

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

- Rental income amounted to SEK 3,582 million (3,428). The level of vacant space was 2.8 per cent (3.2). In terms of value, the vacant space amounted to 1.5 per cent (2.2).
- Net operating income has improved and amounted to SEK 2,372 million (2,178). The net operating income trend has been positive ever since Akademiska Hus was founded. The net operating income level is 65 per cent (63).
- Profit before tax for the period amounted to SEK 683 million (1,961). The fall in profit can be attributed mainly to negative changes in property values, which net amounted to SEK –1,055 million (218). Financial concern at the beginning of the autumn has resulted in a higher risk premium in property investments. Consequently, cost of capital and direct yield requirements in conjunction with the valuation of investment properties have been raised by 0.25 percentage points.
- Net financial income/expense for the period amounted to SEK –593 million (–422). The fall in net financial income/expense can be attributed to a lower positive change in value of financial derivatives compared with the same period in 2007. Continued broad credit spreads as a result of the unrest on the credit market have also been a contributing factor.
- Since the preceding autumn a decision has been reached regarding long-term borrowing totalling SEK 4,100 million, which has contributed to an extension of the fixed interest period to 4.0 years compared with 3.6 years at the previous year-end.
- Profit for the period was SEK 591 million (1,429).
- Investments in redevelopment and new construction amounted during the first three quarters to SEK 992 million. Sales of properties worth SEK 1,178 million have taken place. Part of the Tre Vapen property in Stockholm and the entire property holdings in Härnösand were sold during the period.
- The direct yield on a full-year basis was 6.6 per cent (6.0).
- On January 1, 2009, Mikael Lundström will take over as the new President and CEO of Akademiska Hus AB following the retirement of Thomas Norell.

Profit and key figures	2008	2007	Rolling 12-month	2007	2006
	Jan–Sept	Jan–Sept	period Oct 2007– Sept 2008	Full year	Full year
Rental income, SEK m	3,582	3,428	4,789	4,635	4,544
Net operating income, SEK m	2,372	2,178	3,112	2,918	2,843
Changes in investment property values, SEK m	–1,055	218	–1,890	–617	1,874
Profit before tax, SEK m	683	1,961	395	1,673	4,229
Level of vacant space, rent, %	1.5	2.2	1.6	2.1	2.6
Level of vacant space, area, %	2.8	3.2	3.0	3.1	3.5
Assessed fair value, investment properties, SEK m	46,779	48,675	46,779	48,389	48,454
Direct yield, %	6.6*	6.0*	6.5	6.0	6.0
Net operating income, SEK/m ²	990*	900*	970	906	875
Return on equity after standard tax, %	3.6*	7.3*	1.2	4.9	12.9
Return on total assets, %	4.0*	5.9*	2.3	4.8	10.0
Equity ratio, %	48.9	48.6	48.9	47.8	47.2
Interest coverage ratio, % **	351	412	354	399	434

* The key figures for the period are based on the income statement for the period recalculated on a full-year basis. The outcome could differ from the figures stated above.

** Excluding changes in the value of investment properties and financial derivatives.

Statement by the President Thomas Norell

A perceptibly turbulent financial market and an increasing number of downwardly adjusted financial forecasts have generally had a negative impact on property values. What is, to say the least, an unsettled market situation also makes it difficult to find a secure basis for assessing the extent of the negative change in value. There have been few property transactions in the current market. What has been obvious, however, is the upward adjustment of direct yield requirements as a result of market demands for increased internal financing in conjunction with property investments. In this situation Akademiska Hus has valued its property assets with a general supplement of 0.25 percentage points to the direct yield requirement and cost of capital in its cash flow valuation.

It is reassuring to still be in a position to present a very stable cash flow in property operations. Net operating income for the period amounted to SEK 2,372 million (2,178). Changes in the value of the

property holdings amounted to SEK –1,055 million (218) which has led to a fall in profit compared with the corresponding period last year.

Financial income/expense totalled SEK –593 million (–422) and the profit before tax was SEK 683 million (1,961). On the financing side we are well equipped to deal with the extension of the fixed interest period to 4.0 years compared with 3.6 years at the turn of the year.

The extensive construction work are continuing. Major future construction investments are concentrated on Stockholm/Solna and Uppsala, with construction projects in progress totalling SEK 2.2 billion. The largest projects in progress are the construction of Pedagogikum in Uppsala at a cost of SEK 540 million and new construction for the Karolinska Institute Science Park in Solna at a cost of approximately SEK 700 million. The total final cost of construction projects in progress is SEK 3.8 billion.

During the third quarter Akademiska Hus sold part of the Tre Vapen 2 property in Stockholm. Earlier in the year the whole of Akademiska Hus's holdings in Härnösand were sold.

Income, costs and result

Rental income

Rental income amounted to SEK 3,582 million (3,428). The increase can be attributed mainly to projects that have been completed as well as index-linked rises.

Rental and vacancy levels

The total holdings amounted to 3,168,000 square metres (3,222,000 at the turn of the year) of rentable space. During the year the sale of holdings in Hårnösand was completed along with part of Tre Vapen (the old College of Arts, Crafts and Design) in Stockholm. The rentable floor space will fall as a result of the sales by approximately 79,000 square metres. The Western Region increased its floor space by 16,000 square metres following completion of Building 21 in Karlstad as well as the Pharmaceutical and Nutrition Centre in Gothenburg. The vacancy level was 2.8 per cent (3.2) of the total floor space, which is equivalent to 88,100 square metres (104,100). In terms of value, this figure includes vacant space during the period of 1.5 per cent (2.2). A large proportion of the vacant space has a lower rental value than the average for the holdings. The majority of vacant space can be found primarily in the Ultuna area of Uppsala and in Kista and at the former Mathematics Centre in Gothenburg.

Leases

The average term for newly signed lease agreements is 10.2 years. At the end of the third quarter the average remaining lease term was 5.8 years (6.3 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 10, 15 or 20 years.

Operating costs

Operating costs for the period amounted to SEK 602 million (571), of which energy, fuel and water amounted to SEK 401 million (382). The energy-saving programme is continuing and despite lower energy consumption in kWh the cost is increasing. However, the share of rental income that goes to covering operating costs is relatively stable. Compared with other property companies, operating costs in SEK per square metre are relatively high within Akademiska Hus due to the high proportion of technically advanced premises. Laboratories and similar premises total 1.1 million square metres (34 per cent) and from an energy point of view they are considerably more resource-intensive than other premises.

Maintenance costs

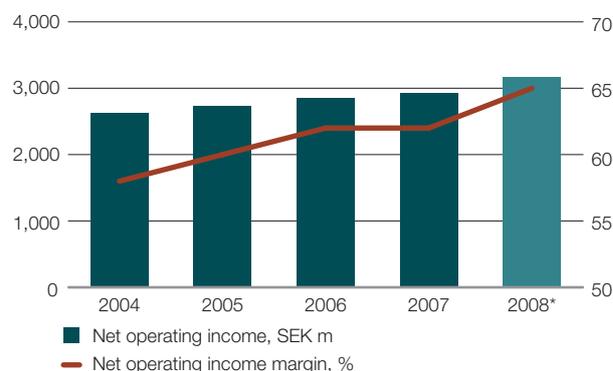
The investment in maintenance made by Akademiska Hus over several years has meant that the standard of the property holdings is now generally high. Maintenance costs for the period amounted to SEK 408 million (480). During the previous year the Uppsala and Southern Regions held back on significant maintenance measures and the maintenance costs there have fallen considerably.

Net financial income/expense

Net financial income/expense for the period totalled SEK –593 million (–422). The main reason for the fall in net financial income/expense is a

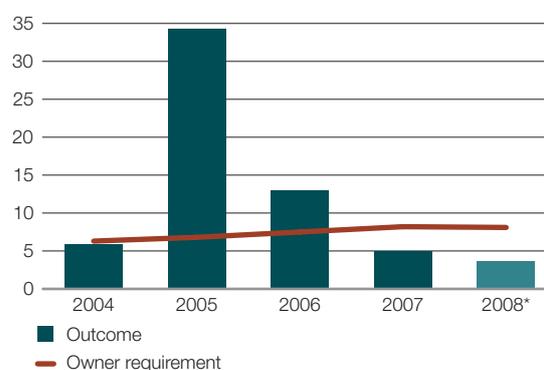
lower positive change in value in financial derivatives compared with the same period last year. The continued broad credit spreads as a result of uncertainty on the credit market have also been a contributing factor.

Net operating income, 2004–2008



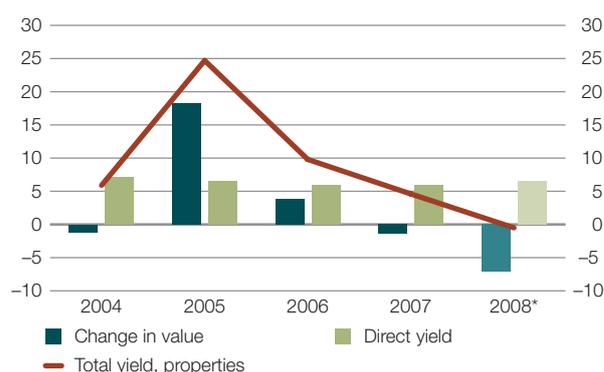
* The key figures for the period are based on the income statement for the period recalculated on a full-year basis. The outcome could differ from the figures stated above.

Return on equity, %



* The key figures for the period are based on the income statement for the period recalculated on a full-year basis. The outcome could differ from the figures stated above.

Total yield, %



* The key figures for the period are based on the income statement for the period recalculated on a full-year basis. The outcome could differ from the figures stated above.

	IFRS			According to earlier principles		
	1-1-2008–30-9-2008	1-1-2007–30-9-2007	1-1-2007–31-12-2007	1-1-2008–30-9-2008	1-1-2007–30-9-2007	1-1-2007–31-12-2007
Financing cost, breakdown						
Loan financing cost, %	4.60	3.65	3.80	4.60	3.65	3.80
Interest swaps, net interest, %	0.09	0.51	0.45	0.09	0.51	0.45
Period allocation and charges, %	0.02	0.02	0.01	0.38	0.51	0.49
Changes in value, financial derivatives, %	-0.20	-0.79	-0.63	–	–	–
Total financing cost	4.51	3.39	3.63	5.07	4.67	4.74

Comments on the Balance Sheet

Property valuation

In its property valuations Akademiska Hus has decided to increase the yield requirement and cost of capital by 0.25 percentage points for all valuation objects. In addition, valuation objects in prime locations (inner-city locations in Stockholm and Gothenburg) and which have a lease term of six years or less, have been the subject of a further increase in the direct yield requirement of 0.25 percentage points. The property market came to a standstill during the second half of 2007 following unease on the credit market, resulting in a slight increase in risk premiums in the cost of capital. Akademiska Hus subsequently chose to adjust the cost of capital upwards by 0.5 percentage points for all valuation objects with a lease term of six years or less. In the first half at 2008 there was no indication that a further adjustment was necessary. At the end of September, the flare-up in the financial crisis had major repercussions on the market, causing widespread uncertainty. The increase in the cost of credit and the stricter requirements laid down by the banks regarding financing of property deals have resulted in transactions on the property market coming to a virtual standstill. The financial uncertainty has had a direct impact on the property market in the form of an increased risk premium in the property valuations.

Within Akademiska Hus, however, property operations have continued to be strong and stable. An adjustment has been made to the financial parameters that affect the property valuation. In addition to financial parameters, the value of a property is affected by factors such as rent levels, net operating income, lease term, property category and type of customer. Akademiska Hus is characterised by very long leases with stable customers with a good credit rating. Some 83 per cent of the Group's income derives from the dominant customer group, universities and colleges, and 88 per cent from tenants who have the Swedish government as principal. There is no credit risk and the average remaining lease term is 5.8 years (6.3 at the turn of the year).

Assessed fair value, investment properties

Amounts in SEK m	1-1-2008– 30-9-2008	1-1-2007– 31-12-2007
Opening assessed fair value	48,389	48,454
Investments in and reclassifications of investment properties	660	1,123
Sales and disposals	-1,174	-504
Unrealised changes in fair value	-1,096	-684
<i>Of which change in value due to increased direct yield requirements and cost of capital, +0.25%</i>	(-1,810)	
<i>Commissioning of major new facilities</i>	(435)	
<i>Other changes in value</i>	(279)	
Closing assessed fair value	46,779	48,389

The unrealised net change in value of existing holdings for the period amounted to SEK -1,096 million (205). The negative change in value of increased direct yield requirements and increased cost of capital amounting to +0.25 percentage points was SEK -1,810 million. At the same time, the market value was affected positively to the amount of SEK 435 million by the major new facilities commissioned during the period. The assessed fair value per square metre was SEK 14,490 (14,755).

For a more detailed account of Akademiska Hus's views regarding property valuation, reference can be made to the 2007 Annual Report.

Investments and sales

Investments in investment properties and new construction in progress amounted to SEK 992 million. In Stockholm, the sale of part of the Tre Vapen property was completed for a purchase sum of SEK 1,084 million. The School of Nautical Studies, Topasen, in Hårnösand and other properties were sold for a purchase sum of SEK 251 million. The Dicksonsgatan property in Gothenburg and two smaller properties in Lund were sold during the period for a total purchase sum of SEK 56 million. Net investments in property during the period totalled SEK -186 million (723). No acquisitions were made during the period.

Interest-bearing liabilities

Interest-bearing liabilities have decreased as a result of the property sales. Since last autumn a decision has been reached regarding long-term borrowing totalling SEK 4,100 million, which has contributed to an extension of the fixed interest period to 4.0 years compared with 3.6 years at the turn of the year. Borrowing took place at a time when the credit spreads had not yet reached the high levels experienced during the autumn. The fixed interest period for the part of the liability portfolio covered by the fixed interest mandate has decreased to 2.1 years compared to 1.6 years at the turn of the year.

Interest-bearing liabilities

Amounts in SEK m	30-9-2008	31-12-2007
Commercial paper	-	1,611
ECP	346	385
Bonds & MTN	4,797	4,918
EMTN	7,679	6,926
Other loans	4,019	3,074
Total loans	16,841	16,914
Financial derivatives	458	846
Collateral received for derivative transactions	98	29
Pension provisions	227	220
Total, other interest-bearing liabilities	783	1,095
Total interest-bearing liabilities	17,624	18,009

Risk management

Major investments in creative environments for knowledge and research have created Akademiska Hus campuses. In this respect the property portfolio carries a strategic risk. At the same time, locating in major urban centres with an efficient rental market limits this risk. 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 handle the strategic risk in the property portfolio.

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 is 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 more than 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 works 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 should 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 2007 Annual Report.

Objectives and profitability

With effect from 2007, the owner's financial objectives were set at:

- 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 Group's dividend target is 50 per cent of the profit after financial items, 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 return on equity was 3.6 per cent (7.3). During the past five years the average return on equity has been 12.5 per cent. The five-year government bond interest rate during the period was 4.1 per cent.

The net operating income, i.e. the result of the Group's operations before changes in value, central administration costs and net financial income/expense, amounted to SEK 2,372 million (2,178) for the period. The net operating income level has increased to 65 per cent (63).

The direct yield for the period was 6.6 per cent (6.0).

Events after the end of the reporting period

No events of material significance occurred after the end of the reporting period.



Consolidated Income Statement, summary

Amounts in SEK m	2008 July–Sept	2007 July–Sept	2008 Jan–Sept	2007 Jan–Sept	2007 (12 months)
Rental income	1,195	1,143	3,582	3,428	4,635
Other property management income	12	11	39	38	58
Total property management income	1,207	1,154	3,621	3,466	4,693
Operating costs	-165	-157	-602	-571	-786
Maintenance costs	-139	-168	-408	-480	-658
Property administration	-56	-50	-178	-172	-239
Other property management expenses	-19	-18	-61	-65	-92
Total property management expenses	-379	-393	-1,249	-1,288	-1,775
Net operating income	828	761	2,372	2,178	2,918
Changes in property values, positive	-538*	312	781	1,033	1,224
Changes in property values, negative	-1,356	-146	-1,836	-815	-1,841
Total changes in property values	-1,894	166	-1,055	218	-617
Central administration expenses	-9	-3	-33	-20	-30
Other operating income	23	17	77	64	93
Other operating expenses	-37	-16	-85	-57	-81
Total, other operating items	-14	1	-8	7	12
Profit before financial items	-1,089	925	1,276	2,383	2,283
Financial income/expense	-271	-181	-593	-422	-610
Profit before tax	-1,360	744	683	1,961	1,673
Tax	462	-206	-92	-532	-420
Net profit for the period	-898	538	591	1,429	1,253

* Positive changes in value during the period marked with a minus sign refer to changes in value which on accumulated basis still remain positive.

Consolidated Balance Sheet, summary

Amounts in SEK m	30-9-2008	30-9-2007	31-12-2007
ASSETS			
Tangible assets			
Investment properties	46,779	48,675	48,389
Construction in progress	1,444	1,599	1,316
Equipment and fittings	20	20	19
Total tangible assets	48,243	20,294	49,724
Financial assets			
	1,095	901	909
Current assets			
Receivables	1,142	585	677
Liquid funds	711	681	844
Total current assets	1,853	1,266	1,521
Total assets	51,191	52,461	52,154
EQUITY AND LIABILITIES			
Equity	24,350	24,853	24,700
Liabilities			
Non-current liabilities			
Interest-bearing	13,303	12,963	13,109
Non-interest-bearing	7,264	7,510	7,414
Total non-current liabilities	20,567	20,473	20,523
Current liabilities			
Interest-bearing	4,321	5,173	4,900
Non-interest-bearing	1,953	1,962	2,031
Total current liabilities	6,274	7,135	6,931
Total liabilities	26,841	27,608	27,454
Total equity and liabilities	51,191	52,461	52,154
Memorandum items			
Pledged assets	225	342	260
Contingent liabilities	2	2	2

Changes in Group Equity

Amounts in SEK m	Share capital	Share premium reserve	Hedge reserve	Profit brought forward	Total equity
Equity 1-1-2007	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	–	–	–	891	1,429
Equity 30-9-2007	2,135	2,135	25	20,558	24,853
Items not reported in the Income Statement	–	–	22	–	22
Profit for the period, October–December 2007	–	–	–	–176	–176
Equity 31-12-2007	2,135	2,135	47	20,382	24,700
Items not reported in the Income Statement	–	–	26	–	26
Dividend	–	–	–	–967	–967
Profit for the period, January–September 2008	–	–	–	591	591
Equity 30-9-2008	2,135	2,135	73	20,006	24,350

Consolidated Cash Flow Statement, summary

Amounts in SEK m	2008 Jan–Sept	2007 Jan–Sept	2007 (12 months)
Cash flow from current operations before changes in working capital	961	1,295	1,777
Change in working capital (excl. liquid funds)	–169	109	37
Cash flow from current operations	792	1,404	1,814
Net investments ¹⁾	372	–884	–685
Cash flow from investments	372	–884	–685
Dividend paid	–967	–1,400	–1,400
Financing	–330	182	–264
Cash flow from financing	–1,297	–1,218	–1,664
Cash flow for the period	–133	–698	–535

¹⁾ Net investments refers to investment in and the sale of tangible fixed 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 103 million (99). Of this figure, income from regional companies amounted to SEK 89 million (89). The operating profit was SEK 8 million (21) and net financial income/expense was SEK 897 million (2,119), including dividends from

regional companies amounting to SEK 650 million (1,760). The profit before appropriations and tax was SEK 905 million (2,140).

Investments

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

Equity

Equity totalled SEK 6,275 million compared with SEK 6,382 million at the turn of the year.

Parent Company Income Statement, summary

Amounts in SEK m	2008 July–Sept	2007 July–Sept	2008 Jan–Sept	2007 Jan–Sept	2007 (12 months)
Income	40	33	103	99	129
Expenses	-28	-22	-95	-78	-113
Total, other operating items	12	11	8	21	16
Profit before financial items	12	11	8	21	16
Net financial items	14	90	897	2,119	2,204
Profit after financial items	26	101	905	2,140	2,220
Appropriations	-	-	-	-	-49
Profit before tax	26	101	905	2,140	2,171
Tax	-8	-28	-72	-106	-117
Net profit for the period	18	73	833	2,034	2,054

Parent Company Balance Sheet, summary

Amounts in SEK m	30-9-2008	30-9-2007	31-12-2007
Fixed assets	2,174	1,957	1,973
Current assets	22,166	22,840	22,786
Total assets	24,340	24,797	24,759
Equity	6,275	6,341	6,382
Untaxed reserves	322	272	322
Non-current liabilities	13,026	12,653	12,813
Current liabilities	4,717	5,531	5,242
Total liabilities	17,743	18,184	18,055
Total equity and liabilities	24,340	24,797	24,759

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	2008 July–Sept	2007 July–Sept	2008 Jan–Sept	2007 Jan–Sept	2007 (12 months)
Income, including other operating income					
South	174	168	530	519	702
West	192	174	555	533	715
East	131	124	373	348	474
Uppsala	190	176	575	535	737
Stockholm	418	409	1,272	1,234	1,658
North	127	120	392	361	500
Other operations	28	30	90	90	119
Elimination of intra-Group income	-30	-30	-89	-90	-119
Total income	1,230	1,171	3,698	3,530	4,786
Profit/loss before financial items, excluding central overheads					
South	23	135	204	352	172
West	-151	223	77	431	400
East	-109	14	141	93	43
Uppsala	-230	164	520	315	406
Stockholm	-546	324	289	1,013	1,111
North	-73	63	60	186	173
Other operations	26	14	45	40	44
Elimination of intra-Group items	-20	-9	-27	-27	-36
Profit/loss before financial items, excluding central overheads	-1,080	928	1,309	2,403	2,313
<i>Reconciliation of the Income Statement</i>					
Profit before net financial income/expense, excluding central overheads	-1,080	928	1,309	2,403	2,313
Central overheads	-9	-3	-33	-20	-30
Net financial income/expense	-271	-181	-593	-422	-610
Tax for the period	462	-206	-92	-532	-420
Profit for the period according to the Income Statement	-898	538	591	1,429	1,253

The Board of Directors and the President hereby certify that this Interim Report provides a true and fair overview of the Company's and the Group's operations, financial position and results and describes material risks and uncertainties that face the Company and the companies that are included in the Group.

Gothenburg, November 4, 2008

Thomas Norell
President



Report schedule

Year-End Report 2008
Annual Report 2008

January 2009
March 2009

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Definitions

See Akademiska Hus Annual Report 2007.

The key figures, which are dependent on the results for a full year, have for 2008 been produced using the outcome for January–September 2008, recalculated for a full year, as a base.

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, 2008.

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