

Akademiska Hus Interim Report January 1 – September 30, 2007



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

- Rental income amounted to SEK 3,428 million (3,369). The level of vacant space was 3.2 per cent (3.7). In terms of value, the vacant space accounts for 2.2 per cent (2.6).
- Profit before tax for the period amounted to SEK 1,961 million (2,049). The fall in profit can be attributed mainly to poorer net financial income/expense as well as the commencement of a number of redevelopment projects, which have increased costs.
- Profit for the period was SEK 1,429 million (1,475).
- During the period property sales took place to a value of just over SEK 380 million. Investments in redevelopment and new construction totalled approximately SEK 1,110 million.
- The direct yield on a full-year basis amounted to 6.0 per cent (6.0).

Profit and key figures

| | 2007 Jan–Sept | 2006 Jan–Sept | Rolling 12-month period Oct 2006– Sept 2007 | 2006 Full year | 2005 Full year |
|---|---------------|---------------|---|----------------|----------------|
| Property management income, SEK m | 3,466 | 3,407 | 4,655 | 4,596 | 4,533 |
| Net operating income, SEK m | 2,178 | 2,197 | 2,824 | 2,843 | 2,727 |
| Changes in investment property values, SEK m | 218 | 185 | 1,907 | 1,874 | 7,214 |
| Pre-tax profit, SEK m | 1,961 | 2,049 | 4,141 | 4,229 | 9,270 |
| Level of vacant space, rent % | 2.2 | 2.6 | 2.3 | 2.6 | 2.1 |
| Level of vacant space, area % | 3.2 | 3.7 | 3.2 | 3.5 | 3.2 |
| Assessed fair value, investment properties, SEK m | 48,675 | 45,894 | 48,675 | 48,545 | 45,616 |
| Direct yield, % | 6.0 | 6.4 | 6.0 | 6.0 | 6.5 |
| Net operating income, SEK/square metre | 900 | 907 | 875 | 875 | 835 |
| Return on equity after standard tax, % | 7.3 | 8.2 | 12.4 | 12.9 | 34.2 |
| Return on total assets, % | 5.9 | 6.9 | 9.4 | 10.0 | 22.6 |
| Equity ratio, % | 48.6 | 48.2 | 47.4 | 47.2 | 44.8 |
| Interest coverage ratio, % * | 412 | 464 | 404 | 434 | 435 |

* Excluding changes in investment property values and financial derivatives.

Statement by the President Thomas Norell

The upturn in interest rates during 2007 has resulted in a slightly lower profit than for the corresponding period in 2006. The number of redevelopment projects has increased, resulting in a slightly higher level of maintenance. The outcome for the first three quarters is generally speaking completely in line with expectations and on a par with the corresponding period last year.

Akademiska Hus continues to have a high project volume, which is reflected in net investments in properties up to and including the third quarter, which amounted to SEK 723 million. Major

commissionings during the period were the Swedish Environmental Protection Agency premises in the Tre Vapen property in Stockholm and a new sports hall on the Valla Campus in Linköping. The largest new construction projects in progress are the Karolinska Institute Science Park in Solna, Hus 21 for Karlstad University and the Pedagogikum property for Uppsala University. The estimated project cost of the three projects is just over SEK 1.3 billion and long leases have been signed for these premises.

Income, costs and result

Rental income

Rental income amounted to SEK 3,428 million (3,369). The increase can be attributed mainly to projects which have been completed and are thus now available for letting.

Rental and vacancy levels

The total holdings amounted to 3,231,000 square metres (3,230,000 at the turn of the year) of rentable space. The sale of Mimer 5 in Stockholm has reduced the holding and at the same time buildings were completed during the year. The vacancy level was 3.2 per cent (3.7) of the total floor space, which is equivalent to 104,100 square metres (119,300). In terms of value, this figure includes vacant space during the period of 2.2 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. The lower level of vacant space can be explained mainly by tenants moving into the Tre Vapen property in Stockholm. The majority of vacant space can be found primarily in the Ultuna area of Uppsala and in Kista and Härnösand.

Leases

The average term for newly signed lease agreements is ten years and as of September the average remaining lease term was 6.3 years (6.4 at the turn of the year). 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 three quarters of 2007 operating costs amounted to SEK 571 million (603), of which energy and water amounted to SEK 382 million (412). The mild winter compared with the corresponding period in 2006 and an active energy-saving programme have contributed to a reduction in energy consumption. 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.

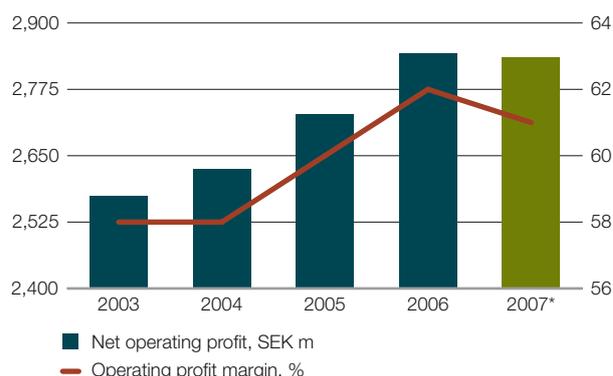
Maintenance costs

The maintenance costs for the period amounted to SEK 480 million (376). A number of major redevelopment projects (which form the basis for determining rents) at different locations, including Uppsala, were commenced, increasing the cost of maintenance compared with the corresponding period the previous year. The investment in maintenance made by Akademiska Hus over several years has, however, meant that the standard of the property holdings is now generally high.

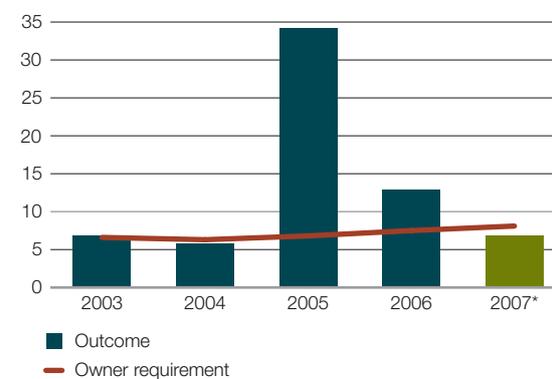
Net financial income/expense

Net financial income/expense for the period totalled SEK -422 million (-294). The main reason for the fall in net financial income/expense is the rise in interest rates since the turn of the year.

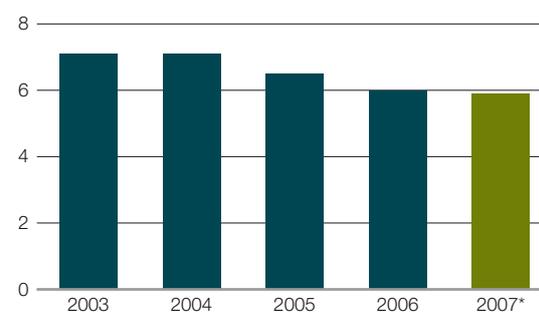
Net operating profit, 2003–2007



Return on equity 2003–2007



Direct yield 2003–2007, %



* The figures for 2007 are based on the outcome for January–September, recalculated on a full-year basis.

According to IFRS, the interest expense for the period, including changes in fair value of financial derivatives, amounted to 3.39 per cent (2.33) measured as interest expense in relation to the average interest-bearing liability. As a result of the upturn in interest rates, interest expense has increased compared with the same period the preceding year. According to IFRS, valuation of the financial derivatives has contributed to a reduction in interest expense during the period. According to the previous accounting principles the interest expense would have been 4.67 per cent (4.13). As of the turn of the year, the equivalent interest expense was 4.24 per cent.

Financing cost, composition

| | 1-1-2007 30-9-2007 | 1-1-2006 30-9-2006 | 1-1-2006 31-12-2006 |
|---|-----------------------|-----------------------|------------------------|
| Financing cost for loans, % | 3.65 | 2.68 | 2.81 |
| Net interest income/expense, interest swaps, % | 0.51 | 0.96 | 0.93 |
| Charges, % | 0.02 | 0.02 | 0.02 |
| Changes in value, financial derivatives, % | -0.79 | -1.33 | -1.28 |
| Total financing cost | 3.39 | 2.33 | 2.48 |

Comments on the Balance Sheet

Property valuation

The assessed fair value of Akademiska Hus investment properties as of September 30, 2007 was set through an internal property valuation. The market value amounted to SEK 48.7 billion compared with SEK 48.5 billion at the turn of the year. As a complement, external valuations are made of certain properties as a benchmark for the internal cash flow valuations and for certain development properties where income and costs were difficult to assess. The unrealised net change in value for the period amounted to SEK 205 million (185). The assessed fair value per square metre was SEK 15,065 (15,000). The property market has continued to be strong during 2007 even if interest rates have increased and are expected to continue in that direction for the immediate future. Apart from unrealised changes in value, commissioned investments in investment properties were made to the amount of SEK 404 million (765 during the same period the preceding year) of which SEK 152 million was in the North region and SEK 92 million in Stockholm. Property sales for the period amounted to SEK 388 million (615), of which the largest was the sale of the Mimer 5 property in Stockholm for SEK 380 million. Akademiska Hus has in the property valuation chosen to allow the direct yield requirement and cost of capital to remain on the same levels as at the turn of the year. Akademiska Hus does not have any properties in CBD locations in Stockholm, Gothenburg or Malmö, where a continued slight fall in the direct yield requirement was reported for the first three quarters of the year. For a more detailed account of Akademiska Hus's views regarding property valuation reference can be made to the 2006 Annual Report.

Assessed fair value, investment properties

| Amounts in SEK m | 1-1-2007 30-9-2007 | 1-1-2006 31-12-2006 |
|--|-----------------------|------------------------|
| Opening assessed fair value | 48,454 | 45,616 |
| Investments in and reclassifications of investment properties | 268 | 1,603 |
| Direct investments, including acquisitions | 136 | 32 |
| Sales and disposals | -388 | -615 |
| Unrealised changes in fair value | 205 | 1,818 |
| Closing assessed fair value | 48,675 | 48,454 |

Investments

Net investments in properties during the period amounted to SEK 723 million (150). 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. Acquisitions to date total SEK 14.5 million. Investments in investment properties and new construction in progress amounted to SEK 1,110 million (1,678), of which the change in new construction in progress was SEK 706 million (891).

Interest-bearing liabilities

Interest-bearing liabilities at the period-end amounted to SEK 18,136 million compared with SEK 18,270 million as of December 31, 2006. Maturity was 3.7 years, which is the same as at the turn of the year.

The fixed interest period for the part of the liability portfolio covered by the fixed interest mandate is 1.9 years, which is the same as at the turn of the year.

Interest-bearing liabilities

| Belopp i Mkr | 30-9-2007 | 31-12-2006 |
|--|---------------|---------------|
| Commercial Paper | 2,521 | 1,605 |
| ECP | 581 | 510 |
| Bonds & MTN | 5,087 | 4,716 |
| EMTN | 5,728 | 6,967 |
| Other loans | 3,010 | 3,109 |
| Total loans | 16,927 | 16,907 |
| Financial derivative instruments | 990 | 1,122 |
| Collateral received for derivative transactions | 1 | 29 |
| Pension provision | 218 | 212 |
| Total, other interest-bearing liabilities | 1,209 | 1,363 |
| Total interest-bearing liabilities | 18,136 | 18,270 |

Risk management

Rental income is assured through leases which, by comparison with the industry in general, are long. The average term for a newly signed lease with Akademiska Hus is ten years and the average remaining lease term was just over six years. Follow-up of vacant space is a top priority and special measures have been drawn up for all vacant space. Compared with other property companies the level of vacant space within Akademiska Hus is very low.

Akademiska Hus is not exposed fully to increases in operating costs as approximately 50 per cent of costs for energy, fuel and water are passed on to tenants as a rent supplement. The price of electricity is hedged to counter any price increases. The purchase of electricity takes place on a groupwide basis directly through Nord Pool and is governed by special internal guidelines. Maintenance costs are to a large extent floating and can be reduced to counter a decrease in profit or increase in vacant space. The management

organisation is working on maintenance planning for each individual building. The measures taken over the years have meant that the property holdings are now well maintained. Akademiska Hus carries on financing operations with well-adapted strategies, striking a balance between financial risks and a low financing cost. The Finance Policy decided by the Board of Directors lays down the Group's risk approach and how exposure to financial risks will be handled. The handling of the liability portfolio interest risk takes place within a separate fixed interest mandate. For a more detailed description of Akademiska Hus's risk management, reference can be made to the 2006 Annual Report.

Objectives and profitability

With effect from 2007, the owner's financial objectives were as follows:

- The Group's dividend target is 50 per cent of the profit and after net interest income/expense, excluding unrealised changes in value with a deduction for current tax.
- The Group's equity ratio should be a minimum of 35 per cent.

– The yield requirement, calculated as the return (profit after tax) on average equity, should be equivalent to the average five-year government bond interest rate plus four percentage points viewed over a business cycle.

The return on equity was 7.3 per cent (12.9). During the first three quarters of 2007 the average five-year government bond interest rate amounted to 4.1 per cent.

The net operating profit, i.e. the result of the Group's operations before changes in value, central administration costs and net financial income/expense, amounted for the period to SEK 2,178 million (2,197). The net operating profit level has fallen from 64 per cent to 63 per cent.

The direct yield for the period was 6.0 per cent, which remains unchanged compared with 2006.

Events after the end of the reporting period

Nothing of material significance has occurred after the end of the reporting period.

Consolidated Income Statement, summary

| Amounts in SEK m | 2007 | 2006 | 2007 | 2006 | Rolling 12- | 2006 |
|---|--------------|--------------|---------------|---------------|--|---------------|
| | July–Sept | July–Sept | Jan–Sept | Jan–Sept | month period Oct 2006– Sept 2007 | (12 months) |
| Rental income | 1,143 | 1,107 | 3,428 | 3,369 | 4,603 | 4,544 |
| Other property management income | 11 | 11 | 38 | 38 | 52 | 52 |
| Total property management income | 1,154 | 1,118 | 3,466 | 3,407 | 4,655 | 4,596 |
| Operating costs | –157 | –168 | –571 | –603 | –771 | –803 |
| Maintenance costs | –168 | –167 | –480 | –376 | –728 | –624 |
| Property administration | –50 | –60 | –172 | –185 | –240 | –253 |
| Other property management expenses | –18 | –14 | –65 | –46 | –92 | –73 |
| Total property management expenses | –393 | –409 | –1,288 | –1,210 | –1,831 | –1,753 |
| Net operating income | 761 | 709 | 2,178 | 2,197 | 2,824 | 2,843 |
| Changes in property values, positive | 312 | 94 | 1,033 | 185 | 4,164 | 3,316 |
| Changes in property values, negative | –146 | – | –815 | – | –2,257 | –1,442 |
| Total changes in property values | 166 | 94 | 218 | 185 | 1,907 | 1,874 |
| Central administration expenses | –3 | –10 | –20 | –23 | –35 | –38 |
| Other operating income | 17 | 23 | 64 | 65 | 106 | 107 |
| Other operating expenses | –16 | –23 | –57 | –81 | –114 | –138 |
| Total, other operating items | 1 | – | 7 | –16 | –8 | –31 |
| Profit before financial items | 925 | 793 | 2,383 | 2,343 | 4,688 | 4,648 |
| Financial income/expense | –181 | –163 | –422 | –294 | –547 | –419 |
| Profit before tax | 744 | 630 | 1,961 | 2,049 | 4,141 | 4,229 |
| Tax | –206 | –175 | –532 | –574 | –1,149 | –1,191 |
| Net profit for the period | 538 | 455 | 1,429 | 1,475 | 2,992 | 3,038 |

Consolidated Balance Sheet, summary

| Amounts in SEK m | 30-9-2007 | 30-9-2006 | 31-12-2006 |
|--------------------------------------|---------------|---------------|---------------|
| ASSETS | | | |
| Tangible assets | | | |
| Investment properties | 48,675 | 45,894 | 48,454 |
| Construction in progress | 1,599 | 1,425 | 894 |
| Equipment and fittings | 20 | 28 | 25 |
| Total tangible assets | 50,294 | 47,347 | 49,373 |
| Financial assets | | | |
| | 901 | 1,135 | 1,032 |
| Current assets | | | |
| Receivables | 585 | 1,112 | 711 |
| Liquid funds | 681 | 147 | 1,379 |
| Total current assets | 1,266 | 1,259 | 2,090 |
| Total assets | 52,461 | 49,741 | 52,495 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| | 24,853 | 23,314 | 24,801 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Interest-bearing | 12,963 | 13,993 | 14,182 |
| Non-interest-bearing | 7,510 | 6,597 | 7,231 |
| Total non-current liabilities | 20,473 | 20,590 | 21,413 |
| Current liabilities | | | |
| Interest-bearing | 5,173 | 3,807 | 4,088 |
| Non-interest-bearing | 1,962 | 2,030 | 2,193 |
| Total current liabilities | 7,135 | 5,837 | 6,281 |
| Total liabilities | 27,608 | 26,427 | 27,694 |
| Total equity and liabilities | 52,461 | 49,741 | 52,495 |
| Memorandum items | | | |
| Pledged assets | 342 | 118 | 320 |
| Contingent liabilities | 2 | 2 | 2 |

Changes in Group Equity

| Amounts in SEK m | Attributable to the Parent Company's shareholder | | | | Total equity |
|---|--|---------------------------|---------------|------------------------|---------------|
| | Share capital | Other contributed capital | Hedge reserve | Profit brought forward | |
| Equity 1-1-2006 | 2,135 | 2,135 | 34 | 18,151 | 22,455 |
| Items not reported in the Income Statement | – | – | 44 | – | 44 |
| Dividend | – | – | – | –660 | –660 |
| Profit for the period, January-September 2006 | – | – | – | 1,475 | 1,475 |
| Equity 30-9-2006 | 2,135 | 2,135 | 78 | 18,966 | 23,314 |
| Items not reported in the Income Statement | – | – | –76 | – | –76 |
| Profit for the period, October-December 2006 | – | – | – | 1,563 | 1,563 |
| Equity 31-12-2006 | 2,135 | 2,135 | 2 | 20,529 | 24,801 |
| Items not reported in the Income Statement | – | – | 23 | – | 23 |
| Dividend | – | – | – | –1,400 | –1,400 |
| Profit for the period, January-September 2007 | – | – | – | 1,429 | 1,429 |
| Equity 30-9-2007 | 2,135 | 2,135 | 25 | 20,558 | 24,853 |

Consolidated Cash Flow Statement, summary

| Amounts in SEK m | 2007 July–Sept | 2006 July–Sept | 2007 Jan–Sept | 2006 Jan–Sept | 2006 (12 months) |
|---|-------------------|-------------------|------------------|------------------|---------------------|
| Cash flow from current operations before changes in working capital | 467 | 368 | 1,295 | 1,581 | 2,007 |
| Change in working capital (excl. liquid funds) | 117 | –542 | 109 | –544 | –229 |
| Cash flow from current operations | 584 | –174 | 1,404 | 1,037 | 1,778 |
| Net investments * | –449 | –247 | –884 | –932 | –1,000 |
| Cash flow from investments | –449 | –247 | –884 | –932 | –1,000 |
| Dividend paid | – | – | –1,400 | –660 | –660 |
| Financing | 112 | 325 | 182 | –523 | 35 |
| Cash flow from financing | 112 | 325 | –1,218 | –1,183 | –625 |
| Cash flow for the period | 247 | –96 | –698 | –1,078 | 153 |

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

Parent Company

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 and electricity procurement within the Group.

Income and profit/loss

The Company's income totalled SEK 99 million (86). Of this figure, income from regional companies amounted to SEK 89 million (83). The operating profit was SEK 21.4 million (-0.1) and net financial income/expense was SEK 2,119 million (1,069), including dividends

from regional companies of SEK 1,760 million (710). The profit before appropriations and tax was SEK 2,140 million (1,069).

Investments

Investment in machinery and equipment amounted to SEK 0 million (2).

Equity

Equity totalled SEK 6,341 million compared with SEK 5,683 million at the turn of the year.

Parent Company Income Statement, summary

| Amounts in SEK m | 2007 July–Sept | 2006 July–Sept | 2007 Jan–Sept | 2006 Jan–Sept | 2006 (12 months) |
|---|-------------------|-------------------|------------------|------------------|---------------------|
| Income | 33 | 24 | 99 | 86 | 132 |
| Expenses | -22 | -29 | -78 | -86 | -129 |
| Profit before financial income/expense | 11 | -5 | 21 | - | 3 |
| Net financial income/expense | 90 | 67 | 2,119 | 1,069 | 1,181 |
| Profit after financial income/expense | 101 | 62 | 2,140 | 1,069 | 1,184 |
| Appropriations | - | - | - | - | -48 |
| Profit before tax | 101 | 62 | 2,140 | 1,069 | 1,136 |
| Tax | -28 | -18 | -106 | -101 | -122 |
| Net profit for the period | 73 | 44 | 2,034 | 968 | 1,014 |

Parent Company Balance Sheet, summary

| Amounts in SEK m | 30-9-2007 | 30-9-2006 | 31-12-2006 |
|-------------------------------------|---------------|---------------|---------------|
| Fixed assets | 1,957 | 2,152 | 1,988 |
| Current assets | 22,840 | 21,562 | 22,224 |
| TOTAL ASSETS | 24,797 | 23,714 | 24,212 |
| Equity | 6,341 | 5,713 | 5,683 |
| Untaxed reserves | 272 | 225 | 272 |
| Non-current liabilities | 12,653 | 13,674 | 13,871 |
| Current liabilities | 5,531 | 4,102 | 4,386 |
| Total liabilities | 18,184 | 17,776 | 18,257 |
| TOTAL EQUITY AND LIABILITIES | 24,797 | 23,714 | 24,212 |

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 examination by the auditors.

Segment report

The Group's geographical areas, summary

| Amounts in SEK m | 2007 Jan-Sept | 2006 Jan-Sept | 2006 (12 months) |
|---|------------------|------------------|---------------------|
| Income, including other operating income | | | |
| South | 519 | 506 | 693 |
| West | 533 | 532 | 720 |
| East | 348 | 336 | 447 |
| Uppsala | 535 | 534 | 730 |
| Stockholm | 1,234 | 1,213 | 1,638 |
| North | 361 | 351 | 477 |
| Other operations | 90 | 86 | 133 |
| Elimination of intra-Group income | -90 | -86 | -134 |
| Total income | 3,530 | 3,472 | 4,704 |
| Profit/loss before financial items, excluding central overheads | | | |
| South | 352 | 256 | 704 |
| West | 431 | 518 | 946 |
| East | 93 | 314 | 567 |
| Uppsala | 315 | 502 | 598 |
| Stockholm | 1,013 | 611 | 1,492 |
| North | 186 | 171 | 376 |
| Other operations | 40 | 21 | 39 |
| Elimination of intra-Group items | -27 | -27 | -36 |
| Profit/loss before financial items, excluding central overheads | 2,403 | 2,366 | 4,686 |
| <i>Reconciliation of the Income Statement</i> | | | |
| Profit before net financial income/expense, excluding central overheads | 2,403 | 2,366 | 4,686 |
| Central overheads | -20 | -23 | -38 |
| Loss on net financial income/expense | -422 | -294 | -419 |
| Tax for the period | -532 | -574 | -1,191 |
| Profit for the period according to the Income Statement | 1,429 | 1,475 | 3,038 |

Gothenburg, October 22, 2007

Thomas Norell
President

Akademiska Hus AB

Group Head Office – 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



AKADEMISKA HUS

Report schedule

| | |
|----------------------|--------------|
| Year-End Report 2007 | January 2008 |
| Annual Report 2007 | March 2008 |

Definitions

See Akademiska Hus Annual Report 2006

The key figures which are dependent on the results for the full year, have for 2007 been based on the outcome for January-September 2007 recalculated on a full-year basis.

The key figures for a rolling 12-month period are, where the Balance Sheet is used as a basis, calculated on the balance sheet item as of September 30, 2007.

Contact persons

Thomas Norell, President
Telephone: +46 8 685 75 55
E-mail: thomas.norell@akademiskahus.se
Gunnar Oders, Director of Accounting and Finance
Telephone: +46 31 632426
E-mail: gunnar.oders@akademiskahus.se

Address

Group Head Office
Akademiska Hus
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