

## AKADEMISKA HUS AB (Publ) Reg. No. 556459-9156

- **Profit before tax** for the period amounted to SEK 638 million (617). Lower maintenance costs and the commissioning of new building investments contributed to the improvement in profit.
- **Profit for the period** was SEK 460 million (444).
- **Rental income** amounted to SEK 1,147 million (1,140). The level of vacant space was 3.5 per cent (4.1). In terms of value, the vacant space accounts for 2.4 per cent (2.6).
- **Sales for the first quarter** of the year amounted to just over SEK 380 million. Investments in redevelopment and new construction amounted to approximately SEK 350 million.
- **The direct yield** on a full-year basis is estimated at 6.1 per cent (6.0).
- **The prospects for 2007** are a profit after financial items of just over SEK 2,300 million notwithstanding changes in the value of properties and financial items.

### Profit and key figures

	2007 Jan-Mar	2006 Jan-Mar	2006 12 months	2005 12 months
Property management income	1,161	1,158	4,596	4,533
Net operating income	750	737	2,843	2,727
Changes in property values	20	-25	1,874	7,214
Profit before tax	638	617	4,229	9,270
Assessed fair value, investment properties, SEK m	48,177	45,973	48,454	45,616
Direct yield, %	6.1*	-	6.0	6.5
Net operating income per square metre	917*	-	875	835
Return on equity after standard tax, %	6.6*	-	12.9	34.2
Return on total assets, %	5.8*	-	10.0	22.6
Equity ratio, %	47.7*	46.1	47.2	44.8
Interest coverage ratio, %**	400*	-	434	435

\* Full-year assessment based on the forecast profit for 2007.

\*\* Excluding changes in property values.

### Statement by the President Thomas Norell

“Akademiska Hus continued to report a strong profit during the first quarter of 2007, which is in line with plan. The forecast for the full year of a profit after financial items of just over SEK 2.300 million still holds good. During the period the groundbreaking ceremony took place at the Karolinska Institute Science Park project which is estimated will cover 20.000 square metres. The estimated investment is just over SEK 500 million and the largest customer will be Biovitrum. The inauguration of the IKSU Sports Centre in Umeå has taken place and with the expansion it has become the largest sports centre in Europe. During the period the Mimer 5 property in Stockholm was sold.”

## Results

### Rental income

Rental income amounted to SEK 1,147 million (1,140). The increase is mainly attributable to projects which have been completed and are now available for letting.

### Rental and vacancy levels

The total holdings amounted to 3,218,000 square metres (3,230,000 at the turn of the year) of rentable space. The vacancy level was 3.5 per cent (4.1) of the total floor space, which is equivalent to 112,400 square metres (133,400). This figure includes vacant space after three months of 2.4 per cent (2.6) of the rent fully leased plus supplements, which reflects the fact that a large proportion of the vacant space has a lower rental value than the average for the holdings. It is considered probable that in the near future a proportion of the floor space within Akademiska Hus will remain vacant. This applies mainly to Kista and Härnösand.

### Leases

The average term for newly signed lease agreements is ten years and as of March the average remaining lease term was 6.5 years (6.5). For the larger, complex specialist buildings for laboratory and research activities, a lease is normally signed with a term of ten years or longer.

### Operating costs

For the first quarter of 2007 operating costs amounted to SEK 239 million (252), of which energy and water amounted to SEK 173 million (184). The increase in operating costs can be attributed mainly to the rise in energy costs in the form of price rises and the increasing technical complexity of the buildings. Compared with other property companies, operating costs in SEK per square metre within Akademiska Hus are relatively high due to the high proportion of technically advanced premises. Laboratory premises and similar total 1.1 million square metres of floor space (35 per cent) and from an energy point of view they are considerably more resource-intensive than other premises.

### Maintenance costs

Maintenance costs for the period amounted to SEK 90 million (90). The investment in maintenance made by Akademiska Hus over several years has meant that the standard of the property holdings is now generally high.

### Net financial income/expense

Net financial income/expense for the period totalled SEK -125 million (-90). The main reason for the increase is that the rise in interest rates during 2006 led to a lower interest cost as a result of a positive valuation of the Group's interest swaps. The rise in interest rates does not have a full impact as the valuation of the interest swaps has a positive impact on net financial income/expense.

### Interest-bearing liabilities

At the period-end interest-bearing liabilities amounted to SEK 17,341 million compared with SEK 18,270 million as of 31-12-2006. The maturity was 3.9 years compared with 3.7 years at the turn of the year.

The fixed interest period for the part of the liability portfolio covered by the fixed interest mandate has increased slightly to 2.0 years compared with 1.9 years at the turn of the year.

### Interest-bearing liabilities

Amounts in SEK m	31-3-2007	31-12-2006
Commercial Paper	796	1,605
ECP	522	510
Bonds & MTN	5,024	4,716
EMTN	6,678	6,967
Other loans	3,166	3,109
<b>Total loans</b>	<b>16,186</b>	<b>16,907</b>
Financial derivative instruments	881	1,122
Collateral received for derivative transactions	60	29
Pension provision	214	212
<b>Total, other interest-bearing liabilities</b>	<b>1,155</b>	<b>1,363</b>
<b>Total interest-bearing liabilities</b>	<b>17,341</b>	<b>18,270</b>

### Financing cost

The interest cost for the period according to IFRS, including changes in the market value of financial derivative instruments, totalled 3.16 per cent (2.12), measured as the interest expense in relation to the average interest-bearing liability. As a result of the upturn in interest rates during 2006, the valuation of the interest swaps has produced a positive result. According to previous accounting principles the interest expense was 4.75 per cent (3.65). As of the year-end the corresponding interest expense was 4.24 per cent.

### Financing cost, composition

	1-1-2007 31-3-2007	1-1-2006 31-3-2006	1-1-2006 31-12-2006
Financing cost for loans, %	3.46	2.54	2.81
Net financial income/expense, interest swaps, %	0.75	1.02	0.93
Allocations to specific periods and charges, %	0.02	0.02	0.02
Changes in value, financial derivative instruments, %	-1.07	-1.46	-1.28
<b>Total financing cost</b>	<b>3.16</b>	<b>2.12</b>	<b>2.48</b>

### Investments

Net investments in properties during the first quarter amounted to SEK -38 million (368). The sale has taken place of the Mimer 5 property in Stockholm and a number of smaller units in Uppsala, which together were valued at SEK 388 million. No acquisitions have been made to date. The remainder comprises investments in existing investment properties and amounts to SEK 350 million.

### Property valuation

The assessed fair value of Akademiska Hus investment properties as of March 31, 2007 was set through an internal property valuation. External valuations were made partly as a benchmark for the internal cash flow valuations and partly for certain development properties where income and costs were difficult to assess.

The fair value was SEK 48.2 billion compared with SEK 48.5 billion at the turn of the year.

## Assessed fair value, investment properties

Amounts in SEK m	1-1-2007 31-3-2007	1-1-2006 31-12-2006
Opening assessed fair value	48,454	45,616
Investments in and reclassifications of investment properties	96	1,603
Direct investments, including acquisitions	13	32
Sales and disposals	-388	-615
Unrealised changes in fair value	2	1,818
<b>Closing assessed fair value</b>	<b>48,177</b>	<b>48,454</b>

## Profitability

Net operating income, i.e. the profit from the Group's operations before changes in value, central administration costs and net financial income/expense, amounted to SEK 750 million (737). The net operating income level has increased from 63 per cent to 68 per cent.

The direct yield for the full year is estimated at 6.1 per cent, which is virtually unchanged compared with the figure at the turn of the year.

The return on equity on a full-year basis is estimated at 6.6 per cent (12.9). The owner's profitability stipulation 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 average during 2006 for the five-year government bond interest rate was 3.5 per cent and the owner requirement was thus 7.5 per cent.

## The owner's financial objectives

With effect from 2005, the owner's financial objectives were set at:

- The yield requirement, calculated as the return (profit after tax) on average equity, shall be equivalent to the average five-year government bond interest rate plus four percentage points viewed over a business cycle.
- The Group's dividend target is 2.5 per cent of equity.
- The Group's equity ratio should be a minimum of 35 per cent.

The formulation of the dividend objective is a subject of review.

## Accounting principles

Akademiska Hus complies with the EU-approved International Financial Reporting Standards (IFRS) and the interpretations made by the International Financial Reporting Interpretations Committee (IFRIC). This Interim Report has been prepared according to IAS 34 Interim Financial Reporting. Accounting principles and computation methods remain unchanged compared with the Annual Report the previous year.

This Report has not been the subject of an examination by the auditors.

## Parent Company

### Operations

Akademiska Hus AB is the Parent Company in the Akademiska Hus Group. Operations comprise Group management and other Group functions. The Parent Company handles all financing in the Group (see Financing section).

### Income and profit/loss

The Company's income totalled SEK 30 million (27). Of this figure, income from regional companies amounted to SEK 30 million (27). The operating profit was SEK 5 million (-0.3) and net financial income/expense was SEK 121 million (115). The profit before appropriations and tax was SEK 126 million (115).

### Investments

Investment in machinery and equipment amounted to SEK 0 million (1).

### Equity

Equity totalled SEK 5,773 million compared with SEK 5,683 million at the turn of the year.

# Consolidated Income Statement, summary

Amounts in SEK m	2007 Jan – Mar	2006 Jan – Mar	2006 12 months
Rental income	1,147	1,140	4,544
Other property management income	14	18	52
<b>Total property management income</b>	<b>1,161</b>	<b>1,158</b>	<b>4,596</b>
Operating costs	-239	-252	-803
Maintenance costs	-90	-90	-624
Property administration	-55	-65	-253
Other property management expenses	-27	-14	-73
<b>Total property management expenses</b>	<b>-411</b>	<b>-421</b>	<b>-1,753</b>
<b>Net operating income</b>	<b>750</b>	<b>737</b>	<b>2,843</b>
Changes in property values, positive	50	7	3,316
Changes in property values, negative	-30	-32	-1,442
<b>Total changes in property values</b>	<b>20</b>	<b>-25</b>	<b>1,874</b>
Central administration expenses	-8	-8	-38
Other operating income	23	21	107
Other operating expenses	-22	-18	-138
<b>Total, other operating items</b>	<b>1</b>	<b>3</b>	<b>-31</b>
<b>Profit before financial income/expense</b>	<b>763</b>	<b>707</b>	<b>4,648</b>
Financial income/expense	-125	-90	-419
<b>Profit before tax</b>	<b>638</b>	<b>617</b>	<b>4,229</b>
Tax	-178	-173	-1,191
<b>Net profit for the period</b>	<b>460</b>	<b>444</b>	<b>3,038</b>

# Consolidated Balance Sheet, summary

Amounts in SEK m	31-3-2007	31-3-2006	31-12-2006
<b>ASSETS</b>			
Tangible assets			
Investment properties	48,177	45,973	48,454
Construction in progress	1,134	1,104	894
Equipment and fittings	23	36	25
<b>Total tangible assets</b>	<b>49,334</b>	<b>47,113</b>	<b>49,373</b>
Financial assets	947	893	1,032
<b>Current assets</b>			
Receivables	802	565	711
Liquid funds	747	930	1,379
<b>Total current assets</b>	<b>1,549</b>	<b>1,495</b>	<b>2,090</b>
<b>Total assets</b>	<b>51,830</b>	<b>49,501</b>	<b>52,495</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	25,260	22,933	24,801
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Interest-bearing	14,447	14,010	14,182
Non-interest-bearing	7,290	6,371	7,231
<b>Total non-current liabilities</b>	<b>21,737</b>	<b>20,381</b>	<b>21,413</b>
<b>Current liabilities</b>			
Interest-bearing	2,894	4,181	4,088
Non-interest-bearing	1,939	2,006	2,193
<b>Total current liabilities</b>	<b>4,833</b>	<b>6,187</b>	<b>6,281</b>
<b>Total liabilities</b>	<b>26,570</b>	<b>26,568</b>	<b>27,694</b>
<b>Total equity and liabilities</b>	<b>51,830</b>	<b>49,501</b>	<b>52,495</b>
<b>Memorandum items</b>			
Pledged assets	216	10	320
Contingent liabilities	2	2	2

# Consolidated Cash Flow Statement, summary

Amounts in SEK m	2007 (3 months)	2006 (3 months)	2006 (12 months)
Cash flow from current operations before changes in working capital	415	591	2,007
Change in working capital (excl. liquid funds)	-93	12	-229
<b>Cash flow from current operations</b>	<b>322</b>	<b>603</b>	<b>1,778</b>
Net investments *	-161	-358	-1,000
<b>Cash flow from investments</b>	<b>-161</b>	<b>-358</b>	<b>-1,000</b>
Dividend paid	-	-	-660
Financing	-793	-540	35
<b>Cash flow from financing</b>	<b>-793</b>	<b>-540</b>	<b>-625</b>
<b>Cash flow for the period</b>	<b>-632</b>	<b>-295</b>	<b>153</b>

\*Net investments\* refers to investment in and the sale of tangible assets.

## Changes in Group Equity

Amounts in SEK m	Attributable to the Parent Company's shareholder				Total equity
	Share capital	Share premium reserve	Hedge reserve	Profit brought forward	
<b>Equity 1-1-2006</b>	<b>2,135</b>	<b>2,135</b>	<b>34</b>	<b>18,151</b>	<b>22,455</b>
Equity not reported in the Income Statement	-	-	34	-	34
Profit for the period, January-March 2006	-	-	-	444	444
<b>Equity 31-3-2006</b>	<b>2,135</b>	<b>2,135</b>	<b>68</b>	<b>18,595</b>	<b>22,933</b>
Equity not reported in the Income Statement	-	-	-66	-	-66
Dividend	-	-	-	-660	-660
Profit for the period, April-December 2006	-	-	-	2,594	2,594
<b>Equity 31-12-2006</b>	<b>2,135</b>	<b>2,135</b>	<b>2</b>	<b>20,529</b>	<b>24,801</b>
Equity not reported in the Income Statement	-	-	-1	-	-1
Profit for the period, January-March 2007	-	-	-	460	460
<b>Equity 31-3-2007</b>	<b>2,135</b>	<b>2,135</b>	<b>1</b>	<b>20,989</b>	<b>25,260</b>

# The Group's geographical areas, summary

Amounts in SEK m	2007 Jan-Mar	2006 Jan-Mar	2006 (12 months)
<b>Income, including other operating income</b>			
South	173	169	693
West	178	182	720
East	112	115	447
Uppsala	182	184	730
Stockholm	421	410	1,638
North	119	119	477
Other operations	28	27	133
Elimination of intra-Group income	-29	-27	-134
<b>Total income</b>	<b>1,184</b>	<b>1,179</b>	<b>4,704</b>
<b>Profit/loss before financial income/expense, excluding central overheads</b>			
South	104	99	704
West	119	109	946
East	80	80	567
Uppsala	91	111	598
Stockholm	295	231	1,492
North	78	72	376
Other operations	13	6	39
Elimination of intra-Group income	-9	7	-36
<b>Profit/loss before financial income/expense, excluding central overheads</b>	<b>771</b>	<b>715</b>	<b>4,686</b>
<b>Reconciliation of the Income Statement</b>			
Profit before net financial income/expense, excluding central overheads	771	715	4,686
Central overheads	-8	-8	-38
Loss on net financial income/expense	-125	-90	-419
Tax for the period	-178	-173	-1,191
<b>Profit for the period according to the Income Statement</b>	<b>460</b>	<b>444</b>	<b>3,038</b>

Gothenburg, April 19, 2007

Thomas Norell  
President

# Report schedule

**Interim Report January–June 2007**, August 15, 2007

**Interim Report January–September 2007**, October 23, 2007

**Year-End Report 2007**, January 2008

**Annual Report 2007**, March 2008

