

AKADEMISKA HUS  
Interim Report  
January 1–March 31, 2004



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Company registration number 556459-9156

- Rental income increased by SEK 35 million compared with the preceding year to SEK 1,115 million
- Net operating profit was SEK 662 million (624)
- Profit after financial items for the period was SEK 210 million (170)
- The level of vacant space is 2.2 per cent, an increase on the figure of 1.8 per cent at the beginning of the year
- The future will be marked by a more general focus on knowledge-intensive operations and not just a focus on universities and colleges
- The prospects for 2004 are a profit before tax of about SEK 800 million, an improvement of SEK 100 million compared with 2003



### **Akademiska Hus – the leader in creative environments**

Akademiska Hus is one of the largest property companies in Sweden. The aim is to create and own properties for knowledge-intensive operations. The property portfolio comprises mainly university and college buildings. Our properties are to be found at over 20 locations and are managed through regional subsidiaries.

### **Tenants**

Akademiska Hus's market share on its primary market, university and college premises, is 68 per cent. At university locations Akademiska Hus has 76 per cent of the premises leased by universities and colleges. For the provincial university colleges the average market share is 31 per cent.

A change in Akademiska Hus's orientation commenced during the year from concentrating exclusively on universities and colleges to a more general focus on knowledge-intensive operations. Optimal development of the products Akademiska Hus has to offer presupposes continued expansion with a broader customer base.

### **Property operations**

#### **Income and profit**

Rental income amounted to SEK 1,115 million, an increase of SEK 35 million compared with the corresponding period last year. Operating costs increased by SEK 13 million compared with the preceding year. This is due mainly to increased costs as a result of higher energy prices. Maintenance costs are SEK 26 million lower than the preceding year. The focus on

maintenance measures in earlier years has meant that the standard of the Akademiska Hus property holdings is now generally high and, relatively speaking, falling maintenance costs are expected in the future. Net operating income was SEK 662 million (624). Depreciation totalled SEK –233 million (–218) and net financial income and expense was SEK –208 million (–233).

In conjunction with the year-end accounts as of December 31, 2003, Akademiska Hus carried out an internal examination of the properties' book values. This resulted in write-downs amounting to SEK 192 million and reversals of write-downs made previously amounting to SEK 114 million. A new examination of the properties' book values will take place prior to the mid-year report as of June 30, 2004.

The profit after financial items for the period was SEK 210 million (170).

### **Property portfolio**

The book property value, excluding construction in progress, totalled SEK 24,324 million at the period-end, compared with SEK 24,412 million at the year-end. The book value of construction in progress as of March 31, 2004 was SEK 1,861 million, compared with SEK 1,555 million at the year-end.

Rentable space totalled 3,268,318 square metres compared with the year-end figure of 3,257,122 square metres. The level of vacant space was 2.2 per cent, an increase on the figure of 1.8 per cent at the turn of the year. The increase in vacant space can be explained by the 9,500 square metres that have been vacated in Uppsala due to redevelopment for a new tenant.

The computed true value of the properties at the year-end was approximately SEK 36,100 million. This figure was calculated using an internal model based on the direct yield for each building. The computed true value at the previous year-end was SEK 36,475 million. The model has been quality-assured through an external valuation of certain selected buildings.

The profit before tax for the whole year is estimated at approximately SEK 800 million, an improvement of approximately SEK 100 million compared with the preceding year.

Rental income will increase and net operating income on the

whole will improve by approximately SEK 200 million whilst operating and maintenance costs are expected to increase by approximately SEK 100 million.

### Investments

Net investments for the first quarter totalled SEK 454 million and are mainly in the form of new construction and redevelopment.

A number of construction projects were in progress at the period-end, the largest of which are:

Project	Location	Investment framework (SEK m)	Invested as of 31-3-2004 (SEK m)
Swedish National Defence College, new construction	Stockholm	368	86
Kemikum, Stage 2	Uppsala	362	377
Biomedical Centre, refurbishment	Uppsala	352	357
New construction for the College of Film, Radio, Television and Theatre	Stockholm	341	198
Teknikens Hus, new construction	Karlstad	320	2

### Key figures

	Jan-Mar 2004	Jan-Mar 2003	2003
Direct yield, %	10.3*	10.2*	10.7
Net operating income, SEK/sq. m.	786*	761*	791
Book value, properties, SEK m	24,324	23,659	24,412
Computed value, properties, SEK m	—**	—**	36,118
Return on equity after standard tax, %	7.3*	6.3*	6.9
Return on total assets, %	5.6*	5.8*	5.9
Equity ratio, %	27.1	26.6	27.4
Internal financing, %	84	87	85
Interest coverage ratio, %	200	170	177

\* Calculated on a full-year basis.

\*\* The computed true value is reported at the mid-year and the year-end

The Group's equity ratio should in the long term be at least 25 per cent.

### Financing

Interest-bearing liabilities at the period-end amounted to SEK 17,623 million compared with SEK 16,794 million at the turn of the year. Collateral posted as of March 31 totalled SEK 626 million, which was part of the Group's liquidity surplus of SEK 1,112 million at the end of the first quarter. Net financial income and expense for the period was SEK -208 million compared with SEK -233 million for the corresponding period during the preceding year.

The interest-bearing liability portfolio can be broken down as follows (SEK million):

Interest-bearing liabilities, SEKm	Outcome 31-3-2004
Bank financing	—
Commercial paper	398
ECP	1,386
Domestic bonds	2,542
EMTN	10,890
Donation loans and other loans	1,781
	<b>16,997</b>
Collateral for derivative transactions	626
	<b>17,623</b>

The financing cost for the period totalled 4.90 per cent, measured as interest cost in relation to the average interest-bearing liability capital. The equivalent cost for the whole of 2003 was 5.30 per cent.

Financing requirements during the quarter were limited and were satisfied mainly through issues within the ECP programme.

The fixed interest period has fallen to approximately 1.9 years from 3.0 years at the turn of the year and the maturity at the period-end had fallen to approximately 2.9 years from 3.2 years at the turn of the year.

## Facilities and rating, million

Framework 31-3-2004

Rating Standard  
& Poor's

Banks	SEK 4,200	
Syndicated credit	SEK 1,350	
Commercial Paper	SEK 4,000	A1+ /K1
Euro Commercial Paper (ECP)	USD 600	A1+
Medium Term Note (MTN)	SEK 8,000	AA
Euro Medium Term Note (EMTN)	USD 1,500	AA/A1+

The Group's liquid assets at the period-end, including short-term investments, amounted to SEK 1,112 million. The corresponding amount at the beginning of the year was SEK 467 million.

### Accounting principles

This Interim Report was prepared in compliance with Recommendation RR20, Interim Reports, of the Swedish Financial Accounting Standards Council and in other respects

follows the same accounting principles and computation methods applied in the most recent annual report.

## Parent Company

### Operations

Akademiska Hus AB is the parent company in the Akademiska Hus Group. Operations comprise Group management with Group accounting, controlling and financing as well as services within project and property development, IT, corporate communications, human resources, accounts and administration. The Parent Company handles all financing in the Group (See Financing section).

### Income and profit

The Company's income totalled SEK 23 million (20), of which income from subsidiaries totalled SEK 23 million. The operating profit was SEK -0.1 million (1.3) and net financial income and expense was SEK 240 million (64), including SEK 185 million (0) in dividends from subsidiaries.

Profit before appropriations and taxes was SEK 240 million (66).

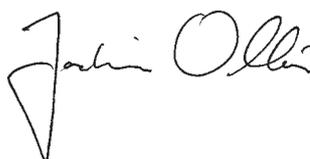
### Investments

Investments in machinery and equipment totalled SEK 0.8 million (0.6).

### Equity

Equity totalled SEK 5,976 million compared with SEK 5,572 million at the turn of the year. Of these amounts, SEK 1,706 million and SEK 1,482 million respectively were non-restricted equity. No dividend was paid during the period.

Göteborg, April 29, 2004



Joakim Ollén  
President

## Consolidated Income Statement, Summary

Amounts in SEK m	2004 (3 months)	2003 (3 months)	2003 (12 months)
Rental income	1,115	1,080	4,364
Other property management income	14	13	49
Property management expenses			
Operating and maintenance expenses	-362	-375	-1,565
Cost for tenant adaptations	-29	-28	0
Property administration	-55	-52	-216
Other property management expenses	-20	-14	-59
Total property management expenses	-467	-468	-1,840
<b>Net operating profit</b>	<b>662</b>	<b>624</b>	<b>2,573</b>
Depreciation and write-downs in property mangement	-233	-218	-983
<b>Gross profit</b>	<b>428</b>	<b>406</b>	<b>1,591</b>
Central administration expenses	-7	-5	-22
Other operating income	11	11	95
Other operating expenses	-15	-9	-59
<b>Operating profit</b>	<b>418</b>	<b>402</b>	<b>1,604</b>
Net financial income/expense	-208	-233	-895
<b>Profit before taxes</b>	<b>210</b>	<b>170</b>	<b>710</b>
Taxes	-59	-48	-207
<b>Net profit for the period</b>	<b>151</b>	<b>122</b>	<b>503</b>
Earnings per share, SEK			235

## Consolidated Cash Flow Statement, Summary

Amounts in SEK m	2004 (3 months)	2003 (3 months)	2003 (12 months)
Cash flow from current operations before changes in working capital	333	329	1,542
Change in working capital (excl. liquid funds)	-64	75	49
<b>Cash flow from current operations</b>	<b>270</b>	<b>404</b>	<b>1,591</b>
Investments	-454	-450	-1,894
<b>Cash flow from investments</b>	<b>-454</b>	<b>-450</b>	<b>-1,894</b>
Group contribution granted	0	0	-245
Financing	829	-112	-595
<b>Cash flow from financing</b>	<b>829</b>	<b>-112</b>	<b>-840</b>
<b>Change in liquid funds</b>	<b>645</b>	<b>-158</b>	<b>-1,143</b>

# Consolidated Balance Sheet, Summary

Amounts in SEK m	31-3-2004	31-3-2003	31-12-2003
<b>Assets</b>			
Intangible assets	7	3	6
Tangible assets			
Managed properties	24,324	23,659	24,412
Construction in progress	1,861	1,603	1,555
Other tangible assets	49	58	52
Total tangible assets	26,234	25,320	26,020
Financial assets	185	172	185
Current assets	1,874	2,166	1,228
<b>Total assets</b>	<b>28,300</b>	<b>27,661</b>	<b>27,439</b>
<b>Equity and liabilities</b>			
Equity			
Restricted equity	5,952	5,729	5,952
Non-restricted equity	1,706	1,641	1,554
Total equity	7,657	7,371	7,506
Provisions	910	819	908
Liabilities			
Interest-bearing liabilities	17,623	17,278	16,794
Non-interest-bearing liabilities	2,109	2,193	2,230
Total liabilities	19,732	19,471	19,024
<b>Total equity and liabilities</b>	<b>28,300</b>	<b>27,661</b>	<b>27,439</b>

## Equity specification

SEK m	31-4-2004
Opening equity	7,506
Profit for the period	151
Dividend	0
Closing equity	7,657

*This report has not been the subject of an audit.*

Parent company

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