

AKADEMISKA HUS AB (Publ) Org nr: 556459-9156

- Rental income amounted to SEK 1,202 million (1,147). The level of vacant space was 3.0 per cent (3.5). In terms of value, the vacant space amounted to 1.5 per cent (2.4).
- Profit before tax for the period amounted to SEK 481 million (638). The fall in profit can be attributed mainly to the commencement of a number of redevelopment projects, which have increased costs, and a poorer net financial income and expense as a result of the increase in the repo rate by the Swedish Riksbank and increased credit spreads as a result of uncertainty on the credit market.
- Profit for the period was SEK 354 million (460).
- Investments in redevelopment and new construction during the first quarter totalled approximately SEK 271 million and property sales took place to a value of SEK 43 million.
- The direct yield on a full-year basis is estimated at 6.1 per cent (6.1).

Profit and key figures

	2008 Jan–Mar	2007 Jan–Mar	Rolling 12- month period Apr 2007– Mar 2008	2007 Full year	2006 Full year
Property management income, SEK m	1,216	1,161	4,690	4,693	4,596
Net operating income, SEK m	752	750	2,920	2,918	2,843
Changes in investment property values, SEK m	-72	20	-709	-617	1,874
Profit before tax, SEK m	481	638	1,516	1,673	4,229
Level of vacant space, rent %	1.5	2.4	1.8	2.1	2.6
Level of vacant space, area %	3.0	3.5	3.3	3.1	3.5
Assessed fair value, investment properties, SEK m	48,381	48,177	48,381	48,389	48,454
Direct yield, %	6.1	6.1	6.2	6.0	6.0
Net operating income, SEK/square metre	937	931	933	906	875
Return on equity after standard tax, %	5.5	7.3	5.5	4.9	12.9
Return on total assets, %	5.1	5.9	5.2	4.8	10.0
Equity ratio, %	48.1	47.7	48.1	47.8	47.2
Interest coverage ratio, %*	406	400	394	399	434

* Excluding changes in value of investment properties and derivatives.

Statement by the President Thomas Norell:

“Akademiska Hus reports a very stable cash flow in property operations. Net operating income for the period amounted to SEK 752 million (750). Financial expense has, however, increased as a result of the rise in interest rates, which has led to a slightly lower profit compared with the corresponding period in 2007. The proportion of redevelopment projects has risen, resulting in a slight increase in maintenance. The outcome for the first quarter is otherwise entirely in line with expectations and very much on a par with the corresponding period last year.

Akademiska Hus construction operations are extensive. As of March 31, 2008, there were construction projects in progress with a total investment framework of SEK 3.7 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 400 million. Major construction investments during the coming year are concentrated strongly on Stockholm/Solna and Uppsala.

After the closing date, an agreement was reached with Dagon on the sale of a large proportion of the Akademiska Hus holdings in Härnösand. Mid Sweden University has reduced its floor space requirements in Härnösand and the sale is a natural progression. The Northern Region can now focus on core operations in Umeå, Luleå and Sundsvall.”

Income, costs and result

Rental income

Rental income amounted to SEK 1,202 million (1,147). The increase can be attributed mainly to projects which have been completed and are thus now available for letting as well as index-linked rises.

Rental and vacancy levels

The total holdings amounted to 3,225,000 square metres (3,222,000 at the turn of the year) of rentable space. In the Northern region the expansion of Lindellhallen increased the rentable floor space by approximately 1,000 square metres. The vacancy level was 3.0 per cent (3.5) of the total floor space, which is equivalent to 96,200 square metres (112,400). In terms of value, this figure includes vacant space during the period of 1.5 per cent (2.4) 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 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 10.5 years and as of March the average remaining lease term was 6.1 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 terms of 10, 15 or 20 years.

Operating costs

Operating costs for the period amounted to SEK 234 million (239), of which energy, fuel and water amounted to SEK 167 million (173). As was the case for 2006, the mild winter in 2007 resulted in lower operating costs than were budgeted. The energy-saving programme at Akademiska Hus has 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 (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 149 million (90). In the Southern Region and in Stockholm there are a number of major redevelopment projects which have increased the maintenance costs compared with the corresponding period in 2006. Of the redevelopment projects, the Chemistry Centre in Lund is the largest, with maintenance costs for the first quarter of SEK 18 million.

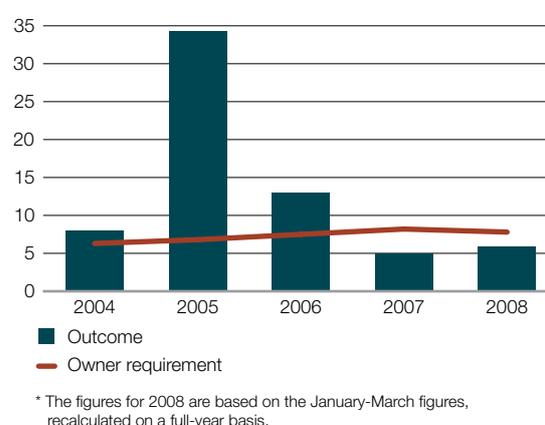
Financing cost, breakdown

	IFRS			According to earlier principles		
	01-01-2008– 31-03-2008	01-01-2007– 31-03-2007	01-01-2007– 31-12-2007	01-01-2008– 31-03-2008	01-01-2007– 31-03-2007	01-01-2007– 31-12-2007
Loan financing cost, %	4.39	3.46	3.80	4.39	3.46	3.80
Interest swaps, net interest, %	0.12	0.75	0.45	0.12	0.78	0.45
Period allocation and charges, %	0.02	0.02	0.01	0.43	0.51	0.49
Changes in value, financial derivatives, %	-0.02	-1.07	-0.63	-	-	-
Total financing cost	4.51	3.16	3.63	4.94	4.75	4.74

Net operating profit, 2004-2008



Return on equity, %



Total yield, %



Net financial income/expense

Net financial income/expense for the period totalled SEK –191 million (–125). The main reason for the fall in net financial income/expense is the increases in the repo rate by the Swedish Riksbank and greater credit spreads as a result of uncertainty on the credit market. During the same period last year, positive changes in value of financial derivatives resulted in a lower net financial income/expense.

Comments on the Balance Sheet

Property valuation

The assessed fair value of Akademiska Hus investment properties as of March 31, 2008 was SEK 48.4 billion, which is the same as at the turn of the year. The assessed fair value is set through an internal property valuation. To quality assure the internal valuation model, external valuations are made of selected properties as a benchmark. External valuations are also made for certain development properties where income and costs were difficult to assess.

The unrealised net change in value for the year amounted to SEK –68 million (0). The assessed fair value per square metre was SEK 14,697 (14,713 at the turn of the year). The general upturn on the credit market came to a stop during the second half of 2007. The concern that has affected the credit market since summer 2007 has meant that the risk premiums in the cost of capital have increased slightly. Akademiska Hus then chose to adjust the cost of capital upwards by 0.5 percentage points for all valuation objects with a rental period of six years or less. In the property valuation Akademiska Hus has chosen to allow the yield requirement and cost of capital to remain on the same levels as at the turn of the year. During the first quarter of 2008 there was no indication that a further adjustment was necessary. Apart from unrealised changes in value, commissioned investments in investment properties were made to the amount of SEK 103 million (109 during the same period the preceding year). Sales for the period amounted to SEK 43 (388) and consisted of two smaller properties, one in Lund and one in Gothenburg. For a more detailed account of Akademiska Hus's views regarding property valuation reference can be made to the 2007 Annual Report.

Assessed fair value, investment properties

Amounts in SEK m	01-01-2008– 31-03-2008	01-01-2007– 31-12-2007
Opening assessed fair value	48,389	48,454
Investments in and reclassifications of investment properties	103	1,108
Direct investments, including acquisitions	0	15
Sales and disposals	–43	–504
Unrealised changes in fair value	–68	–684
Closing assessed fair value	48,381	48,389

Investments and sales

Investments in investment properties and new construction in progress amounted to SEK 314 million. The property on Dicksonsgatan in Gothenburg and the Bredgatan 4 property in Lund were sold. The purchase sum for the two properties sold was SEK 44 million. Net investments in property during the period totalled SEK 271 million (–38). No acquisitions were made during the period.

Interest-bearing liabilities

Interest-bearing liabilities have fallen slightly since the turn of the year. Through bond issues in Switzerland totalling CHF 300 million, the maturity increased to 4.2 years compared with 3.6 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 1.9 years.

Interest-bearing liabilities

Amounts in SEK m	31-03-2008	31-12-2007
Commercial Paper	119	1,611
ECP	–	385
Bonds & MTN	4,819	4,918
EMTN	8,304	6,926
Other loans	3,498	3,074
Total loans	16,740	16,914
Financial derivatives	660	846
Collateral received for derivative transactions	107	29
Pension provision	223	220
Total, other interest-bearing liabilities	990	1,095
Total interest-bearing liabilities	17,730	18,009

Risk management

The Akademiska Hus property portfolio has a certain strategic risk. The campuses have a specific purpose and are not general in the broad sense. 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 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 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 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 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 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 and 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 during the first quarter of 2008 was 5.9 per cent (6.6). The average five-year government bond interest rate was 3.8 per cent and the owner requirement was thus 7.8 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 752 million (750). The net operating profit level was 60 per cent (63).

The direct yield for the period was 6.1 per cent (6.1).

Events after the end of the reporting period

In April 2008, an agreement was reached with Dagon on the sale of the Härnösand Campus. The purchase sum was SEK 135 million and covering the majority of the property holdings in Härnösand except the Central Library.

The divested property holdings comprised 30,000 square metres of floor space with annual rental income of approximately SEK 20 million.



Consolidated Income Statement, summary

Amounts in SEK m	2008 Jan–Mar	2007 Jan–Mar	Rolling 12- month period April 2007– March 2008	2007 (12 months)
Rental income	1,202	1,147	4,690	4,635
Other property management income	14	14	58	58
Total property management income	1,216	1,161	4,748	4,693
Operating costs	-234	-239	-781	-786
Maintenance costs	-149	-90	-717	-658
Property administration	-60	-55	-244	-239
Other property management expenses	-21	-27	-86	-92
Total property management expenses	-464	-411	-1,828	-1,775
Net operating income	752	750	2,920	2,918
Changes in property values, positive	94	50	1,268	1,224
Changes in property values, negative	-166	-30	-1,977	-1,841
Total changes in property values	-72	20	-709	-617
Central administration expenses	-13	-8	-35	-30
Other operating income	28	23	98	93
Other operating expenses	-23	-22	-83	-81
Total, other operating items	5	1	16	12
Profit before financial items	672	763	2,192	2,283
Financial income/expense	-191	-125	-676	-610
Profit before tax	481	638	1,516	1,673
Tax	-127	-178	-369	-420
Net profit for the period	354	460	1,147	1,253

Consolidated Balance Sheet, summary

Amounts in SEK m	31-03-2008	31-03-2007	31-12-2007
Assets			
Tangible assets			
Investment properties	48,381	48,177	48,389
Construction in progress	1,522	1,134	1,316
Equipment and fittings	19	23	19
Total tangible assets	49,922	49,334	49,724
Financial assets	817	947	909
Current assets			
Receivables	831	802	677
Liquid funds	439	747	844
Total current assets	1,270	1,549	1,521
Total assets	52,009	51,830	52,154
Equity and liabilities			
Equity	25,025	25,260	24,700
Liabilities			
Non-current liabilities			
Interest-bearing	12,343	14,447	13,109
Non-interest-bearing	7,452	7,290	7,414
Total non-current liabilities	19,795	21,737	20,523
Current liabilities			
Interest-bearing	5,387	2,894	4,900
Non-interest-bearing	1,802	1,939	2,031
Total current liabilities	7,189	4,833	6,931
Total liabilities	26,984	26,570	27,454
Total equity and liabilities	52,009	51,830	52,154
Memorandum items			
Pledged assets	257	216	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 01-01-2007	2,135	2,135	2	20,529	24,801
Items not reported in the Income Statement	–	–	–1	–	–1
Profit for the period, January–September 2007	–	–	–	460	460
Equity 31-03-2007	2,135	2,135	1	20,989	25,260
Items not reported in the Income Statement	–	–	46	–	46
Dividend	–	–	–	–1,400	–1,400
Profit for the period, April–December 2007	–	–	–	793	793
Equity 31-12-2007	2,135	2,135	47	20,382	24,700
Items not reported in the Income Statement	–	–	–29	–	–29
Profit for the period, January–March 2008	–	–	–	354	354
Equity 31-03-2008	2,135	2,135	18	20,736	25,025

Consolidated Cash Flow Statement, summary

Amounts in SEK m	2008 Jan–Mar	2007 Jan–Mar	2007 (12 months)
Cash flow from current operations before changes in working capital	443	415	1,777
Change in working capital (excl. liquid funds)	–196	–93	37
Cash flow from current operations	247	322	1,814
Net investments ¹⁾	–270	–161	–685
Cash flow from investments	–270	–161	–685
Dividend paid	–	–	–1,400
Financing	–382	–793	–264
Cash flow from financing	–382	–793	–1,664
Cash flow for the period	–405	–632	–535

¹⁾ Net investments¹⁾ 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 40 million (31). Of this figure, income from regional companies amounted to SEK 39 million (30). The operating profit was SEK 3 million (5) and net financial income/

expense was SEK 78 million (121). The profit before appropriations and tax was SEK 81 million (126).

Investments

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

Equity

Equity totalled SEK 6,412 million compared with SEK 6,382 million at the turn of the year.

Parent Company Income Statement, summary

Amounts in SEK m	2008 Jan-Mar	2007 Jan-Mar	2007 (12 months)
Income	40	31	129
Expenses	-37	-26	-113
Total, other operating items	3	5	16
Profit before financial items	3	5	16
Net financial items	78	121	2,204
Profit after financial items	81	126	2,220
Appropriations	-	-	-49
Profit before tax	81	126	2,171
Tax	-23	-35	-117
Net profit for the period	58	91	2,054

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

Parent Company Balance Sheet, summary

Amounts in SEK m	31-03-2008	31-03-2007	31-12-2007
Fixed assets	1,882	2,025	1,973
Current assets	22,557	21,305	22,786
Total assets	24,439	23,330	24,759
Equity	6,412	5,773	6,382
Untaxed reserves	322	273	322
Non-current liabilities	12,037	14,131	12,813
Current liabilities	5,668	3,153	5,242
Total liabilities	17,705	17,284	18,055
Total equity and liabilities	24,439	23,330	24,759

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 Jan-Mar	2007 Jan-Mar	2007 (12 months)
Income, including other operating income			
South	178	173	702
West	181	178	715
East	121	112	474
Uppsala	193	182	737
Stockholm	433	421	1,658
North	138	119	500
Other operations	30	28	119
Elimination of intra-Group income	-30	-29	-119
Total income	1,244	1,184	4,786
Profit/loss before financial items, excluding central overheads			
South	50	104	172
West	124	119	400
East	71	80	43
Uppsala	96	91	406
Stockholm	292	295	1,111
North	37	78	173
Other operations	24	13	44
Elimination of intra-Group items	-9	-9	-36
Profit/loss before financial items, excluding central overheads	685	771	2,313
<i>Reconciliation of the Income Statement</i>			
Profit before net financial income/expense, excluding central overheads	685	771	2,313
Central overheads	-13	-8	-30
Loss on net financial income/expense	-191	-125	-610
Tax for the period	-127	-178	-420
Profit for the period according to the Income Statement	354	460	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 which are included in the Group.

Gothenburg, April 29, 2008

Thomas Norell
President



Report schedule

Interim Report March – June 2008
Interim Report July-September 2008
Year-End Report 2008
Annual Report 2008

August 20, 2008
November 4, 2008
January 2009
March 2009

Definitions

See Akademiska Hus Annual Report 2007.

The key figures, which are dependent on the results for the full year, have for 2008 been produced by using the outcome for January-March 2008 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 March 31, 2008.

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