liabilities which are valued at fair value through profit and loss*
These liabilities are reported initially at the acquisition value and thereafter on an ongoing basis at fair value. The change in value is reported on a continuous basis through profit or loss. Akademiska Hus's outstanding derivatives with a negative fair value fall into this category.
- *Other financial liabilities*
Liabilities in this category are reported and valued at the accrued acquisition value according to the annual equivalent interest rate method. Direct costs when loans are raised are included in the acquisition value. All loan financing is included in this category. Akademiska Hus's accounts payable and other liabilities are also classified under this category but are reported at the acquisition value.

Set-off of financial assets and liabilities

Financial assets and liabilities are set off and reported at a net amount in the Balance Sheet when there is a legal right to set off and when there is an intention to settle the items with a net amount or at the same time realise the asset and settle the debt.

Calculation of fair value, financial instruments

When establishing fair value for current investments, derivatives and loan liabilities the official market listing at the period-end is used and calculation takes place according to generally accepted methods. In those cases where such listings are lacking, a valuation is made through discounting of future cash flows at the listed market interest rate for each term. Calculation into Swedish kronor is made at the listed rate at the period-end. Calculated and estimated fair values are indicative and will not necessarily be realised.

Nominal value, reduced by possible estimated credits, for accounts receivable and accounts payable are assumed to be equivalent to their fair value.

Rental receivables and accounts receivable and other receivables

Rental receivables and accounts receivable are reported initially at the fair value and then are subsequently reported at the invoiced amount following a deduction for any impairment (bad debts), which is equivalent to the accrued acquisition value. The estimated term of rent receivables and accounts receivable is short and consequently the value is reported at the nominal amount without discounting. Doubtful receivables are assessed individually and any impairment is reported within operating costs.

Liquid funds

Liquid funds comprise cash and bank balances and current investments with a term shorter than three months. These assets are regarded as being saleable immediately with a negligible risk of changes in value, which means that the reported value (acquisition value plus accrued coupon) is equivalent to the fair value.

Current investments

Current investments with a period in excess of three months comprise interest-bearing securities and are reported and valued at fair value. Changes in value (unrealised profits and losses) are reported on a continuous basis through net interest income and expense.

In the Cash Flow Statement current investments with a term in excess of three months are not classified as liquid funds.

Loan financing

All loan financing is reported initially at fair value, net after transaction costs. Borrowing is subsequently reported at the accrued acquisition value and any difference between the amount received and the repayment amount is reported in net interest income and expense divided over the loan period with the application of the annual equivalent interest rate method.

Borrowing which constitutes a hedged item in conjunction with fair value hedging is reported and valued after the acquisition point on an ongoing basis at

Note 3, cont'd.

fair value. Changes in value are reported in net interest income and expense.

Loan financing in foreign currency is translated and the effects are reported through profit or loss.

Accrued coupon interest is allocated to a specific period and expensed over the term.

Loan costs, interest and transaction costs are reported as a cost during the period they arise regardless of when the funds borrowed have been used.

The financing cost for the Group's current new construction is charged entirely to each year's net interest income and expense.

Accounts payable and other liabilities

Accounts payable and other liabilities have a short expected term and are valued without discounting at the nominal value.

Financial derivatives

Derivatives are held primarily with the aim of securing long-term, cost-effective loan financing and to handle the Group's financial risk exposure by hedging existing interest and currency exposure against fluctuations in interest levels and exchange rates.

All derivatives are valued at fair value and changes in value are reported on an ongoing basis against the financial result with the exception of the outstanding derivatives, which comprise hedging instruments. In a hedging circumstance where the underlying balance sheet item is business-related the derivative's changes in value are reported against operating income. Changes in value attributable to the derivatives, which comprise hedging instruments in a cash flow hedge are charged against equity and reported against financial or operating profit at the time the underlying exposures affect the result.

Interest derivatives (interest future contracts, interest swap agreements, FRA contracts and interest options) are held mainly to secure the desired fixed interest period in existing loan financing. Interest derivatives are valued on an ongoing basis at fair value and the effects attributable to the changes in value are reported against net interest income and expense in conjunction with hedging of fair value and against equity in conjunction with cash flow hedging. The net of the accrued income interest and expense is allocated to specific periods and expensed over the term of the derivative.

In conjunction with financing in a foreign currency all future payment flows are hedged so that no currency risk remains. Currency hedging takes place with the aid of a currency derivative (currency future contract and currency swap agreement or, alternatively, combined with an interest swap agreement). Currency derivatives are recalculated at the period-end exchange rate and when hedge reporting is applied the effects of the currency recalculation of the derivative naturally meet the effects of the currency recalculation of the loans in the financial result.

Independent derivatives, i.e. derivatives that are not included in any hedging relationship, are valued at fair value and the change in value is recorded directly against the financial result.

With the aim of evening out price variations on the electricity 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. Electricity derivatives are valued continuously at fair value and when hedge reporting according to the cash flow method is applied, the changes in value are reported directly against equity. The effects of price hedging, the difference between the electricity derivative's assured price and the average spot price during the term of the derivative, are set off against profit and are transferred on maturity from equity and reported as an operating cost. Consequently, the result of the derivative together with the Group's physical electricity purchases constitute the actual electricity cost.

In principle, all currency risks attributable to outstanding electricity derivatives are exchange hedged with the aid of exchange rate futures. Currency derivatives are valued on an ongoing basis at fair value and when hedge accounting according to the cash flow method is applied the changes in value are reported directly against equity. The effects are expensed on settlement, i.e. the effects are transferred from equity and reported as an operating cost.

Hedge accounting

Akademiska Hus's hedge accounting takes place through a division into two different methods of hedging depending on the aim of the hedging. 'Fair value hedging' and 'Cash flow hedging'.

In conjunction with fair value hedging both the hedged item/exposure and the hedging instrument are valued at fair value. The changes in value are reported continuously through profit and loss.

In conjunction with cash flow hedging the hedging instrument is valued at the fair value at the same time that the hedged item in conjunction with borrowing is valued according to the current valuation method (categorisation). A change in value attributable to a derivative which qualifies for hedge accounting, according to the demands for cash flow hedging, are reported on an ongoing basis against equity until the underlying transaction/exposure affects the Income Statement.

One of the criteria for hedge accounting to be applied is that the hedging relationship is expected to be effective both at the time of entering into the relationship as well as during the hedging period. The ineffective part of the hedging, i.e. the difference between the changes in value in the exposure (interest, electricity price or exchange rate risk) which are hedged in the underlying transaction/flow and the change in value in the hedging instrument's (derivative's) equivalent risk is expensed.

When a hedging measure is entered into, the relationship between the hedging instrument and the hedged item as well as the aim of the hedging measure, together with the method for calculating the effectiveness, are documented.

Appropriations

Appropriations 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 where it is probable that an outflow of resources is required to settle the undertaking and a reliable estimate of the amount can be made.

Parent Company, accounting principles.

The Parent Company has prepared its annual accounts according to the Annual Accounts Act and the Swedish Accounting Standards Board recommendation RR 32:06 Reporting for Legal Entities and applicable statements from the Emerging Issues Task Force. RR 32:06 means that in the annual accounts for the legal entity the Parent Company shall apply all EU-approved IFRS and statements as far as this is possible within the framework of the Annual Accounts Act and the Safeguarding of Pension Commitments Act with consideration given to the link between accounting and taxation. The recommendation states which exceptions and addenda are to be made to IFRS. The differences between the Group's and the Parent Company's accounting principles are stated below.

Investment properties

Investment properties are reported in a legal entity at the acquisition value with a deduction for accumulated depreciation, impairments and reversed impairments. The depreciation period is based on each investment property's useful life.

Payments to employees

The Parent Company's pension undertakings have been calculated and reported based on the Safeguarding of Pension Commitments Act. Application of the Safeguarding of Pension Commitments Act is a prerequisite for the right to make a tax deduction.

Deferred tax

The amounts which are allocated to untaxed reserves comprise taxable temporary differences. As a result of the link between accounting and taxation the deferred tax liability, which is attributable to the untaxed reserves, is not reported separately in a legal entity. These are both reported at the gross amount in the Balance Sheet. The appropriations are reported at the gross amount in the Income Statement.

4 Estimates and assessments

When preparing reports in compliance with IFRS, the management and the Board must make assessments and assumptions that affect the reported asset and liability items and income and cost items in the final accounts as well as information provided generally, including contingent liabilities. These assessments are based on historical experience and different assumptions the management and the Board 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. Assessments could have a material impact on the Akademiska Hus profit and position, particularly within the area of valuation of investment properties (see also following note).

5 Segment reporting

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

| Income, including | 2007 | 2006 |
|-----------------------------------|------------------|------------------|
| Other operating income | | |
| South | 701,703 | 692,496 |
| West | 714,786 | 719,542 |
| East | 473,668 | 447,324 |
| Uppsala | 736,958 | 730,331 |
| Stockholm | 1,658,563 | 1,638,112 |
| North | 500,323 | 477,075 |
| Other operations | 119,468 | 132,503 |
| Elimination of intra-Group income | -119,286 | -133,750 |
| Total income | 4,786,183 | 4,703,633 |

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

| Profit before financial items, excluding central overheads | 2007 | 2006 |
|---|------------------|------------------|
| South | 171,600 | 704,193 |
| West | 399,718 | 946,423 |
| East | 42,937 | 566,976 |
| Uppsala | 405,870 | 597,717 |
| Stockholm | 1,111,306 | 1,491,860 |
| North | 173,382 | 376,106 |
| Other operations | 44,462 | 39,022 |
| Elimination of intra-Group items | -36,322 | -36,005 |
| Profit before financial items, excluding central overheads | 2,312,953 | 4,686,292 |
| <i>Reconciliation of the Income Statement</i> | | |
| Profit before financial items, excluding central overheads | 2,312,953 | 4,686,292 |
| Central overheads | -29,845 | -37,750 |
| Result from financial items | -610,077 | -419,080 |
| Tax | -419,799 | -1,191,393 |
| Profit for the year according to the Income Statement | 1,253,232 | 3,038,069 |

| Depreciation and impairments in property management | 2007 | 2006 |
|--|----------------|----------------|
| South | -777 | -874 |
| West | -861 | -967 |
| East | -306 | -340 |
| Uppsala | -1,642 | -1,792 |
| Stockholm | -3,454 | -10,995 |
| North | -482 | -614 |
| Other operations | -3,109 | -4,167 |
| Total depreciation and impairments in property management | -10,631 | -19,749 |

| Changes in value, investment properties | 2007 | 2006 |
|--|-----------------|------------------|
| South | -203,319 | 398,002 |
| West | -34,021 | 550,526 |
| East | -274,113 | 264,038 |
| Uppsala | 41,619 | 153,124 |
| Stockholm | -11,414 | 410,447 |
| North | -135,607 | 97,610 |
| Total changes in value, investment properties | -616,855 | 1,873,747 |

| Assets (Balance Sheet total) | 31-12-2007 | 31-12-2006 |
|---|-------------------|-------------------|
| South | 6,549,805 | 6,713,093 |
| West | 7,821,471 | 7,571,382 |
| East | 4,792,644 | 4,852,611 |
| Uppsala | 6,651,089 | 6,468,729 |
| Stockholm | 20,570,101 | 20,855,008 |
| North | 4,391,437 | 4,380,044 |
| Other operations | 24,729,226 | 24,214,850 |
| Elimination of intra-Group transactions | -23,351,915 | -22,560,600 |
| Total assets | 52,153,858 | 52,495,117 |

| Liabilities (Balance Sheet total) | 31-12-2007 | 31-12-2006 |
|---|-------------------|-------------------|
| South | 4,028,000 | 4,095,266 |
| West | 4,593,118 | 4,254,365 |
| East | 2,947,524 | 2,812,517 |
| Uppsala | 3,942,781 | 3,669,492 |
| Stockholm | 12,457,586 | 12,480,403 |
| North | 2,578,218 | 2,463,390 |
| Other operations | 18,036,986 | 18,256,938 |
| Elimination of intra-Group transactions | -21,130,072 | -20,338,482 |
| Total liabilities | 27,454,141 | 27,693,889 |

| Investments | 2007 | 2006 |
|--------------------------|------------------|------------------|
| South | 108,670 | 221,669 |
| West | 252,566 | 135,641 |
| East | 218,801 | 134,288 |
| Uppsala | 283,882 | 124,998 |
| Stockholm | 548,601 | 616,246 |
| North | 136,922 | 190,514 |
| Other operations | 1,327 | 2,875 |
| Total investments | 1,550,769 | 1,426,231 |

'Investments' refers to gross investments in intangible assets, investment properties, new construction in progress and equipment, fixtures and fittings. 'Other operations' refers to the Parent Company Akademiska Hus AB and Akademiska Hus Utveckling och Support AB.

6 Categorised operating costs

| | Group IFRS | | Parent Company Annual Accounts Act | |
|---|-------------------|-------------------|------------------------------------|-----------------|
| | 2007 | 2006 | 2007 | 2006 |
| <i>Functions reported in the Consolidated Income Statement/Income Statement</i> | | | | |
| Property management | -1,774,865 | -1,752,739 | -84,349 | -89,303 |
| Central administration costs | -29,845 | -37,750 | -28,185 | -36,142 |
| Other operating costs | -81,510 | -138,349 | -6 | -4,178 |
| Total operating costs according to function | -1,886,220 | -1,928,838 | -112,540 | -129,623 |
| <i>Categorised function costs</i> | | | | |
| Energy, fuel and water | -562,388 | -573,875 | - | - |
| Property administration | -72,246 | -79,246 | -52,105 | -57,860 |
| Maintenance costs, material and services purchased | -699,680 | -672,974 | - | - |
| Site leasehold charges | -57,019 | -45,787 | - | - |
| Property tax | -2,118 | -2,263 | - | - |
| Personnel costs | -260,169 | -269,033 | -43,809 | -52,199 |
| Depreciation | -10,631 | -19,749 | -3,109 | -4,167 |
| Other costs | -221,969 | -265,911 | -13,517 | -15,397 |
| Total categorised operating costs | -1,886,220 | -1,928,838 | -112,540 | -129,623 |

7 Lease contracts

All the investment properties are leased under operational lease agreements and generate rental income. The rental income during the period amounted to KSEK 4,635,052 (4,543,873) and the direct costs for property management amounted to 1,774,865 (1,752,739).

Terms, lease contracts as of 31-12-2007

| Due date | Number of contracts | Contracted annual rent | Proportion, % |
|--------------------------|---------------------|------------------------|---------------|
| Non-residential premises | | | |
| 2008 | 156 | 198,378 | 5 |
| 2009 | 297 | 334,916 | 8 |
| 2010 | 207 | 508,191 | 12 |
| 2011 | 163 | 555,868 | 13 |
| 2012 | 69 | 438,728 | 10 |
| 2013 | 55 | 260,890 | 6 |
| 2014 and later | 255 | 2,031,002 | 46 |
| Miscellaneous | 251 | 25,784 | - |
| Total | 1,453 | 4,353,757 | 100 |

Contracted annual income as of 31-12-2007 and according to the size of the contract

| Contracted rental income per contract, KSEK | Number of contracts | Contracted annual rent | Proportion, % |
|---|---------------------|------------------------|---------------|
| Non-residential premises | | | |
| >90 000 | 1 | 109,709 | 3 |
| 50 000 – 90 000 | 3 | 158,816 | 4 |
| 30 000 – 50 000 | 16 | 599,297 | 14 |
| 20 000 – 30 000 | 21 | 494,764 | 11 |
| 15 000 – 20 000 | 31 | 539,607 | 12 |
| 10 000 – 15 000 | 57 | 710,382 | 16 |
| 7 500 – 10 000 | 47 | 414,454 | 10 |
| 5 000 – 7 500 | 69 | 424,922 | 10 |
| 2 500 – 5 000 | 125 | 468,018 | 11 |
| <2 500 | 832 | 408,004 | 9 |
| Miscellaneous | 251 | 25,784 | - |
| Total | 1,453 | 4,353,757 | 100 |

8 Other management income

| | Group IFRS | | Parent Company Annual Accounts Act | |
|----------------|---------------|---------------|------------------------------------|----------|
| | 2007 | 2006 | 2007 | 2006 |
| Parking income | 43,422 | 41,859 | - | - |
| Miscellaneous | 14,451 | 10,206 | - | - |
| Total | 57,873 | 52,065 | - | - |

9 Other management expenses

| | Group IFRS | | Parent Company Annual Accounts Act | |
|---|----------------|----------------|------------------------------------|----------|
| | 2007 | 2006 | 2007 | 2006 |
| Site leasehold charges, property tax and other risk costs | -83,019 | -68,488 | - | - |
| Miscellaneous | -8,650 | -4,346 | - | - |
| Total | -91,669 | -72,834 | - | - |

10 Depreciation in property management

| | Group IFRS | | Parent Company Annual Accounts Act | |
|----------------------------------|----------------|----------------|------------------------------------|---------------|
| | 2007 | 2006 | 2007 | 2006 |
| Equipment, fixtures and fittings | -10,631 | -19,749 | -3,109 | -4,167 |
| Total | -10,631 | -19,749 | -3,109 | -4,167 |

In the Group, KSEK 6,870 (11,958) has been reported as property administration and KSEK 3,761 (7,791) has been reported as an operating cost. In the Parent Company KSEK 3,109 (4,167) has been reported as property administration.

11 Other operating income

| | Group IFRS | | Parent Company Annual Accounts Act | |
|---|---------------|----------------|------------------------------------|----------------|
| | 2007 | 2006 | 2007 | 2006 |
| Profit on the sale of other fixed assets | 69 | 278 | - | - |
| Income from external management assignments and similar assignments | 55,947 | 59,973 | - | - |
| Income from services performed for customers | 30,078 | 37,557 | - | - |
| Invoicing to regional companies | - | - | 127,815 | 121,553 |
| Miscellaneous | 7,164 | 9,887 | 1,307 | 10,950 |
| Total | 93,258 | 107,695 | 129,122 | 132,503 |

12 Other operating expenses

| | Group IFRS | | Parent Company Annual Accounts Act | |
|--|----------------|-----------------|------------------------------------|---------------|
| | 2007 | 2006 | 2007 | 2006 |
| Loss on sale and disposal of other fixed assets | -7 | -128 | -6 | -128 |
| Costs, external management assignments and similar assignments | -46,897 | -49,091 | - | - |
| Costs, services performed for tenants | -28,442 | -34,280 | - | - |
| Evacuation costs | - | -11,500 | - | - |
| Miscellaneous | -6,164 | -43,350 | - | -4,050 |
| Total | -81,510 | -138,349 | -6 | -4,178 |

Note 13, cont'd.

Salaries, other remuneration and social security costs

| | 2007 | | | 2006 | | |
|----------------------------------|----------------|--------------------|----------------|----------------|--------------------|----------------|
| | Parent Company | Regional companies | Group | Parent Company | Regional companies | Group |
| <i>Salaries and remuneration</i> | | | | | | |
| Board members, President | 2,615 | 6,943 | 9,558 | 2,633 | 6,700 | 9,333 |
| Other employees | 21,771 | 131,171 | 152,942 | 28,061 | 129,065 | 157,126 |
| Total | 24,386 | 138,114 | 162,500 | 30,694 | 135,765 | 166,459 |
| <i>Social security costs</i> | | | | | | |
| Board members, President | 1,734 | 4,707 | 6,441 | 1,702 | 5,218 | 6,920 |
| (of which pension costs) | (1,062) | (3,084) | (4,146) | (1,001) | (3,527) | (4,528) |
| Other employees | 13,205 | 62,895 | 76,100 | 16,982 | 67,777 | 84,759 |
| (of which pension costs) | (8,798) | (33,336) | (42,134) | (9,908) | (37,060) | (46,968) |
| Total | 14,939 | 67,602 | 82,541 | 18,684 | 72,995 | 91,679 |
| (of which pension costs) | (9,860) | (36,420) | (46,280) | (10,909) | (40,587) | (51,496) |

The Group's outstanding pension obligations to the Presidents and the Regional Company Directors total KSEK 1,378 (4,699). The corresponding amount in the Parent Company is KSEK 1,304 (1,266).

13 Employees and personnel costs

The average number of employees was as follows:

| | 2007 | 2006 |
|--|------------|------------|
| <i>Parent Company</i> | | |
| Gothenburg | 51 | 49 |
| <i>Regional companies</i> | | |
| South | 62 | 67 |
| West | 60 | 58 |
| East | 28 | 29 |
| Uppsala | 75 | 73 |
| Stockholm | 87 | 87 |
| North | 34 | 35 |
| Akademiska Hus Utveckling och Support AB | - | - |
| Group total | 397 | 398 |

The proportion of women (based on the average number of employees) in the Parent Company is 54 per cent (52) and in the Group 22 per cent (25).

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

The Board comprises 10 (9) members, of whom 5 (4) are women, i.e. 50 per cent (44).

Management within the Group takes place through two groups, Group staffs (President, Planning Director, General Counsel and Unit Managers at the Group office) and the Executive Management (President, Planning Director and Regional Company Directors). As of January 1, 2008, the Group Management comprises 5 men (6) and 3 women (3), i.e. 63 per cent men (67) and 37 per cent women (33). The Executive Management comprises 7 men (7) and 1 woman (1), i.e. 88 per cent men (88) and 12 per cent women (12).

Other members of the senior management within the Group consist of 25 men (25) and 9 women (8), i.e. 74 per cent men (76) and 26 per cent women (24).

Note 13, cont'd.

| Payments to the Board | | Board fee | Remuneration Committee | Finance Committee | Audit Committee |
|-------------------------|------------------------------------|------------|------------------------|-------------------|-----------------|
| Chairman of the Board | Eva-Britt Gustafsson ¹⁾ | 84 | 6 | 12 | 7 |
| Chairman of the Board | Claes Ljungh ¹⁾ | 76 | 6 | 12 | – |
| Member | Charlotte Axelsson | 79 | 12 | – | – |
| Member | Sigbrit Franke | 79 | 12 | – | – |
| Member | Marianne Förander | 79 | – | – | 15 |
| Member | Per Granath | 79 | – | 12 | 7 |
| Member | Maj-Charlotte Wallin | 79 | – | – | 15 |
| Member | Göran Wendel | 79 | – | 25 | – |
| Member | Ingemar Ziegler ²⁾ | 41 | – | – | 7 |
| Employee representative | Sveinn Jonsson | – | – | – | – |
| Employee representative | Parzin Seradji | – | – | – | – |
| Total | | 675 | 36 | 61 | 51 |

¹⁾ Chairman during part of 2007.

²⁾ Member during part of 2007.

Payments to the Senior Management

| | | Basic salary | Pension cost |
|--|--------------------------------------|---------------|--------------|
| CEO/President | Thomas Norell | 1,746 | 718 |
| Regional Director, South | Mikael Lundström | 1,157 | 343 |
| Regional Director, West | Birgitta Hohlfält | 884 | 355 |
| Regional Director, East | Bengt Erlandsson | 872 | 290 |
| Regional Director, Uppsala | Hans Antonsson | 995 | 365 |
| Regional Director, Stockholm | Lennart Karlsson | 1,357 | 389 |
| Regional Director, North | Matias Lindberg | 936 | 253 |
| CIO, Akademiska Hus AB | Per Brantsing-Karlsson | 700 | 174 |
| Technical Director, Akademiska Hus AB | Tomas Hallén | 865 | 432 |
| Corporate Communications Director, Akademiska Hus AB | Katarina Hägg Peterson ¹⁾ | 538 | 126 |
| CFO, Akademiska Hus AB | Gunnar Oders | 779 | 204 |
| Treasurer, Akademiska Hus AB | Agneta Rodosi | 998 | 178 |
| Planning Director, Akademiska Hus AB | Anders Rubensson | 1,089 | 566 |
| General Counsel, Akademiska Hus AB | Carolin Åberg-Sjöqvist ¹⁾ | 596 | 108 |
| Total | | 13,512 | 4,501 |

¹⁾ On parental leave during part of 2007.

Principles governing remuneration to the Board and Senior 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 2007 Annual General Meeting.

Payment to the CEO and other senior executives comprises a basic salary and a pension. 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 and a charge-defined pension.

Pensions

Akademiska Hus has taken out an individual occupational pension solution for the CEO. The provision totals 45 per cent of the agreed fixed annual salary. The agreed retirement age is 64 years.

For other persons in leading positions the pension is equivalent to the ITP alternative or individual occupational pension solution with 65 years as the retirement age.

Severance pay

An agreement has been reached with the CEO on a mutual period of notice of six months. For the period from the retirement date up to the age of 65 (11 months)

Akademiska Hus has pledged a pension level equivalent to 50 per cent of the salary received by the CEO in December 2008. 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 a salary for 6 to 24 months (including the period of notice).

Absenteeism due to illness, Group and the Parent Company

| | Group | | Parent Company | |
|---|-------|------|----------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| Total absenteeism due to illness, % | 3.3 | 4.0 | 4.2 | 3.5 |
| Long-term absenteeism due to illness, % of total absenteeism due to illness | 62.1 | 65.9 | 61.2 | 61.7 |
| Absenteeism due to illness, men, % | 2.6 | 3.2 | 1.2 | 3.8 |
| Absenteeism due to illness, women, % | 5.7 | 6.4 | 6.7 | 3.2 |
| Absenteeism due to illness, employees under 30 years, % | 2.8 | 4.4 | 3.6 | 1.8 |
| Absenteeism due to illness, employees 30-49 years, % | 2.7 | 2.8 | 5.2 | 3.0 |
| Absenteeism due to illness, employees 50 years and older, % | 4.1 | 5.3 | 2.6 | 4.5 |

The total absenteeism due to illness 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.

14 Fees and expenses paid to auditors

| | Parent Company | Regional companies | Group |
|------------------------------|----------------|--------------------|--------------|
| 2007 | | | |
| <i>Deloitte AB</i> | | | |
| Audit assignments | 1,268 | 810 | 2,078 |
| Other assignments | 793 | 558 | 1,351 |
| <i>National Audit Office</i> | | | |
| Audit assignments | 349 | – | 349 |
| Total | 2,410 | 1,368 | 3,778 |
| 2006 | | | |
| <i>Deloitte AB</i> | | | |
| Audit assignments | 378 | 810 | 1,188 |
| Other assignments | 599 | 385 | 984 |
| <i>National Audit Office</i> | | | |
| Audit assignments | 60 | – | 60 |
| Total | 1,037 | 1,195 | 2,232 |

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.

15 Result from financial income and expense

| | Group IFRS | | Parent Company Annual Accounts Act | |
|--|----------------|----------------|------------------------------------|------------------|
| | 2007 | 2006 | 2007 | 2006 |
| <i>Result from shares in Group companies</i> | | | | |
| Dividend * | – | – | 1,760,000 | 710,000 |
| Total | – | – | 1,760,000 | 710,000 |
| <i>Result from other securities and receivables recorded as fixed assets</i> | | | | |
| Interest income, miscellaneous * | 2,838 | 29,591 | 2,838 | 29,591 |
| Changes in value, independent derivatives | 76,030 | 164,883 | 76,030 | 164,883 |
| Total | 78,868 | 194,474 | 78,868 | 194,474 |
| <i>Other interest income and similar profit/loss items</i> | | | | |
| Interest income, Group companies * | – | – | 1,046,111 | 879,985 |
| Interest income, miscellaneous * | 21,521 | 51,716 | 17,745 | 48,785 |
| Changes in value, independent derivatives | 102,959 | 215,527 | 102,959 | 215,527 |
| Total | 124,480 | 267,243 | 1,166,815 | 1,144,297 |
| Result, financial income | 203,348 | 461,717 | 3,005,683 | 2,048,771 |

Note 15, cont'd.

| | Group IFRS | | Parent Company Annual Accounts Act | |
|---|-----------------|-----------------|------------------------------------|------------------|
| | 2007 | 2006 | 2007 | 2006 |
| <i>Other interest expense and similar profit/loss items</i> | | | | |
| Interest expense, Group companies * | – | – | – | –62 |
| Interest expense, miscellaneous * | –750,885 | –720,454 | –739,323 | –707,212 |
| Changes in value, independent derivatives | –68,266 | –155,464 | –68,266 | –155,464 |
| Changes in value, fair value hedging | 5,726 | –4,879 | 5,726 | –4,879 |
| Result, financial expense | –813,425 | –880,797 | –801,863 | –867,617 |
| Result, net financial income and expense | –610,077 | –419,080 | 2,203,820 | 1,181,154 |

* Of which interest income/ interest expense deriving from financial instruments that are not valued at fair value in profit or loss.

Changes in value, financial items, are as follows:

| | Group IFRS | | Parent Company Annual Accounts Act | |
|---|----------------|----------------|------------------------------------|----------------|
| | 2007 | 2006 | 2007 | 2006 |
| <i>Unrealised changes in fair value</i> | | | | |
| Stand-alone derivatives | 130,577 | 235,597 | 130,577 | 235,597 |
| Fair value hedging, hedging instruments | –105,776 | –266,616 | –105,776 | –266,616 |
| Fair value hedging, hedged item | 111,502 | 261,737 | 111,502 | 261,737 |
| Ineffective cash flow hedging | 0 | 0 | 0 | 0 |
| Total | 136,303 | 230,718 | 136,303 | 230,718 |
| <i>Realised changes in value</i> | | | | |
| Stand-alone derivatives | –19,854 | –10,651 | –19,854 | –10,651 |
| Total | –19,854 | –10,651 | –19,854 | –10,651 |
| Total changes in value | 116,449 | 220,067 | 116,449 | 220,067 |

16 Appropriations and untaxed reserves (Parent Company)

| | Parent Company Annual Accounts Act | |
|---|------------------------------------|----------------|
| | 31-12-2007 | 31-12-2006 |
| <i>Appropriations</i> | | |
| Change in tax allocation reserve | –49,424 | –47,994 |
| Difference between book depreciation and depreciation according to plan | – | –52 |
| Total | –49,424 | –48,046 |
| <i>Untaxed reserves</i> | | |
| Allocation to tax allocation reserve, 2002 tax assessment | – | 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 | 53,367 |
| Allocation to tax allocation reserve, 2006 tax assessment | – | – |
| Allocation to tax allocation reserve, 2007 tax assessment | 63,161 | 63,161 |
| Allocation to tax allocation reserve, 2008 tax assessment | 95,922 | – |
| Total | 321,971 | 272,546 |

17 Taxes

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

| | Group IFRS | | Parent Company Annual Accounts Act | |
|--|-----------------|-------------------|------------------------------------|-----------------|
| | 2007 | 2006 | 2007 | 2006 |
| Tax on profit for the year | | | | |
| <i>Current tax</i> | | | | |
| Current tax on profit for the year | -219,552 | -219,460 | -80,749 | -54,008 |
| Total current tax | -219,552 | -219,460 | -80,749 | -54,008 |
| <i>Deferred tax</i> | | | | |
| Deferred tax attributable to a change in temporary differences | -200,247 | -971,933 | -36,612 | -67,878 |
| Total deferred tax | -200,247 | -971,933 | -36,612 | -67,878 |
| Total tax on profit for the year | -419,799 | -1,191,393 | -117,361 | -121,886 |

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

| | Group IFRS | | Parent Company Annual Accounts Act | |
|--|-----------------|-------------------|------------------------------------|-----------------|
| | 2007 | 2006 | 2007 | 2006 |
| Reported profit before tax | 1,673,031 | 4,229,462 | 2,170,978 | 1,135,988 |
| Tax according to the current tax rate | -468,449 | -1,184,249 | -607,874 | -318,077 |
| <i>Tax effect of expenses that are not tax deductible/taxable (permanent differences):</i> | | | | |
| Non-deductible expenses | -2,692 | -12,075 | -481 | -568 |
| Non-taxable income | 56,162 | 5,404 | 99 | 246 |
| Taxable standard interest calculated on the tax allocation fund | -8,510 | -6,699 | -1,945 | -1,476 |
| Dividend from regional companies | - | - | 492,800 | 198,800 |
| Adjustment of tax expense from previous years | 3,690 | 6,226 | 40 | -811 |
| Total reported tax expense | -419,799 | -1,191,393 | -117,361 | -121,886 |

Note 17, cont'd.

Reported deferred tax asset/liability

| | Group IFRS | | Parent Company Annual Accounts Act | |
|---|-------------------|-------------------|------------------------------------|---------------|
| | 31-12-2007 | 31-12-2006 | 31-12-2007 | 31-12-2006 |
| <i>Deferred tax asset attributable to temporary differences</i> | | | | |
| Financial instruments | - | 33,203 | - | 33,203 |
| Miscellaneous | 7,209 | 6,843 | 294 | 529 |
| Reported deferred tax asset | 7,209 | 40,046 | 294 | 33,732 |
| <i>Deferred tax liabilities attributable to temporary differences</i> | | | | |
| Tax allocation reserve | -362,891 | -335,948 | - | - |
| Investment properties | -7,030,276 | -6,922,218 | - | - |
| Financial instruments | -3,175 | - | -3,175 | - |
| Cash flow hedging | -18,317 | -718 | -18,317 | -718 |
| Total reported deferred tax liability | -7,414,659 | -7,258,884 | -21,492 | -718 |
| Total reported deferred tax receivables/liabilities | -7,407,450 | -7,218,838 | -21,198 | 33,014 |

The following deferred tax receivables/liabilities refer to items reported against equity.

| | Group IFRS | | Parent Company Annual Accounts Act | |
|--|----------------|-------------|------------------------------------|-------------|
| | 31-12-2007 | 31-12-2006 | 31-12-2007 | 31-12-2006 |
| Cash flow hedge | | | | |
| - Exchange rate interest swap | -26 | 98 | -26 | 98 |
| - Currency derivative | -1,970 | 1,439 | -1,970 | 1,439 |
| - Electricity derivative | -16,321 | -2,255 | -16,321 | -2,255 |
| Total deferred tax reported in equity | -18,317 | -718 | -18,317 | -718 |

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 90,152 (76,313). The consolidated accounts do not include any material unreported temporary differences between carrying and tax values for assets and liabilities. All tax deficit deductions within the Group can be utilised for an unlimited period in the future.

18 Dividend

The dividend per share was paid to the shareholder on June 29, 2007, totalling SEK 1,400,000,000 (660,000,000). The dividend per share was SEK 655.74 (309.13). As regards the dividend for the year, the Board proposes a dividend of SEK 452.93 per share to be paid to the shareholder on April 29, 2008. 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 967,000,000.

19 Costs brought forward for development work

Development costs totalling KSEK 5,486 (10,204) were expensed during the year.

20 Investment properties (Group)

The assessed fair value of investment properties has been changed during the year as follows:

| | 31-12-2007 | 31-12-2006 |
|---|-------------------|-------------------|
| Opening carrying value | 48,454,287 | 45,616,146 |
| Investments transferred from new construction in progress | 635,653 | 983,488 |
| Direct investments | 487,581 | 652,224 |
| Sales and disposals | -505,717 | -615,000 |
| Net change in value | -682,686 | 1,817,429 |
| Carrying value | 48,389,118 | 48,454,287 |

Changes in value can be broken down into the following components:

| | 2007 | 2006 |
|--|-----------------|------------------|
| <i>Changes in value</i> | | |
| Positive | 1,153,995 | 3,259,730 |
| Negative | -1,836,681 | -1,442,301 |
| <i>Profit on sales and disposals</i> | | |
| Positive | 70,105 | 56,418 |
| Negative | -4,274 | -100 |
| Total changes in value, investment properties | -616,855 | 1,873,747 |

The assessed fair value of the Group's investment properties as of December 31, 2007 has been set following an internal property valuation. The valuation was based on different valuation methods as follows:

| | | SEK m | Share, % |
|--------------------------|-------------------------------|---------------|------------|
| Internal valuation model | Cash flow method | 46,349 | 96 |
| Expansion reserves | Location price method | 981 | 2 |
| Other valuation | Special basis for calculation | 1,059 | 2 |
| Total | | 48,389 | 100 |

External valuation

A selection of the properties is valued each year by external valuation companies as a benchmark for quality-assuring the internal valuation model. In addition, certain development properties with income and costs which are difficult to estimate are valued externally. External valuations have been made by DTZ.

Of the 100 objects in Akademiska Hus which had been valued the highest, 10 objects were valued externally. In terms of value, the external valuations account for approximately 10 per cent of the total value. The deviation in value for the externally valued objects compared with the internal valuation is on the object level within the margin of error +/-10 per cent. The external valuations carried out confirmed the reliability of the Akademiska Hus internal valuation model.

Internal valuation

SEK 46,349 million (96 per cent) of the assessed fair value has been set using the internal cash flow valuation.

Valuation using the cash flow method

The value of an asset comprises the current value of the future cash flows which the asset is expected to generate. Within Akademiska Hus the property valuation is based on each individual valuation object's expected cash flow during the coming 10 years with an estimated residual value for year 11. The cash flow comprises each valuation object's income and expenses, i.e. the net operating profit. To calculate the net operating profit during the calculation period an assessment is made of, among other things, inflation, rents, vacant space and operating and maintenance costs. For the final year of the calculation period the residual value is calculated, which should be a probable market value at that point in time. The net operating profit for years 1-10 is discounted

using a nominal cost of capital and the residual value for year 11, which is the net operating profit during the remaining estimated useful life, is discounted with a direct yield requirement. The current value of the net operating profit and the residual value have been calculated using the same cost of capital and reduced by three per cent for stamp duty.

Akademiska Hus's view of cost of capital and direct yield requirements

Cost of capital and direct yield requirements in the Akademiska Hus valuation model can be traced partly from transactions on the property market and partly using in-house analyses. Both the demands of the market and in-house analyses have been checked with external valuation companies.

Cost of capital and direct yield requirements should be justified from both Akademiska Hus-specific conditions as well as practice within the property industry. It is in these yield requirements that the risk in the property holdings are highlighted.

For Akademiska Hus the customers are a strength factor. Some 88 per cent of the customers are state-controlled and the average remaining term of current leases is 6.3 years. The cash flow during the calculation period is, using these conditions, extremely well assured and it is seldom that any major uncertainties prevail during the calculation period. The risk supplement in the cost of capital should, using these prerequisites, be low. The uncertainty comprises largely residual value risks and the fact that Akademiska Hus is working in a specific segment of the property market.

The residual value risk means that there is a relatively high risk in the rent flow in the long-term and in particular for buildings outside the city areas with a significant element of specific operationally adapted premises. Several buildings are not general in the sense that they are not available for new customers or purposes without substantial redevelopment. The relatively large range for direct yield requirements reflects an assessment of this situation.

Town and location

In conjunction with an internal valuation, town and location have been classified as follows:

- AA Inner-city locations in Stockholm and Gothenburg.
- A Malmö, Lund, other parts of Gothenburg, other parts of Stockholm, Solna, Kista and Uppsala
- B Borås, Kalmar, Skövde, Norrköping, Linköping, Huddinge, Sundsvall, Umeå and Luleå
- C Alnarp, Kristianstad, Rönneby, Skara, Ultuna, Örebro, Karlstad and Gävle
- D Other locations

The division into different towns and locations reflects the demand on the market and the attractiveness of the properties. AA towns and locations are the most sought-after and attractive whilst D locations are in least demand. The town and location classifications have been based partly on the general division of the property market, where larger and more important towns have, among other things from a demographic, employment and economic point of view, been assigned a higher degree of attractiveness, and also from the point of view of higher education and research, where AA and A locations are more attractive and are considered to be more stable and secure education and research locations in the long term.

Scope of special adaptation and category of premises

In the valuation a division has been made into laboratory premises and non-laboratory premises. The proportion of laboratory premises within Akademiska Hus is 35 per cent. For these premises there is a relatively higher risk in the rent flow in the long term as they represent a significant element of specific operationally adapted premises. To counter this risk, laboratory premises have a generally higher direct yield requirement with regard to the residual value.

Remaining rental period

From a valuation point of view a division has been made into average remaining lease period exceeding six years and equal to or less than six years. For valuation objects with an average remaining lease period exceeding six years the relative risk is lower as the cash flow valuation is predominantly based on hedged flows. A lower direct yield requirement could be assigned to these valuation objects compared with those which are based to a greater degree on assessments.

Cost of capital and direct yield requirements

The cost of capital for the cash flow varies for different valuation objects within the range 6.5–9.0 per cent depending on the town, location, lease period and category of premises in the valuation object. The cost of capital varies, which can be explained by what are on average long and secure flows during the cash flow period. For 2007 the average cost of capital was 7.3 per cent (7.1).

The long-term direct yield requirement varies between 5.5 per cent and 10.0 per cent depending on the town, location and category of premises. There is less sensitivity to the direct yield requirement compared with the cost of capital by reason of the fact that the direct yield requirement refers to uncertain conditions after year 10. For 2007, the average yield requirement was 6.7 per cent (6.7).

Other assumptions

The following assumptions form the basis for the market valuation:

- The calculation period is 10 years.
- Inflation is estimated at 2.0 per cent per year throughout the whole of the calculation period.
- The rent trend is estimated at a maximum of inflation (CPI). Consideration has been given to the formulation of the lease agreement, which has an annual rent trend equal to an average of 70 per cent of the CPI. The rent is assumed to be the assessed market rent at the end of the lease period.
- For current lease agreements the present level of vacant space has been used. At the end of the lease agreement a general level of vacant space of five per cent has been assumed.
- It has been assessed that in normal circumstances operating costs follow inflation.
- Property administration costs have been set at a standard of SEK 75/m² (70).
- Maintenance costs have been set at a standard of SEK 70/m² (70) for non-laboratory premises and SEK 110/m² (110) for laboratory premises. The standard maintenance figures adopted reflect the actual costs.
- Costs have been taken into account for installation-intensive premises and for a small number of other premises with a considerable need for refurbishment of a maintenance nature.

Expansion reserves

Of the assessed fair value, SEK 981 million comprises expansion reserves, where building rights of approximately 1.3 million square metres gross area are included. As these do not generate cash flow they have been valued using the location prices for construction rights as a guide with a deduction for estimated development costs such as roads in conjunction with expansion. In some cases, where the planning conditions for a new development are unclear, the pure land values have been used to set the values.

Other valuation

SEK 46,349 million has been valued according to the internal valuation model and SEK 981 million refers to expansion reserves. The remaining figure, SEK 1,059 million, comprises mainly development properties with uncertain future income and costs as well as the few Akademiska Hus residential objects. These have been valued individually outside the internal valuation model using the valuation method which has been most applicable.

Miscellaneous

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

All investment properties are leased under operational lease agreements and generate rental income. The rental income during the period amounted to KSEK 4,635,052 (4,543,873) and the direct costs for the investment properties during the period totalled KSEK 1,774,865 (1,752,739).

The term 'investments' refers to direct investments in investment properties. Investments in new construction in progress, which totalled SEK 1,316 million (894) are reported at the cost incurred.

The tax assessment values are as follows:

| | 31-12-2007 | 31-12-2006 |
|--------------|----------------|----------------|
| Buildings | 170,359 | 147,265 |
| Land | 90,854 | 59,062 |
| Total | 261,213 | 206,327 |

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

21 Construction in progress, investment properties (Group)

| | 31-12-2007 | 31-12-2006 |
|---|------------------|----------------|
| Opening acquisition value | 893,817 | 1,121,436 |
| Purchases | 1,058,290 | 764,874 |
| Transferred to investment properties | -635,653 | -983,488 |
| Transferred to other fixed assets | -595 | -9,005 |
| Closing accumulated acquisition values | 1,315,859 | 893,817 |

New construction in progress has been recorded in the final accounts at cost. An assessment has been made and it is considered that new construction in progress would not in any case be valued lower using another method.

22 Equipment, fixtures and fittings

| | Group IFRS | | Parent Company Annual Accounts Act | |
|---|-----------------|-----------------|------------------------------------|---------------|
| | 31-12-2007 | 31-12-2006 | 31-12-2007 | 31-12-2006 |
| Opening acquisition value | 139,876 | 127,050 | 14,910 | 12,604 |
| Purchases | 4,894 | 9,134 | 1,327 | 2,875 |
| Transferred from new construction in progress | 595 | 9,005 | - | - |
| Sales and disposals | -3,695 | -5,313 | -76 | -569 |
| Closing accumulated acquisition value | 141,670 | 139,876 | 16,161 | 14,910 |
| Opening depreciation | -115,356 | -100,647 | -9,214 | -5,451 |
| Sales and disposals | 3,563 | 5,040 | 53 | 404 |
| Depreciation for the year | -10,631 | -19,749 | -3,109 | -4,167 |
| Closing accumulated depreciation | -122,424 | -115,356 | -12,270 | -9,214 |
| Carrying value | 19,246 | 24,520 | 3,891 | 5,696 |

23 Shares in Group companies

Specification of the Parent Company's shareholdings in Group companies

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

¹⁾ Corresponds to the number of votes.

24 Derivatives (Group)

Derivatives are used to handle interest risk exposure and to eliminate currency risks in conjunction with financing in a foreign currency. The fair value of interest and currency swap agreements includes the underlying capital amounts and accrued interest. The Group's risk management is described in Note 37 Financial Risk Management.

Reported values, derivatives, are broken down as follows:

| | 31-12-2007 | | 31-12-2006 | | 31-12-2007 | | 31-12-2006 | |
|---|--------------------------|----------------|--------------------------|------------------|--------------------------|-------------|--------------------------|-------------|
| | IFRS/Annual Accounts Act | | IFRS/Annual Accounts Act | | IFRS/Annual Accounts Act | | IFRS/Annual Accounts Act | |
| | Assets | Liabilities | Assets | Liabilities | Assets | Liabilities | Assets | Liabilities |
| Non-current | | | | | | | | |
| <i>Independent derivatives</i> | | | | | | | | |
| – interest derivatives | 13,675 | 81,261 | 54,864 | 194,712 | | | | |
| <i>Hedging instrument, fair value hedging</i> | | | | | | | | |
| – interest derivatives | 156,122 | 54,226 | – | 39,543 | | | | |
| – exchange rate interest swaps | 204,668 | 639,443 | 319,392 | 672,655 | | | | |
| <i>Hedging instrument, cash flow hedging</i> | | | | | | | | |
| – interest derivatives | 3,457 | – | – | 2,852 | | | | |
| – exchange rate interest swaps | – | – | – | – | | | | |
| – electricity derivatives | 27,032 | – | 10,772 | – | | | | |
| Total, non-current | 404,954 | 774,930 | 385,028 | 909,762 | | | | |
| Current | | | | | | | | |
| <i>Independent derivatives</i> | | | | | | | | |
| – interest derivatives | 29,195 | 19,809 | 77,702 | 151,643 | | | | |
| <i>Hedging instrument, fair value hedging</i> | | | | | | | | |
| – interest derivatives | 67,044 | – | – | – | | | | |
| – exchange rate interest swaps | 3,805 | 49,842 | – | 42,672 | | | | |
| <i>Hedging instrument, cash flow hedging</i> | | | | | | | | |
| – interest derivatives | 3,578 | 11,810 | – | 50,824 | | | | |
| – electricity derivatives | 35,779 | – | – | 553 | | | | |
| Total, current | 139,401 | 81,461 | 77,702 | 245,692 | | | | |
| Total, derivatives | 544,355 | 856,391 | 462,730 | 1,155,454 | | | | |

Fair value is equivalent to the reported value in the table above.

The due date structure of the Group's derivatives is as follows, SEK m.

| | 31-12-2007 | | | | | | 31-12-2006 | | | | | |
|----------------|---------------------------------------|------------|----------------------------------|-------------|---------------------------------|------------|---------------------------------------|-------------|----------------------------------|-------------|---------------------------------|------------|
| | Independent derivatives ¹⁾ | | Fair value hedging ²⁾ | | Cash flow hedging ³⁾ | | Independent derivatives ¹⁾ | | Fair value hedging ²⁾ | | Cash flow hedging ³⁾ | |
| | Nominal amount | Fair value | Nominal amount | Fair value | Nominal amount | Fair value | Nominal amount | Fair value | Nominal amount | Fair value | Nominal amount | Fair value |
| 2007 | – | – | – | – | – | – | 2,800 | –73 | –281 | –42 | –1,201 | –51 |
| 2008 | –600 | 9 | –2,010 | 21 | –710 | 28 | –600 | –4 | –1,994 | 25 | –191 | 8 |
| 2009 | 1,300 | –36 | –2,365 | 166 | –233 | 23 | 1,800 | –63 | –2,260 | 87 | –106 | – |
| 2010 | – | – | –1,595 | –343 | –116 | 7 | – | –10 | –1,593 | –332 | – | – |
| 2011 | – | –3 | –759 | –42 | – | – | – | 11 | –562 | –56 | – | – |
| 2012 | 725 | –7 | –711 | –85 | – | – | – | – | –570 | –89 | – | – |
| 2013 | 1,261 | –21 | – | – | – | – | 961 | –74 | – | – | – | – |
| 2014 | – | – | –1,426 | –156 | – | – | – | – | –1,406 | –145 | – | – |
| 2015 and later | –100 | – | –2,461 | 127 | – | – | – | – | –1,200 | 117 | – | – |
| Total | 2,586 | –58 | –11,327 | –312 | –1,059 | 58 | 4,961 | –213 | –9,866 | –435 | –1,498 | –43 |

¹⁾ Nominal amount, independent derivatives, a positive amount constitutes an extension of the portfolio's fixed interest.

²⁾ Nominal amount, fair value hedging, a negative amount constitutes a purchase of foreign currency.

³⁾ Nominal amount, cash flow hedging, a negative amount constitutes a purchase of foreign currency and/or a purchase of electricity derivatives

Note 24, cont'd.

The table below shows the due date structure for derivatives, SEK million, which constitute hedging instruments in cash flow hedging.

| | 31-12-2007 | | | | | | 31-12-2006 | | | | | |
|--------------|---------------------------------|------------|-------------------------|------------|----------------------------|------------|---------------------------------|------------|-------------------------|------------|----------------------------|------------|
| | Exchange rate interest swaps 1) | | Currency derivatives 1) | | Electricity derivatives 2) | | Exchange rate interest swaps 1) | | Currency derivatives 1) | | Electricity derivatives 2) | |
| | Nominal amount | Fair value | Nominal amount | Fair value | Nominal amount | Fair value | Nominal amount | Fair value | Nominal amount | Fair value | Nominal amount | Fair value |
| 2007 | - | - | - | - | - | - | -450 | -21 | -624 | -29 | -127 | -1 |
| 2008 | - | - | -537 | -8 | -173 | 36 | - | - | -83 | -2 | -108 | 10 |
| 2009 | - | - | -105 | 2 | -128 | 21 | - | - | -49 | -1 | -57 | 1 |
| 2010 | - | - | -53 | 1 | -63 | 6 | - | - | - | - | - | - |
| Total | - | - | -695 | -5 | -364 | 63 | -450 | -21 | -756 | -32 | -292 | 10 |

1) Nominal amount, exchange rate interest swaps and currency derivatives. A negative amount constitutes a purchase of foreign currency.

2) Nominal amount, electricity derivatives. A negative amount constitutes a purchase of electricity derivatives.

The following table shows the due date structure for forecast electricity use together with electricity derivatives and exchange derivatives entered into with the aim of hedging the electricity price. All outstanding currency hedgings are in EUR/SEK.

| | Forecast volume, MWh | Hedging level price, % | Hedging level currency, % |
|------|----------------------|------------------------|---------------------------|
| 2008 | 458,213 | 78 | 70 |
| 2009 | 455,371 | 58 | 48 |
| 2010 | 456,159 | 29 | 25 |

25 Other non-current receivables

| | Group IFRS | | Parent Company Annual Accounts Act | |
|----------------------------|----------------|----------------|------------------------------------|------------|
| | 31-12-2007 | 31-12-2006 | 31-12-2007 | 31-12-2006 |
| Interest-bearing note | 267,274 | 320,089 | - | - |
| Non-interest-bearing note | 183,037 | 130,222 | - | - |
| Other non-interest-bearing | 53,250 | 63,131 | - | - |
| Total | 503,561 | 513,442 | - | - |

Other long-term receivables are reported and valued according to the loan receivables and accounts receivable category. Fair value is equivalent to the reported value of other long-term receivables.

Of the Group's other non-current receivables, KSEK 341,884 is expected to be realised within five years of the year-end and KSEK 161,677 later than five years.

26 Rent receivables and accounts receivable

| | Group IFRS | | Parent Company Annual Accounts Act | |
|--|----------------|----------------|------------------------------------|------------|
| | 31-12-2007 | 31-12-2006 | 31-12-2007 | 31-12-2006 |
| Rent receivables and accounts receivable | 254,032 | 370,039 | - | - |
| Provision, doubtful rent receivables and accounts receivable | -106 | -697 | - | - |
| Total | 253,926 | 369,342 | - | - |

Rent receivables and accounts receivable are reported and valued according to the loan receivables and accounts receivable category. Fair value rent receivables and accounts receivable concur with the carrying value as of the year-end and there is no impairment requirement.

Of the rent receivables and accounts receivable that had fallen due as of December 31, 2007, KSEK 126,189 had fallen due 1-5 days, KSEK 610 had fallen due 5-30 days, KSEK 523 had fallen due 30-60 days and KSEK 11,312 had fallen due more than 60 days.

Note 26, cont'd.

The doubtful rent receivables and accounts receivable reserve was changed as follows:

| | Group IFRS | | Parent Company Annual Accounts Act | |
|---------------------------|-------------|-------------|------------------------------------|------------|
| | 31-12-2007 | 31-12-2006 | 31-12-2007 | 31-12-2006 |
| Opening balance | -697 | -1,446 | - | - |
| Provisions for the year | -106 | -66 | - | - |
| Reversed provisions | 631 | 782 | - | - |
| Established credit losses | 66 | 33 | - | - |
| Closing balance | -106 | -697 | - | - |

27 Other receivables

| | Group IFRS | | Parent Company Annual Accounts Act | |
|--------------------------------------|---------------|----------------|------------------------------------|--------------|
| | 31-12-2007 | 31-12-2006 | 31-12-2007 | 31-12-2006 |
| Non-interest-bearing promissory note | - | 127,943 | - | - |
| VAT recoverable | 22,852 | 111,629 | - | - |
| Settlement, taxes and charges | 20,283 | 12,019 | 287 | 1,593 |
| Other current receivables | 27,056 | 44,065 | 4,928 | 7,277 |
| Total | 70,191 | 295,656 | 5,215 | 8,870 |

A non-interest-bearing promissory note is recorded and valued according to the loan receivables and accounts receivable category. The fair value is equivalent to the reported value of a non-interest-bearing promissory note. Other current receivables are reported at cost.

28 Prepaid expenses and accrued income

| | Group IFRS | | Parent Company Annual Accounts Act | |
|--------------------------|----------------|----------------|------------------------------------|---------------|
| | 31-12-2007 | 31-12-2006 | 31-12-2007 | 31-12-2006 |
| Accrued rent | 32,456 | 15,557 | – | – |
| Prepaid rental income | 1,884 | 2,795 | – | – |
| Accrued interest income | 4,058 | 1,043 | 1,058 | 1,043 |
| Prepaid interest expense | 290 | 290 | 290 | 290 |
| Prepaid energy costs | 15,887 | 22,717 | – | – |
| Miscellaneous | 76,583 | 60,058 | 33,070 | 28,957 |
| Total | 131,158 | 102,460 | 34,418 | 30,290 |

29 Due date structure, receivables

| | Group IFRS | | Parent Company Annual Accounts Act | |
|---|------------------|------------------|------------------------------------|-------------------|
| | 31-12-2007 | 31-12-2006 | 31-12-2007 | 31-12-2006 |
| <i>Due date structure</i> | | | | |
| Receivables expected to be cleared within one year of the year-end | 677,237 | 845,160 | 21,942,419 | 20,845,685 |
| Receivables expected to be cleared within 1–5 years of the year-end | 542,170 | 600,861 | 200,286 | 228,740 |
| Receivables expected to be cleared later than five years after the year-end | 366,395 | 297,659 | 204,668 | 189,302 |
| Total | 1,585,802 | 1,743,680 | 22,347,373 | 21,263,727 |

32 Loans

The Group's financing takes place mainly through borrowing via four public financing programmes. Through their standardised terms and conditions these permit rational, cost-effective financing. The Group has a domestic commercial paper programme, an MTM programme and international ECP and EMTN programmes. Bank financing is used to a limited extent. The average capital for bank financing during 2007 was SEK 253 million (315).

The Group risk management is presented in Note 37 Financial risk management.

Financing cost

The net interest income and expense amounted to SEK –610 million (–419) and the average liability portfolio was SEK 16,913 (16,773). The financing cost amounted to 3.63 per cent (2.48) calculated as the interest expense in relation to average interest-bearing net loan liability, excluding cash and bank holdings, according to IFRS. On December 31, 2007 the average rate of interest on the outstanding liability portfolio was 4.41 per cent (3.35), excluding interest derivatives, and 4.54 (4.21) per cent including interest derivatives.

Financing cost, %

| | 2003 | 2004 | 2005 | 2006 | 2007 |
|---|-------------|-------------|-------------|-------------|-------------|
| Financing cost for loans | 3.97 | 3.05 | 2.62 | 2.81 | 3.80 |
| Net interest income/expense, interest rate swaps | 0.90 | 1.20 | 1.05 | 0.93 | 0.45 |
| Allocations to specific periods and charges | 0.43 | 0.25 | 0.03 | 0.02 | 0.01 |
| Changes in value, financial instruments according to IFRS | – | – | 0.15 | –1.28 | –0.63 |
| Total financing cost | 5.30 | 4.50 | 3.85 | 2.48 | 3.63 |

30 Liquid funds

Current investments mainly comprise temporary surplus liquidity invested in the day loan market and collateral granted attributable to the credit support annexes (CSA). At the turn of the year the Group had granted collateral through CSA agreements of KSEK 220,500 (275,250). Blocked bank funds in respect of pledged assets for stock market-cleared derivatives are included to the amount of KSEK 39,035 (44,562) in the reported amount for cash and bank balances for the Group and the Parent Company.

Liquid funds according to the Cash Flow Statement concur with liquid funds in the Balance Sheet.

| | Group IFRS | | Parent Company Annual Accounts Act | |
|------------------------|----------------|------------------|------------------------------------|------------------|
| | 31-12-2007 | 31-12-2006 | 31-12-2007 | 31-12-2006 |
| Cash and bank holdings | 46,232 | 563,563 | 45,779 | 563,507 |
| Current investments | 797,601 | 815,250 | 797,601 | 815,250 |
| Total | 843,833 | 1,378,813 | 843,380 | 1,378,757 |

Liquid funds are reported and valued according to the category assets valued at fair value in profit and loss. Fair value is equivalent to the reported value of cash and bank holdings and current investments.

31 Hedge reserve/Fair value reserve

| | Group IFRS | | Parent Company Annual Accounts Act | |
|--|---------------|--------------|------------------------------------|--------------|
| | 31-12-2007 | 31-12-2006 | 31-12-2007 | 31-12-2006 |
| Opening balance | 1,842 | 33,636 | 1,842 | 33,636 |
| Change in value, derivative instrument (cash flow hedging) | | | | |
| – exchange rate interest swap | – | –115 | – | –115 |
| – currency derivatives | 9,979 | –6,008 | 9,979 | –6,008 |
| – electricity derivatives | 50,210 | –9,111 | 50,210 | –9,111 |
| Transferred to net financial income/expense | 354 | 92 | 354 | 92 |
| Transferred to the operating result | 2,312 | –29,014 | 2,312 | –29,014 |
| Tax effect | –17,598 | 12,362 | –17,598 | 12,362 |
| Closing balance | 47,099 | 1,842 | 47,099 | 1,842 |

Note 32, cont'd.

Borrowing can be broken down as follows, SEK m:

| | Group IFRS | | | | Parent Company Annual Accounts Act | | | |
|---|----------------|---------------|----------------|---------------|------------------------------------|---------------|----------------|---------------|
| | 31-12-2007 | | 31-12-2006 | | 31-12-2007 | | 31-12-2006 | |
| | Reported value | Fair value | Reported value | Fair value | Reported value | Fair value | Reported value | Fair value |
| <i>Category, other financial liabilities</i> | | | | | | | | |
| Bonds & MTN | 2,499 | 2,390 | 2,613 | 2,572 | 2,499 | 2,390 | 2,613 | 2,572 |
| Other loans | 174 | 174 | 572 | 571 | – | – | 391 | 390 |
| Total | 2,673 | 2,564 | 3,185 | 3,143 | 2,499 | 2,390 | 3,004 | 2,962 |
| <i>Category, financial liabilities valued at fair value in profit and loss according to the fair value hedging method</i> | | | | | | | | |
| Bonds & MTN | 1,726 | 1,726 | 1,806 | 1,806 | 1,726 | 1,726 | 1,806 | 1,806 |
| EMTN | 5,498 | 5,498 | 5,542 | 5,542 | 5,498 | 5,498 | 5,542 | 5,542 |
| Other loans | 2,217 | 2,217 | 2,530 | 2,530 | 2,217 | 2,217 | 2,530 | 2,530 |
| Total | 9,441 | 9,441 | 9,878 | 9,878 | 9,441 | 9,441 | 9,878 | 9,878 |
| Total non-current loans | 12,114 | 12,005 | 13,063 | 13,021 | 11,940 | 11,831 | 12,882 | 12,840 |
| <i>Category, other financial liabilities</i> | | | | | | | | |
| Commercial paper | 1,611 | 1,610 | 1,605 | 1,605 | 1,611 | 1,610 | 1,605 | 1,605 |
| ECP | 385 | 385 | 510 | 510 | 385 | 385 | 510 | 510 |
| Bonds & MTN | 326 | 332 | 297 | 300 | 326 | 332 | 297 | 300 |
| EMTN | – | – | 700 | 702 | – | – | 700 | 702 |
| Other loans | 397 | 397 | 7 | 7 | 391 | 390 | – | – |
| Total | 2,719 | 2,724 | 3,119 | 3,124 | 2,713 | 2,717 | 3,112 | 3,117 |
| <i>Category, financial liabilities valued at fair value in profit and loss according to the fair value hedging method</i> | | | | | | | | |
| Bonds & MTN | 367 | 367 | – | – | 367 | 367 | – | – |
| EMTN | 1,428 | 1,428 | 725 | 725 | 1,428 | 1,428 | 725 | 725 |
| Other loans | 286 | 286 | – | – | 286 | 286 | – | – |
| Total | 2,081 | 2,081 | 725 | 725 | 2,081 | 2,081 | 725 | 725 |
| Total current loans | 4,800 | 4,805 | 3,844 | 3,849 | 4,794 | 4,798 | 3,837 | 3,842 |
| Total loans | 16,914 | 16,810 | 16,907 | 16,870 | 16,734 | 16,629 | 16,719 | 16,682 |

The above table shows amounts excluding accrued coupon interest.

Due date structure, loans, SEK m

| | Fixed interest rate | | | Variable interest rate | | | | |
|----------------|---------------------|---------------|--------------|------------------------|--------------------------|--------------|---------------|---------------|
| | Loans | Derivatives | Total | Loans | ECP and commercial paper | Derivatives | Sub-total | Total |
| 2008:1 | – | – | – | 100 | 1,887 | 1,512 | 3,499 | 3,499 |
| 2008:2 | 1,426 | –2,426 | –1,000 | – | 120 | 1,000 | 1,120 | 120 |
| 2008:3 | – | – | – | – | – | – | – | – |
| 2008:4 | 284 | –184 | 100 | 880 | – | 181 | 1,061 | 1,161 |
| 2009 | 2,365 | –1,065 | 1,300 | – | – | 950 | 950 | 2,250 |
| 2010 | 3,095 | –1,595 | 1,500 | – | – | 1,942 | 1,942 | 3,442 |
| 2011 | 759 | –760 | –1 | – | – | 781 | 781 | 780 |
| 2012 | 711 | 14 | 725 | – | – | 69 | 69 | 794 |
| 2013 | – | 1,261 | 1,261 | – | – | –1,261 | –1,261 | – |
| 2014 | 1,426 | –1,426 | – | – | – | 1,530 | 1,530 | 1,530 |
| 2015 and later | 2,261 | –2,561 | –300 | 1,507 | – | 2,536 | 4,043 | 3,743 |
| Total | 12,327 | –8,742 | 3,585 | 2,487 | 2,007 | 9,240 | 13,734 | 17,319 |

The above table shows financing (nominal amount) together with outstanding interest and currency derivatives. Loans and derivatives in foreign currency have been calculated at the year-end exchange rate. As all loans raised in a foreign currency are swapped to Swedish kronor the exchange rate effect is neutralised. Positive value = the Group pays interest, negative value = the Group receives interest.

Note 32, cont'd.

Important contractual terms and conditions

The Group's bond programmes, MTN and EMTN, include a clause regarding state ownership. In the event the Swedish 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 shares and more than 50 per cent of the 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.

Hedge accounting

When financing in a foreign currency all future payment flows are hedged so that no exchange risk remains. Through exchange rate interest swaps all interest payments in foreign currency, both fixed and variable, are hedged as well as future repayments. All the measures taken have the express purpose of hedging and eliminating an exchange rate 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.

Currency distribution

The Group's financing as of the year-end is distributed as follows under the original currency and in SEK m after taking into account currency and interest swap agreements:

| Currency | 31-12-2007 | | | | 31-12-2006 | | | |
|-----------------------------|----------------|------------|-------------------|-------------------------------|----------------|------------|-------------------|-------------------------------|
| | Nominal amount | Interest % | Interest % in SEK | Amount in SEK m ¹⁾ | Nominal amount | Interest % | Interest % in SEK | Amount in SEK m ¹⁾ |
| <i>Swapped to SEK</i> | | | | | | | | |
| <i>ECP</i> | | | | | | | | |
| GBP | – | – | – | – | 5 | 5.09 | 3.00 | 67 |
| USD | 60 | 5.42 | 4.29 | 385 | 65 | 5.34 | 2.88 | 443 |
| Total | | | 4.29 | 385 | | | 2.90 | 510 |
| <i>MTN</i> | | | | | | | | |
| EUR | 20 | 4.40 | 4.69 | 186 | – | – | – | – |
| Total | | | 4.69 | 186 | | | – | – |
| <i>EMTN</i> | | | | | | | | |
| CHF | 750 | 2.99 | 4.50 | 4,254 | 760 | 2.49 | 3.37 | 4,265 |
| EUR | 250 | 4.50 | 4.64 | 2,358 | 250 | 4.50 | 3.26 | 2,275 |
| JPY | 3,000 | 1.97 | 4.38 | 174 | 3,000 | 1.97 | 3.33 | 177 |
| USD | 22 | 4.00 | 4.71 | 140 | – | – | – | – |
| Total | | | 4.54 | 6,926 | | | 3.33 | 6,717 |
| <i>Other loans</i> | | | | | | | | |
| CHF | 250 | 2.26 | 4.36 | 1,359 | 250 | 2.26 | 3.35 | 1,369 |
| JPY | 20,000 | 1.59 | 4.61 | 1,144 | 20,000 | 1.59 | 3.26 | 1,162 |
| Total | | | 4.48 | 2,503 | | | 3.31 | 2,531 |
| Total | | | 4.52 | 10,000 | | | 3.30 | 9,758 |
| <i>Unswapped (in SEK m)</i> | | | | | | | | |
| Commercial paper | 1,621 | – | 4.34 | 1,611 | 1,610 | – | 2.95 | 1,605 |
| Bonds & MTM | 4,410 | – | 4.19 | 4,732 | 4,640 | – | 3.60 | 4,966 |
| Other loans | 571 | – | 4.20 | 571 | 578 | – | 3.32 | 578 |
| Sub-total | | | 4.23 | 6,914 | | | 3.43 | 7,149 |
| Total | | | 4.41 | 16,914 | | | 3.35 | 16,907 |

¹⁾ Refers to reported value

33 Allocations to pensions and similar commitments

Defined contribution pension plans

The Group's defined contribution pension plans, so-called alternative ITP for high-income earners, as well as individual pension assurances to leading executives, cover employees in all Group companies. The defined contribution pension plans mainly comprise a retirement pension, sickness pension and family pension. The premiums are paid continuously throughout the year by each Group company to different insurance companies. The premium amounts are based on salary.

The pension costs for the year amounted to KSEK 10,745 (12,541).

Defined benefit pension plans

All employees in the Akademiska Hus Group are covered by defined benefit pension plans. According to these plans the employees are entitled to pension benefits based on their pensionable income as well as the number of years of service. The

pension plan mainly comprises a retirement pension, sickness pension and family pension. The pension commitments are secured through provisions in the FPG/PRI system and the ITP plan family pension, sickness pension and occupational group life are through insurance premiums. All pension commitments 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 most recent actuarial calculation of the current value of the defined benefit commitments was carried out by an authorised actuary on December 31, 2007. When calculating the current value of the defined benefit commitments and associated costs for employment during the current period and associated costs for employment during previous periods, the Projected Unit Credit Method was used.

Information regarding the reporting of defined benefit pension plans which cover several employers – Alecta.

Note 33, cont'd.

The retirement pension and family pension undertaking for white-collar workers in Sweden is secured through insurance with Alecta. According to statements from the Swedish Financial Accounting Standards Council Emerging Issues Task Force, URA 42 and URA 45, this is a defined benefit plan covering several employers. For the 2007 financial year the Company has not had access to such information that makes 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 6.4 million (9.5). Alecta's surplus can be distributed to the policyholders and/or the insured. At the end of 2007, Alecta's surplus in the form of the collective consolidation level amounted to 152.0 per cent (143.1). 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 calculation assumptions, which do not concur with IAS 19.

The actuarial computation of the pension commitments and pension costs is based on the following assumptions:

| | 31-12-2007 | 31-12-2006 |
|------------------------------------|------------|------------|
| Discount rate | 4.30 | 3.90 |
| Salary increase | 3.50 | 3.00 |
| Inflation | 3.25 | 2.75 |
| Income base amount | 2.00 | 1.80 |
| Personnel turnover | 2.00 | - |
| Remaining period of service, years | 17.1 | 17.4 |

The total pension cost is as follows:

| | 2007 | 2006 |
|---|---------------|---------------|
| Benefits earned during the year | 7,438 | 7,757 |
| Interest on the pension provision | 8,889 | 9,092 |
| Actuarial gains (-)/losses (+) | 266 | 1,021 |
| Pension costs, defined benefit plans | 16,593 | 17,870 |
| Pension costs, defined contribution plans | 17,177 | 22,029 |
| Employer's contribution and tax on returns, other pension costs | 7,774 | 7,307 |
| Total pension costs | 41,544 | 47,206 |

The following provisions attributable to the Group's defined benefit commitment have been made in the Balance Sheet:

| | 31-12-2007 | 31-12-2006 |
|---|----------------|----------------|
| Current value of the commitment at the period-end | 246,334 | 237,043 |
| Actuarial profits (+) losses (-) brought forward | -25,904 | -24,979 |
| Allocated to pensions | 220,430 | 212,064 |

Pension commitments and provisions for pension undertakings and net actuarial gains/losses for the defined benefit plans have changed as follows:

| | 31-12-2007 | 31-12-2006 |
|--|----------------|----------------|
| Opening balance | 212,064 | 201,904 |
| Benefits earned during the year | 7,438 | 7,757 |
| Interest costs | 8,889 | 9,092 |
| Amortisation, actuarial gains (+)/losses (-) | 266 | 1,021 |
| Benefits paid | -8,227 | -7,710 |
| Closing balance | 220,430 | 212,064 |

| Actuarial gains/losses | 31-12-2007 | 31-12-2006 |
|--|----------------|----------------|
| Opening balance, actuarial gains (+)/losses (-) | -24,979 | -33,979 |
| Actuarial gains (+)/losses (-) to be reported | 266 | 1,021 |
| Actuarial gains (+)/losses (-) on pension commitments | -1,191 | 7,979 |
| Closing balance, actuarial gains (+)/losses (-) | -25,904 | -24,979 |

In addition to the effect of amended actuarial assumptions, such as the change in the discount interest rate etc, actuarial gains and losses have occurred by reason of a deviation from the basic experience-based assumptions. Deviations from experience-based assumptions includes unexpectedly high or low figures for staff turnover, early retirement, lifespan and salary increases. The effect of such deviations is positive and amounts to approximately SEK 9.5 million with regard to the contribution-based assessments.

Future payments

The Group is expected to pay KSEK 17,254 (16,594) in charges for the defined benefit plans during the forthcoming financial year.

Provisions for pensions and similar commitments in the Parent Company

The reported pension liability in the Parent Company comprises:

| | 31-12-2007 | 31-12-2006 |
|------------------|---------------|---------------|
| FPG/PRI Pensions | 16,610 | 15,298 |
| Other pensions | 59,351 | 61,832 |
| Total | 75,961 | 77,130 |

Other pensions in the Parent Company 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.

Pension commitments and provisions for pension commitments for the defined benefit plans in the Parent Company have changed as follows:

| | 31-12-2007 | 31-12-2006 |
|------------------------|---------------|---------------|
| Opening balance | 77,130 | 78,630 |
| Other changes | 1,019 | 879 |
| Interest costs | 3,368 | 3,271 |
| Payments | -5,556 | -5,650 |
| Closing balance | 75,961 | 77,130 |

The total pension cost in the Parent Company is broken down as follows:

| | 2007 | 2006 |
|---|---------------|---------------|
| Other income/costs for changes in the pension liability | 1,019 | 879 |
| Interest part of the pension cost | 3,368 | 3,271 |
| Pension costs, defined benefit plans | 4,387 | 4,150 |
| Pension costs, contribution-based plans | 4,360 | 5,644 |
| Employer's contribution and tax on the yield, other pension costs | 2,456 | 1,476 |
| Total pension costs | 11,203 | 11,270 |

Actuarial assumptions

The actuarial calculation of pension commitments and pension costs in the Parent Company is based on the actuarial assumptions stipulated in the FPG/PRI system and by the Swedish Financial Supervisory Authority.

34 Other liabilities

| | Group IFRS | | Parent Company Annual Accounts Act | |
|--|----------------|----------------|---------------------------------------|---------------|
| | 31-12-2007 | 31-12-2006 | 31-12-2007 | 31-12-2006 |
| Other interest-bearing liabilities | 29,262 | 28,871 | 29,262 | 28,871 |
| Other non-interest-bearing liabilities | 108,494 | 278,441 | 8,343 | 12,930 |
| Total, other liabilities | 137,756 | 307,312 | 37,605 | 41,801 |

Other liabilities are reported and valued as Other financial liabilities. The fair value is equivalent to the reported value of Other liabilities.

The Parent Company has entered into a supplementary agreement, Credit Support Annex, (CSA) to the ISDA, with the aim of handling exposure to counter-party risks in derivatives. 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 derivatives. The agreement in turn gives the secured party right of disposal of collateral received. As of the year-end, the Group received collateral through the CSA agreement totalling KSEK 29,262 (28,871).

Of the Group's other liabilities KSEK 130,814 falls due for payment within one year of the year-end, KSEK 552 within 1–5 years of the year-end and KSEK 6,390 later than five years after the year-end.

35 Accrued expenses and prepaid income

| | Group IFRS | | Parent Company Annual Accounts Act | |
|---|------------------|------------------|---------------------------------------|----------------|
| | 31-12-2007 | 31-12-2006 | 31-12-2007 | 31-12-2006 |
| Prepaid rental income | 1,188,220 | 1,144,982 | – | – |
| Accrued salary and personnel costs | 25,609 | 26,239 | 6,037 | 5,292 |
| Accrued operating and maintenance costs | 29,579 | 108,396 | – | – |
| Accrued investments | 73,744 | 191,574 | – | – |
| Accrued interest | 246,853 | 214,944 | 246,853 | 214,944 |
| Other interim liabilities | 23,533 | 19,157 | 20,370 | 22,537 |
| Total | 1,587,538 | 1,705,292 | 273,260 | 242,773 |

36 Due date structure, liabilities

| | Group IFRS | | Parent Company Annual Accounts Act | |
|--|-------------------|-------------------|---------------------------------------|-------------------|
| | 31-12-2007 | 31-12-2006 | 31-12-2007 | 31-12-2006 |
| <i>Due date structure</i> | | | | |
| Liabilities that fall due for payment within one year of the year-end | 6,930,890 | 6,281,513 | 5,242,409 | 4,385,619 |
| Liabilities that fall due for payment within 1–5 years of the year-end | 7,454,553 | 9,293,423 | 7,435,205 | 9,270,616 |
| Liabilities that fall due for payment later than five years after the year-end | 13,068,698 | 12,118,953 | 5,377,482 | 4,600,695 |
| Total | 27,454,141 | 27,693,889 | 18,055,096 | 18,256,930 |

37 Financial risk management (Group)

In its capacity as a net borrower, the Group Hus is exposed to financial risks, particularly interest rate risks, refinancing risks, credit risks and exchange rate risks. The governing document, the Finance Plan, is adopted each year by the Board. It contains the long-term strategic orientation, allocation of liability, the Group's approach to financial risks and the mandate to handle these risks. Plans to handle financial risks for the coming year are adopted in December and include authorisation and mandates as well as concrete plans for financing operations. The Group's financial management is centralised at the Parent Company's Treasury Department, which allows 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. The Finance Plan states that the interest risk should be handled within a fixed interest mandate adopted by the Board. The current mandate states that the fixed interest period, including interest derivatives, should be 1–2.5 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 interest derivatives as a means of adjusting and securing the desired fixed interest period. The point of departure, however, is that these derivatives 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 (1.9), including interest derivatives. The average fixed interest period during the year was 1.9 years (2.1).

Bonds with a real interest rate construction have been issued to secure diversification so that the Group is not exposed exclusively to changes in nominal interest rates. Real interest rate bond loans are handled in a separate portfolio outside the fixed interest mandate. At the year-end this portfolio totalled SEK 190 million (190).

Note 37, cont'd.

Due date structure for fixed interest periods and liability capital tie-up, SEK m

| | Capital tie-up, loans | Fixed interest period, loans | Fixed interest period, derivatives | Fixed interest period, total |
|----------------|--------------------------|---------------------------------|---------------------------------------|---------------------------------|
| 2008:1 | 1,987 | 2,577 | 9,555 | 12,132 |
| 2008:2 | 1,546 | 1,546 | -2,522 | -976 |
| 2008:3 | - | - | -500 | -500 |
| 2008:4 | 1,164 | 2,081 | 97 | 2,178 |
| 2009 | 2,365 | 2,365 | -1,065 | 1,300 |
| 2010 | 3,095 | 3,095 | -1,595 | 1,500 |
| 2011 | 759 | 759 | -760 | -1 |
| 2012 | 711 | 711 | 14 | 725 |
| 2013 | - | - | 1,261 | 1,261 |
| 2014 | 1,426 | 1,426 | -1,426 | - |
| 2015 and later | 3,768 | 2,261 | -2,561 | -300 |
| Total | 16,821 | 16,821 | 498 | 17,319 |

The above table shows nominal amounts. The nominal amounts have been recalculated at the year-end rate. As all loans that are raised in foreign currency are swapped to Swedish kronor the exchange rate effect is neutralised. Positive value = the Group pays interest, negative value = the Group receives interest.

Currency risk

A currency risk is the risk that exchange rate changes will have a negative impact on the Group's Income Statement and Balance Sheet. In conjunction 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 attributable to borrowing are exchange hedged with the aid of forward rate agreements and currency swaps. The Group accepts exchange rate exposure for electricity trading, as this takes place to a limited extent.

Currency breakdown, loans and derivatives, SEK m

| Original currency | Loans | Derivatives | Total |
|-------------------|---------------|-------------|---------------|
| CHF | 5,705 | -5,705 | - |
| EUR | 2,553 | -2,553 | - |
| JPY | 1,308 | -1,308 | - |
| SEK | 6,728 | 10,591 | 17,319 |
| USD | 527 | -527 | - |
| Total | 16,821 | 498 | 17,319 |

The table above shows nominal amounts. The nominal amounts were recalculated using the year-end rate.

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 Plan 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. Loans that fall due should have a spread so that a maximum of 40 per cent fall due for refinancing within a 12-month period.

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 2007 totalled SEK 844 million (1,379). 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

| | Rating Standard & Poor's | Framework 31-12-2007 | Utilised nom. 31-12-2007 |
|---------------------------------|-----------------------------|-------------------------|-----------------------------|
| Bank | | SEK 4,200 m | - |
| Commercial paper | A1+/K1 | SEK 4,000 m | SEK 1,621 m |
| ECP (Euro Commercial Paper) | A1+ | USD 600 m | USD 60 m |
| MTN (Medium Term Note) | AA | SEK 8,000 m | SEK 4,595 m |
| EMTN (Euro Medium Term Note) | AA/A1+ | USD 1,500 m | USD 869 m |

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 conservative counter-party risk. The Finance Plan includes a limit system where permitted exposure depends on the counter-party's credit 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.

The Group's policy is that internationally standardised netting agreements, ISDA agreements, should always be signed with a counter-party before derivative transactions take place. As of December 31, 2007, the total counter-party exposure in derivatives (calculated as the net claim per counter-party) stood at SEK 515 million (662). 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. The agreements mean that the parties mutually undertake to furnish collateral in the form of liquid funds or bonds for the value deficits in outstanding derivative contracts. At the year-end, the Group had granted SEK 220 million (247) net.

Note 37, cont'd.

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

Counter-party risks, excluding rent receivables, SEK m

| | Receivable | Liability | Collateral received/granted | Net exposure |
|---|------------|-------------|-----------------------------|--------------|
| <i>Institute with a long rating</i> | | | | |
| AAA/Aaa | – | – | – | – |
| AA+/Aa1 | – | –237 | – | –237 |
| AA/Aa2 | – | –264 | 142 | –122 |
| AA-/Aa3 | 181 | –64 | –29 | 88 |
| A+/A1 | 566 | – | 108 | 674 |
| A/A2 | – | – | – | – |
| <i>Institute with only a short rating</i> | | | | |
| K1 | – | – | – | – |
| Clearing institute | 73 | – | 39 | 112 |
| Total | 820 | –565 | 260 | 515 |

Positive figure = Group receivable, negative figure = Group liability

In the following analysis the effect on profit of an increase in the interest rate of one percentage point for all terms is presented. The calculation is based on an unchanged liability volume.

Temporary current investments had a very short fixed interest period, which is the reason why the effects on profit have not been taken into account.

Credit risk attributable to rent receivables

A large proportion of the Group's receivables are rent receivables. The maximum credit risk exposure for rent receivables and accounts receivable is equal to their carrying values. The assessed credit risk in rent receivables, however, is low in the light of the good credit rating of the customers.

Electricity price risk

The term 'electricity price risk' refers to the risk that the future price of electricity will affect the Group's operating expenses negatively. With the aim of reducing the exposure to changes in the electricity price derivatives are used. The Group stipulates a long-term price hedging strategy. The strategy is laid down in the Group's Directive for trade in electricity. Trade in spot and financial electricity takes place through NordPool. To limit the counterparty risk all trade is cleared through NordPool. In the table above the outstanding exposure attributable to electricity derivatives is included in the Clearing institute amount. An exchange rate risk attributable to electricity derivatives entered into is exchange-hedged with the aid of exchange futures.

Sensitivity analysis, liability portfolio

The Akademiska Hus interest-bearing liability portfolio is constantly exposed to changes in interest rates on the market. As the fixed interest period is diversified and according to the current risk mandate, a minimum of one year on average, the variations in the interest cost will vary to a lesser extent than if the fixed interest period had been very short, e.g. three months.

Akademiska Hus has fixed interest periods both within and outside the Balance Sheet. The aim of the interest derivative portfolio is to facilitate an extension of the fixed interest period of the liability portfolio over and above what is achieved in the financing. If the interest rate goes up the existing fixed interest would need to be higher and thus increase the value of the interest derivative portfolio.

The analysis of the sensitivity of the liability portfolio to interest rates is divided into two parts:

- a change in value of the interest derivative portfolio (current values)
- cash flow effects during a calendar year for items with a short fixed interest period which receive new short-term interest for the remainder of the year

| | Nominal amount, SEK m | Maturity, years, average | Fixed interest, years, average | Interest risk 1 bp SEK m | Interest, per cent | Change in value in the event of +100 bp, SEK m at year end ¹⁾ | Net interest income/expense in the event of 100 bp, SEK m during the remainder of the calendar year ¹⁾ |
|---|-----------------------|--------------------------|--------------------------------|--------------------------|--------------------|--|---|
| Fixed interest positions with fixed interest over one year within the Balance Sheet | 2,300 | 4.88 | 4.88 | 0.9 | 3.43 | – | – |
| Interest derivatives, fixed interest | 2,586 | – | 4.20 | 1.0 | 5.53 | 92 | – |
| Interest derivatives, variable interest | –2,586 | – | 0.30 | –0.1 | –4.67 | – | 18 |
| Variable interest within the Balance Sheet | 15,019 | 3.29 | 0.16 | 0.2 | 4.36 | – | –126 |
| Total | 17,319 | 3.50 | 1.37 | 2.0 | 4.54 | 92 | –108 |

¹⁾ Refers to 100 bp in a parallel displacement of the yield curve.

38 | Asset management (Group)

The Group is striving to achieve a good growth in profit, financial sustainability and financial capacity. These financial objectives are set to provide a combination of a high return on equity, high growth capacity and financial stability.

The Group's financial objectives are described in the Administration Report in the Business concept, visions and objectives section and the Profitability section. Financing operations are described in the Financing section of the Administration Report, Note 32 Loans as well as Note 37 Financial risk management.

The Group's capital structure comprises an interest-bearing net loan liability and equity attributable to the Parent Company's shareholders (share capital, other contributed capital, profit brought forward and profit for the year).

The Group's capital is as follows:

| | 31-12-2007 | 31-12-2006 |
|--|-------------------|-------------------|
| Loans from financing programmes (Note 32) | 16,914,269 | 16,906,796 |
| Collateral received for derivative transactions entered into (Note 34) | 29,262 | 28,871 |
| Financial derivatives (Note 24) | 312,036 | 692,724 |
| Liquid funds (Note 30) | –843,833 | –1,378,813 |
| Interest-bearing net loan liability | 16,411,734 | 16,249,578 |
| Equity | 24,699,717 | 24,801,228 |

39 Pledged assets

| | Group IFRS | | Parent Company Annual Accounts Act | |
|---------------------|----------------|----------------|------------------------------------|----------------|
| | 31-12-2007 | 31-12-2006 | 31-12-2007 | 31-12-2006 |
| Blocked bank funds | 39,035 | 44,562 | 39,035 | 44,562 |
| Current investments | 220,500 | 275,250 | 220,500 | 275,250 |
| Total | 259,535 | 319,812 | 259,535 | 319,812 |

Unsettled results from transactions as well as standardised computed safety margins using stock exchange-cleared derivatives have been secured through blocked bank funds.

The Parent Company has entered into supplementary agreements (Credit Support Annexes) to the existing ISDA agreements with the aim of handling exposure to counter-party risks in derivative contracts. These agreements are mutual, follow international standards and mean that the parties undertake to assure the undervalues in the derivative contracts. The agreement grants the assured party right of disposal of the collateral received. As of December 31, 2007, no collateral had been furnished for the Group's liabilities.

40 Contingent liabilities

| | Group IFRS | | Parent Company Annual Accounts Act | |
|--|--------------|--------------|------------------------------------|----------------|
| | 31-12-2007 | 31-12-2006 | 31-12-2007 | 31-12-2006 |
| Contingent liability, FPG/PRI | 2,301 | 2,107 | 326 | 306 |
| Guarantee for regional companies' pension undertakings | – | – | 120,061 | 111,493 |
| Total | 2,301 | 2,107 | 120,387 | 111,799 |

41 Interest paid and received

| | Group IFRS | | Parent Company Annual Accounts Act | |
|-------------------|-----------------|-----------------|------------------------------------|----------------|
| | 2007 | 2006 | 2007 | 2006 |
| Interest received | 27,638 | 51,622 | 1,073,090 | 928,677 |
| Interest paid | –767,261 | –692,186 | –757,611 | –679,535 |
| Total | –739,623 | –640,564 | 315,479 | 249,142 |

42 Adjustments in items not included in the cash flow

| | Group IFRS | | Parent Company Annual Accounts Act | |
|---|----------------|-------------------|------------------------------------|-----------------|
| | 2007 | 2006 | 2007 | 2006 |
| Depreciation | 10,631 | 19,749 | 3,109 | 4,167 |
| Change in value, investment properties | 616,855 | –1,873,747 | – | – |
| Capital gain (-)/loss (+) on sale of other tangible, non-current assets | –62 | –150 | 6 | 128 |
| Change in value, financial instruments | –189,675 | –171,315 | –189,675 | –171,315 |
| Cash flow hedge | 62,855 | –44,157 | 62,855 | –44,157 |
| Change in pension provisions and similar undertakings | 8,366 | 10,160 | –1,170 | –1,500 |
| Miscellaneous | –1 | – | – | – |
| Total | 508,969 | –2,059,460 | –124,875 | –212,677 |

43 Purchase sum in conjunction with investments, acquisitions and disposals

For investments and acquisitions for the period a total of KSEK 1,550,769 (1,426,231) has been paid, of which KSEK 1,303,723 was paid in liquid funds. For disposals for the period a total amount of KSEK 528,020 (672,130) has been received, of which KSEK 325,963 was received in liquid funds.

44 Change in interest-bearing net loan liabilities

| | Group IFRS | | Parent Company Annual Accounts Act | |
|---|----------------|----------------|------------------------------------|-----------------|
| | 31-12-2007 | 31-12-2006 | 31-12-2007 | 31-12-2006 |
| Opening amount | 16,424,559 | 16,042,533 | –4,761,655 | –4,598,329 |
| Increase (-) / Decrease (+) in interest-bearing receivables | 28,333 | 499,710 | –977,148 | 912,289 |
| Increase (-) / Decrease (+) in current investments | 17,649 | –397,101 | 17,649 | –397,101 |
| Increase (-) / Decrease (+) in liquid funds | 517,331 | 243,767 | 517,728 | 243,768 |
| Increase (+) / Decrease (-) in interest-bearing liabilities | –264,296 | 35,650 | –257,270 | –922,282 |
| Change in interest-bearing net loan liability | 299,017 | 382,026 | –699,041 | –163,326 |

45 Events after the year-end

No significant events took place after the end of the reporting period.

46 Transactions with related parties

| | Group IFRS | | Parent Company Annual Accounts Act | |
|---|------------|----------|------------------------------------|-------------------|
| | 2007 | 2006 | 2007 | 2006 |
| <i>Income</i> | | | | |
| Companies within the Akademiska Hus Group | – | – | 1,166,040 | 999,934 |
| Total | – | – | 1,166,040 | 999,934 |
| <i>Costs</i> | | | | |
| Companies within the Akademiska Hus Group | – | – | –885 | –492 |
| Total | – | – | –885 | –492 |
| <i>Receivables</i> | | | | |
| Companies within the Akademiska Hus Group | – | – | 21,763,385 | 20,721,967 |
| Total | – | – | 21,763,385 | 20,721,967 |
| <i>Liabilities</i> | | | | |
| Companies within the Akademiska Hus Group | – | – | 14,632 | 2,470 |
| Total | – | – | 14,632 | 2,470 |

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 carrying value.

The Board of Directors and the President hereby certify that the Annual Report has been prepared in accordance with the Annual Accounts Act and RR 32 and provide a fair picture of the Company's position and results and that the Administration Report provides a fair overview of the development of the Group's operations, position and results and also describes material risks and uncertainties facing the Company.

The Board of Directors and the President hereby certify that the Consolidated Accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU and provide a fair picture of the Group's position and results and that the Administration Report for the Group provides a fair overview of the development of the Group's operations, position and results and also describes material risks and uncertainties facing the companies that form part of the Group.

Gothenburg, March 6, 2008

| | | |
|--|---|--|
| Eva-Britt Gustafsson <i>Chairwoman</i> | Charlotte Axelsson <i>Board member</i> | Sigbrit Franke <i>Board member</i> |
| Marianne Förander <i>Board member</i> | Per Granath <i>Board member</i> | Maj-Charlotte Wallin <i>Board member</i> |
| Göran Wendel <i>Board member</i> | | Ingemar Ziegler <i>Board member</i> |
| Sveinn Jonsson <i>Employee representative</i> | | Parzin Seradji <i>Employee representative</i> |
| | Thomas Norell <i>President</i> | |

Our audit report was submitted on March 6, 2008

DELOITTE AB

Peter Gustafsson
Authorised Public Accountant

Anita Nilsson

Authorised Public Accountant
Appointed by the National Audit Office

Audit Report

To the annual meeting of the shareholders of Akademiska Hus AB (Publ)
Corporate identity number 556459-9156

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President of Akademiska Hus AB (Publ) for the financial year 2007. The Board of Directors and the President are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain very good but not absolutely 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 significant estimates made by the Board of Directors and the President when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated 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 Board member 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 have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the Group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual 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 financial year.

Gothenburg March 6, 2008

DELOITTE AB
Peter Gustafsson
Authorised Public Accountant

Anita Nilsson
Authorised Public Accountant
Appointed by the National Audit Office

Definitions

Direct yield

Net operating profit in relation to the average assessed fair value.

Equity ratio

Net equity in relation to total assets carried forward.

Floor space, m²

Rentable floor space in square metres.

Floor space, m², gross

The gross floor space of the buildings. Comprises rentable floor space as well as common areas and the surrounding construction area.

Interest-bearing net loan liability

Interest-bearing loans, financial derivatives and short-term, interest-bearing investments. Pension provisions and similar items are not included.

Interest-bearing liabilities

Interest-bearing loans, including pension provisions and similar items.

Interest coverage ratio

Profit before financial items, excluding changes in value of properties in relation to net interest income and expense, excluding changes in value of financial derivatives.

Letting and vacant space levels

Rented or vacant floor space in relation to the total rentable floor space. Financial letting or vacant space levels are rental income for space let and estimated rental income for vacant space in relation to the total rental income.

Loan-to-value ratio

Interest-bearing net loan liability in relation to the closing value of investment properties.

Maintenance costs

Costs for measures taken to reinstate worn or damaged parts of buildings to their original standard and function.

Net investments

Closing balance minus the opening balance for fixed assets plus depreciation and impairments minus revaluations.

Operating expenses

Expenses for measures taken with an expected interval of less than one year aimed at maintaining the function of a management object. Operating expenses are divided into energy and water supply and other operating expenses.

Property administration

Cost of management, day-to-day accounting administration, letting, contact with tenants, handling of registers, contracts and drawings, technical planning and follow-up and personnel administration.

Rental income

The basic rent, index-linked, and estimated rent for vacant rentable floor space and supplements, with a deduction for vacancies and rent reductions.

Return on equity after standard tax

Earnings after financial income and expense with a deduction for full tax in relation to average equity.

Return on total assets

Operating profit plus financial income in relation to average total assets.

Addresses

GROUP HEAD OFFICE

Akademiska Hus
P.O. Box 483
Stampgatan 14
SE- 401 27 Göteborg
Telephone: +46 31-63 24 00
Fax: +46 31-63 24 01
www.akademiskahus.se
info@akademiskahus.se

REGIONAL OFFICES

Akademiska Hus South
Ole Römers väg 2
SE- 223 63 Lund
Telephone: +46 46-31 13 00
Fax: +46 46-31 13 01

Akademiska Hus West
P.O. Box 476
Stampgatan 14
SE- 401 27 Göteborg
Telephone: +46 31-63 25 00
Fax: +46 31-63 25 01

Akademiska Hus East
Olaus Magnus väg 34
SE- 583 30 Linköping
Telephone: +46 13-36 45 00
Fax: +46 13-36 45 01

Akademiska Hus Stockholm
P.O. Box 12277
Rålambsvägen 32A
SE- 102 27 Stockholm
Telephone: +46 8-685 75 00
Fax: +46 8-685 75 01

Akademiska Hus Uppsala
P.O. Box 185
Artillerigatan 7
SE- 751 04 Uppsala
Telephone: +46 18-68 32 00
Fax: +46 18-68 32 01

Akademiska Hus North
P.O. Box 7985
Artedigränd 2
SE- 907 19 Umeå
Telephone: +46 90-17 62 00
Fax: +46 90-17 62 01



AKADEMISKA HUS

Report Schedule 2008

| | |
|--------------|--------------------------------------|
| April 29 | Annual General Meeting |
| April 29 | Interim Report January – March 2008 |
| August 20 | Interim Report March – June 2008 |
| November 4 | Interim Report June – September 2008 |
| January 2009 | Year-end Report 2008 |
| March 2009 | Annual Report 2008 |

www.akademiskahus.se

For further information, please contact:

Thomas Norell, President

Telephone: +46 8 685 75 55

E-mail: thomas.norell@akademiskahus.se

Marina Andersson, Acting Corporate Communications Director

Telephone: +46 31 63 24 56

E-mail: marina.andersson@akademiskahus.se