

Interim Report

Quarter

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January 1 - March 31, 2017

Developing the campus environments of the future

Akademiska Hus plays a leading role in driving the development of sustainable campus environments that strengthen the appeal of Swedish teaching institutions. Structured campus development in close cooperation with our customers is a key issue for the future.

[Read more in the Statement by the President on page 3.](#)

Key events

- An innovation arena at Chalmers' Johanneberg Campus becomes reality. Akademiska Hus has decided to invest about SEK 380 million in a building that will further strengthen efforts to transform the campus into a research and innovation environment that meets international standards
- Akademiska Hus has decided to build housing for 400 undergraduate and graduate students on the Solna Campus, an investment of SEK 430 million.
- A campus plan for the Solna Campus was jointly launched with Karolinska Institutet with a vision through 2030 – a life science knowledge hub with a green heart.
- On January 9 Moody's gave Akademiska Hus its highest short-term rating of Prime-1 (P-1). The same credit rating was also awarded to the short-term ECP programme.
- Akademiska Hus is one of the orchestrators and members of the "Håll nollan" initiative, launched by the industry in March 2017 and aimed at promoting one of the most crucial issues for the construction and real estate industry in Sweden – that no one be injured on construction sites.
- In an effort to promote gender equality in the property industry, Akademiska Hus is collaborating with three other property companies and the AllBright Foundation. Under the agreement between the property companies and AllBright the companies undertake to complete a four-step programme to promote gender equality during the year.

Financial key figures

JANUARY-MARCH

- Rental revenue was SEK 1,409 million (1,382).
- Net operating income was SEK 993 million (949), an increase of SEK 44 million, which is largely attributable to completion of new buildings and an additional consideration relating to a previous sale.
- Changes in property values with an impact on profit totalled SEK 902 million (308), corresponding with 1.2 per cent (0.5) of the value of the properties.
- Changes in the value of financial instruments totalled SEK -80 (-164) million.
- Profit before tax for the period amounted to SEK 1,737 million (991) and profit for the period was SEK 1,346 million (755). The increase can be attributed to positive changes in the value of the properties.
- Investment in redevelopment and new construction during the period totalled SEK 826 million (449).
- The yield (excluding properties under construction) was 5.6 per cent (6.3) on a rolling 12-month basis. The decline can be explained by an increase in property value while net operating income remained unchanged.



AKADEMISKA HUS

This is Akademiska Hus

Akademiska Hus' remit is to own, develop and manage properties for colleges and universities. Our operations will be run on a commercial basis and generate a yield that is in line with the market.

Akademiska Hus is wholly owned by the Swedish state and can be found throughout Sweden, primarily in the major university towns, but also in several smaller college towns.

We build and manage sustainable knowledge environments in close cooperation with universities and colleges. We help to strengthen the competitiveness of Swedish centres of education, where student accommodation plays a major role in campus development. There are many property owners in this segment, but with its expertise, Akademiska Hus is the largest with about 60 per cent of facilities at the centres of education.

OWNER'S FINANCIAL OBJECTIVES:

- Return on operating capital should be at least 6.5 per cent (excluding change in value).
- Dividend should be between 40 and 60 per cent of the profit for the year after tax, after reversal of changes in value and with related deferred tax.
- The equity ratio should be between 30 and 40 per cent.

STRATEGIC SUSTAINABILITY GOALS:

- Energy purchased each year, kWh/m², will decrease at such a rate that there will be a 50 per cent reduction by 2025 compared with 2000.
- Eliminate CO₂ footprint from operations.
- Initiate sustainability initiatives with customers.
- Accident-free workplaces.

CREDITWORTHY TENANTS AND LONG-TERM CONTRACTS

The majority of Akademiska Hus' revenue, approximately 90 per cent, comes from colleges and universities. Since they are essentially government agencies, this customer group has the highest credit rating. To meet customer needs, we often invest in specially adapted premises, which results in long lease terms. The average lease term during the year was 10 years (11). The vacancy rate is low, partly as a result of high demand for facilities for higher education and research, and also because new projects do not start until contracts are signed.

LONG-TERM FINANCING

Cash flow from current operations is reinvested in new construction as well as in redevelopment and extensions of existing holdings. When combined with an active debt management policy, Akademiska Hus is able to fund its extensive project portfolio. Akademiska Hus has had an AA rating from Standard & Poor's since 1996. As of January 2017 Akademiska Hus now also holds the highest short-term rating from Moody's. These ratings reflect our strong market and financial position as the leader in knowledge environments for Swedish colleges and universities.

AA

CREDITRATING

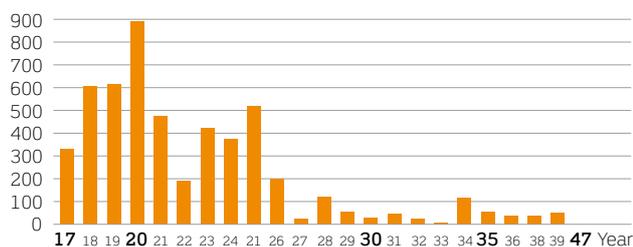
Standard & Poor's long term rating,
Stable outlook. Feb. 17

P-1

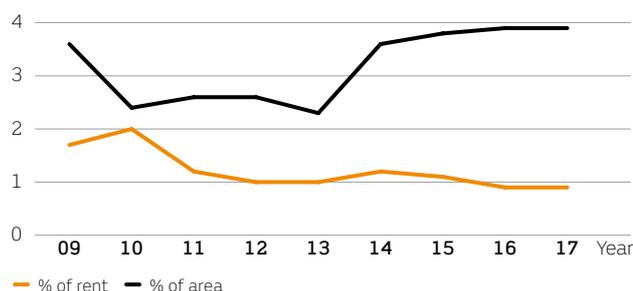
CREDITRATING

Moody's short term rating. Jan. 17

MATURITY STRUCTURE ON LEASES, SEK M



LOW VACANCY RATE, %



AKADEMISKA HUS IN BRIEF

	2017 Jan.- March	2016 Jan.- March	Rolling 12 mon. Apr. 16- Mar. 17	2016 Full year	2015 Full year
Income from property management, SEK m	1,480	1,430	5,716	5 666	5 646
Net operating income, SEK m	993	947	3 711	3 667	3 740
Profit before tax, SEK m	1,737	991	7,460	6,715	6,141
Equity ratio	—	—	42.1	41.4	40.7
Return on operating capital, %	—	—	6.2	6.2	6.9
Return on equity, %	—	—	17.5	16.3	15.0
Interest coverage ratio, %	—	—	712	694	743
Loan-to-value ratio, %	—	—	36.2	37.0	36.6
Yield, properties, % ¹	—	—	5.6	5.7	6.4
Yield, properties, % ²	—	—	5.2	5.3	5.8
Assessed fair value, properties, SEK m	74,763	67,351	—	73,013	66,575

1) excluding properties under construction
2) including properties under construction

Sustainable campus with comprehensive perspective



A new campus plan was launched for the KI Solna Campus in late March. The vision through 2030 is "A life science knowledge hub with a green heart," which clearly embraces a knowledge-intensive, vibrant and sustainable campus characterised by diversity, the continued influx of new activities and increased international exchange.

DIAGRAM: SCHEWILLER SVENSSON ARCHITEKTBYRÅ AB

PRESIDENT KERSTIN LINDBERG GÖRANSSON COMMENTS:

An important goal that we share with our customers is that they should continue to attract students and researchers from around the world. Sustainability, collaboration and sustainability are important factors in this initiative. Our strategic sustainability system is supported by the high ambitions of our owner in this field, where the Government sees sustainable enterprise as central to Sweden's development.

INVESTMENTS FOR THE FUTURE

An integrated approach is an important component of every investment decision. The campus plan for the KI Solna Campus, which was launched during the quarter, will help Karolinska Institutet to achieve its. The plan complies with the UN's global sustainable development goals. In early April we decided to build flats with room for over 400 international students and graduate students on the Solna Campus, an investment of over SEK 430 million.

During the quarter Akademiska Hus also decided to invest about SEK 380 million in our innovation arena at Johanneberg Science Park in Gothenburg to further strengthen this world-class research and innovation environment.

SIGNIFICANCE OF GREENERY ON CAMPUS

A unique study, conducted at 103 US college campuses, shows a clear correlation between on-campus housing and the presence of greenery compared with an urban setting and the dropout and graduation rates of the university. These fascinating research findings help us to grow in the right direction. Greenery on campus has been incorporated into the KI Solna Campus plan, and it is also the theme of our annual general meeting seminar on April 28.

MORE STUDENT HOUSING

During the quarter, a new local plan was approved that could result in 160 new flats at Luleå University. Although the final investment decision has not yet been made, we support construction of student housing regardless of whether it is built by us or another property owner.

PROFIT FOR THE QUARTER

Profit for the first quarter was strong, increasing to SEK 1,346 million (755), mainly due to positive changes in the fair value of the property portfolio. The positive changes in value for the period amounted to SEK 902 million (308). Net operating income increased by 4.6 per cent and totalled SEK 993 million (949).

NEW ORGANISATIONAL STRUCTURE

The organisational change that took effect at the beginning of the year has been implemented according to plan. The aim is to increase our efficiency and to further enhance customer value and our development ability. We have also added new members to the management team. With their skills we are well-positioned to deal with future challenges, and we are particularly pleased that we now also have an equal number of men and women on the executive management team. We want to be proactive in promoting gender equality in the property industry and have therefore joined three other major companies and signed an agreement with the AllBright Foundation, thereby committing to completing a four-step programme to further improve gender equality and become role models in the industry.



Kerstin Lindberg Göransson
President

Business intelligence and market analysis:

Attractive property market

Market conditions for facilities for higher education and research are robust. Population growth and a strong economy with low interest rates are driving demand on the property market.

TRENDS

The focus remains on politics in 2017, with several elections in Europe, the newly elected president in the US and the ongoing negotiations for Britain's exit from the EU. There is uncertainty regarding fiscal and trade policies and greater emphasis is being placed on what the central banks say and do about the time horizon for the exceptionally loose monetary policy. Economic data in the US have generally performed well, and falling unemployment and rising inflation in particular have contributed to the recent rate hike at the March meeting of the Federal Reserve, in line with market expectations. The fixed income market is currently pricing in two more rate hikes in 2017. In Europe in general, but in Sweden in particular, the trend has also been relatively good. Swedish inflation rose to the target of two per cent in February, though largely due to temporary price effects. In March, inflation fell and deviated once again from the target as expected once the temporary effects subsided. The Riksbank and the ECB have retained their monetary stimulus at the same level during the quarter and the focus is on underlying inflation, which excludes temporary price changes. Growth has been accelerating in Sweden since 2013, but the uncertainty relating to fiscal and trade policies has an impact on the forecast for the continued GDP trend.

FIXED INCOME MARKET

Long-term interest rates rose in the US after the presidential election because of expectations of fiscal stimulus measures that would encourage increased economic activity. Since January, however, uncertainty relating to fiscal policy has grown, as reflected by the trend in the fixed income market. Both the Swedish and international fixed income markets have been relatively stable, albeit with fluctuations mainly attributable to political events. The risk in the fixed income market is expected to continue as asymmetric, with increasing risk of rising long-term interest rates based on the current low interest rate environment and relatively strong economy.

At the same time, the marginal utility of further monetary stimulus is deemed to be limited. The monetary policy in Europe, combined with the favourable economy and interest rate hikes in the US pose a challenge when determining value in financial markets.

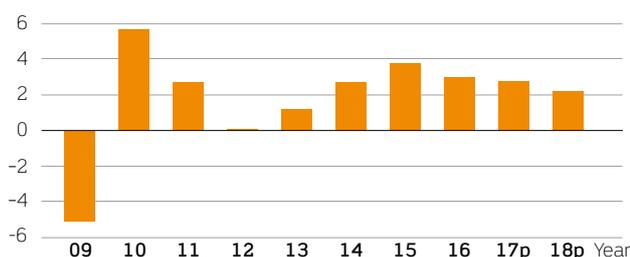
PROPERTIES – STILL AN ATTRACTIVE SEGMENT

Market conditions in Sweden, including high population growth, public sector investments and major investments in new construction make Swedish properties attractive investments. The risk-adjusted return on properties in Sweden is now higher than in any other European property market. The transaction volume for the first quarter amounted to about SEK 35 billion, an increase of SEK 6 billion compared with the same period last year. Retail properties represented the largest share of the transaction volume, followed by office buildings and residential properties. Completed transactions demonstrate a continued declining yield requirement, especially in urban areas. Interest in the community property sector, of which higher education and research facilities are a sub-segment, remains high among property investors.

HIGH DEMAND FOR PREMISES

Rents across the country are rising in pace with the economy. The long-term trend continues and tenants are demanding modern, space-efficient and environmentally friendly premises that meet high technical standards. Stockholm's office building market is one of the strongest in Europe, with low vacancy levels and record-high rents. The vacancy rates in central Gothenburg and Malmö are largely unchanged compared with the previous quarter. Most property companies expect office rents to rise in major cities, in part because of planned modernisation of property holdings. Demand and international competition are driving the trend towards full-scale campuses with services, housing, public transportation and an integrated business community.

GDP GROWTH IN SWEDEN, AFFECTED BY UNCERTAINTY RELATING TO FISCAL AND TRADE POLICY, %



Source: National Institute of Economic Research (NIER)

CONTINUED LOW INTEREST RATES, %



— Mortgage bonds, 5 years — Government bonds, 5 years
— STIBOR 3 months

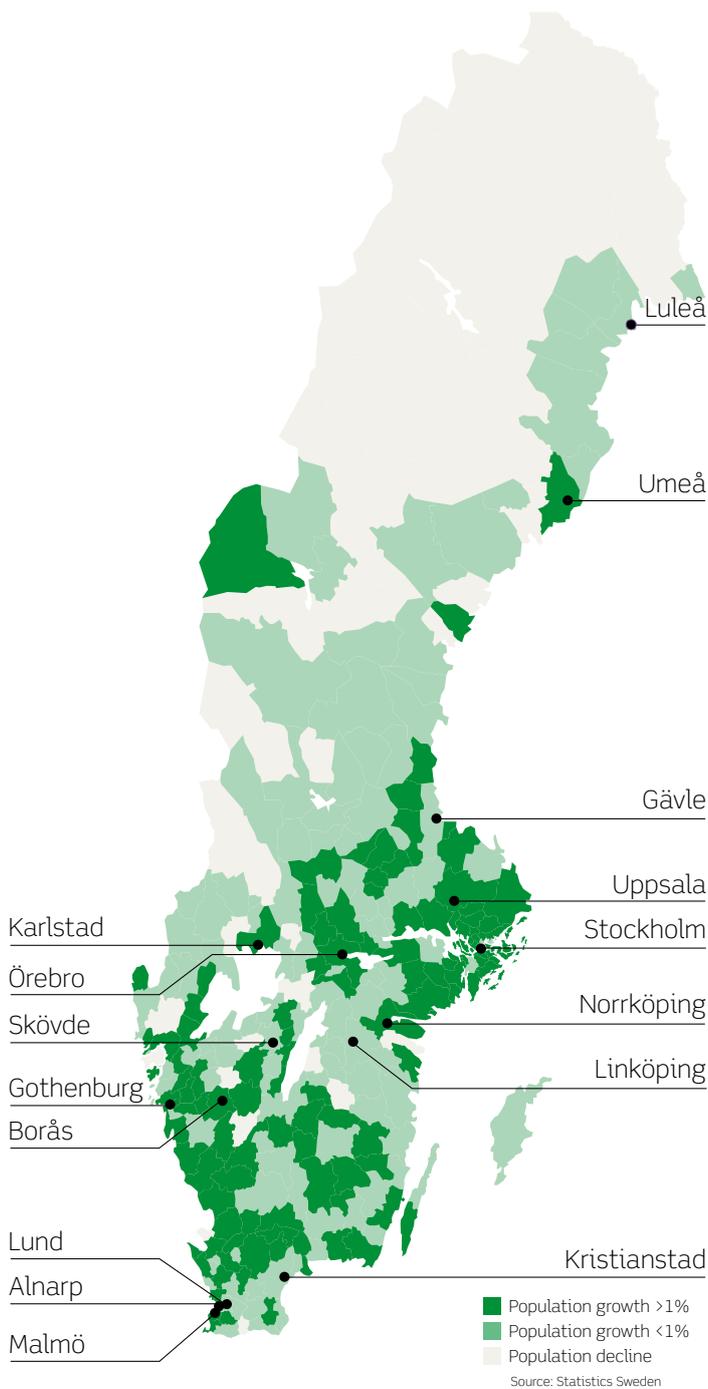
AKADEMISKA HUS CAN BE FOUND IN

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COLLEGE AND UNIVERSITY CITIES

Presence in cities with good growth

Akademiska Hus has a 60 per cent market share of premises for higher education and research, which means it is the single largest participant in this segment. The total property value of Akademiska Hus' holdings is SEK 74 billion, with 95 per cent located in university cities and 5 per cent in college towns.



■ Population growth >1%
■ Population growth <1%
■ Population decline
 Source: Statistics Sweden

Market share, per city/town

Fair value and area

Largest centres of education

Stockholm



SEK **33** billion
888,000 m²

Stockholm University
Karolinska Institutet
Royal Institute of Technology

Gothenburg



SEK **7** billion
352,000 m²

University of Gothenburg
Chalmers University of Technology

Uppsala



SEK **13** billion
593,000 m²

Uppsala University
Swedish University of Agricultural Sciences, Ultuna

Market share, per city/town

Fair value and area

Largest centres of education

Lund



SEK **7** billion
359,000 m²

Lunds University

Umeå



SEK **3** billion
231,000 m²

Umeå University
Swedish University of Agricultural Sciences, Umeå

Linköping



SEK **3** billion
225,000 m²

Linköping University

● Akademiska Hus

Source, Market share 2016: Swedish National Financial Management Authority

Our operations

Akademiska Hus creates value through long-term, resource-efficient property management. During the quarter, the Company decided to invest in order to increase the number of student housing units and introduced a new organisation to increase development capacity.

Akademiska Hus conducts business throughout Sweden. To strengthen our future development capacity and to increase customer value, a new organisational structure was introduced on 1 January 2017. Departing from the previous regional division and using our core processes instead allows us to apply our collective expertise while being more resource efficient and creating value. A collective management organisation is complemented by a project organisation and three geographic units that are responsible for campus and business development.

Efficiency, uniform processes and a strong focus on innovation and development provide a good foundation for further work creating competitive knowledge environments



PROPERTY MANAGEMENT

Akademiska Hus manages properties that mainly consist of research and education facilities for colleges and universities. Through long-term, resource efficient management in which we continually maintain, repair and customise the properties we increase the value of our property portfolio.

Sustainable property management

The property management division is dedicated to sustainability, where two important elements are operational optimisation and energy efficiency. Akademiska Hus has set high goals – for example, we will cut energy consumption in half by 2025 (relation to the baseline in 2000), while at the same time we have the long-term objective of CO₂-free operation. Reducing energy consumption, but also increasing the ability to use energy at the right time are key elements in reducing both environmental impact and operating

costs. To achieve this, we operate proactively to implement improvements in cooperation with both tenants and suppliers. A number of innovation projects are also underway in cooperation with customers in these areas.

High-quality property management

Providing high-quality property management is fundamental for our customers to be able to optimally conduct their business. High digital expertise enables us to develop our processes. For example, our facilities engineers have streamlined their procedures by installing remote control systems in the properties.



CAMPUS AND BUSINESS DEVELOPMENT

Campus development is a key issue for us at Akademiska Hus. In collaboration with Sweden's centres of education we take full responsibility and contribute with our expertise and know-how in the development of tomorrow's attractive and sustainable knowledge environments.

Integrated approach increasingly important

Demand and international competition are driving the trend towards full-scale campuses with services, housing, public transportation and an integrated business community. A vibrant campus adds value for students, colleges and universities as well as the surrounding community. Ultimately, the students and graduate choose where they wish to pursue their studies or research. This choice affects demand and consequently the potential for centres of education and Akademiska Hus to implement important investments.

case

Innovation arena at Chalmers University of Technology

As part of Johanneberg Science Park, Akademiska Hus is building JSP2 - a new office building and innovation arena - on the Chalmers Johanneberg Campus. Akademiska Hus is investing about SEK 380 million in the project to further strengthen the area, which is a research and innovation environment that meets international standards.

JSP2 (Johanneberg Science Park phase 2) will be used as an office building and an innovation arena, both during the construction process and moving forward. Several parties will pursue innovative projects here, including the building which will be a test and demonstration arena.

Akademiska Hus has high ambitions for the building regarding the environment, technology and function. Based on the Company's innovation strategy, three innovation challenges have been formulated for JSP2: "flexible and digital learning environments and workplaces", "value-adding meeting places" and "a climate-friendly and resource-efficient building with a low CO₂ footprint".



Strategic campus development in cooperation

Akademiska Hus' extensive experience and collaboration with customers are key factors for campus development. To ensure that the campus offers a sustainable environment, Akademiska Hus has developed a sustainability model that addresses a series of issues related to vibrant and attractive campuses. Innovative campus development solutions that lead to economically, ecologically and socially sustainable environments are encouraged. The model is designed with a special focus on the needs of centres of education and their activities. Areas included are architectural aspects, energy, diversity, accessibility and security. Student housing is also a key component that is always included in long-term campus planning.



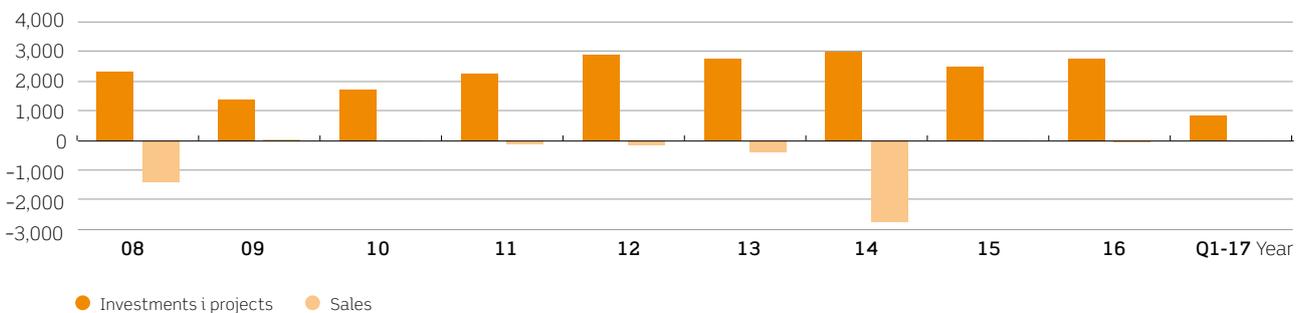
PROJECTS

The ability to coordinate and conduct collaboration processes is the key to success for project operations at Akademiska Hus. The project portfolio is valued at approximately SEK 17 billion and projects range from minor renovations to new advanced research facilities. The projects division focuses on improving cost efficiency, expertise and experience transfer in order to leverage the aggregate abilities of the organisation.

Sustainably construction as a competitive advantage

All of our projects are developed to permit long-term management, which provides us with excellent opportunities to invest in sustainable and innovative solutions. By setting clear project requirements for the entire construction process, we can deliver a product of the right quality according to a common vision. The reduction in energy consumption that the property management organisation can achieve depends in part on how the property is built. In new construction projects, and regularly throughout the lifetime of each building, we ensure that it has well-adapted and energy-efficient systems and maintenance solutions. Designing energy-efficient buildings and exploring opportunities to use excess energy between adjacent buildings, are important pieces of the puzzle that help to reduce the need for providing energy.

AKADEMISKA HUS PROJECT DEVELOPMENT PORTFOLIO 2008-2017, SEK M



The table shows annual investments in projects from 2008 to the first quarter of 2017 and on average, Akademiska Hus has maintained an investment rate of about SEK 2.5 billion per year. The company has invested a total of approximately SEK 40 billion in new construction as well as in redevelopment and extensions since 1993. The table also shows sales completed during the same period.

Consolidated income statement

CONSOLIDATED INCOME STATEMENT, SUMMARY, SEK M

	2017 Jan.-March	2016 Jan.-March	Rolling 12-months April 2016- March 2017	2016 Full year
Rental revenue	1,409	1,382	5,509	5,482
Other property management income	71	48	207	184
Total property management income	1,480	1,430	5,716	5,666
Operating costs	-235	-233	-768	-764
Maintenance costs	-123	-131	-678	-686
Property administration	-69	-68	-295	-294
Other property management expenses	-60	-51	-264	-255
Total costs from property management	-487	-483	-2,005	-1,999
NET OPERATING INCOME	993	947	3,711	3,667
Central administration costs	-17	-18	-84	-85
Net interest income/expense	-60	-82	-286	-308
PROFIT BEFORE CHANGES IN VALUE AND TAXES¹	915	847	3,341	3,274
Change in value, properties	902	308	4,276	3,682
Change in value, financial instruments	-80	-164	-157	-241
PROFIT BEFORE TAX	1,737	991	7,460	6,715
Tax	-391	-236	-1,721	-1,566
PROFIT FOR THE PERIOD	1,346	755	5,739	5,149
Of which attributable to the shareholder in the Parent Company	1,346	755	5,739	5,149
PROFIT PER SHARE				
Profit per share, SEK	630	354		
Profit per share after dilution, SEK	630	354		
Number of shares, average and at the period-end	2,135,000	2,135,000		

Consolidated statement of comprehensive income

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, SUMMARY, SEK M

	2017 Jan.-March	2016 Jan.-March	Rolling 12-months April 2016- March 2017	2016 Full year
Profit for the period	1,346	755	5,739	5,149
Reclassifiable items				
Profit/loss from cash flow hedges	-10	-1	43	52
Tax attributable to cash flow hedges	2	—	-10	-12
Cash flow hedges, dissolved against profit and loss	—	1	—	1
Non-reclassifiable items				
Revaluation of defined benefit pensions	—	—	-24	-24
Tax attributable to pensions	—	—	5	5
TOTAL, OTHER COMPREHENSIVE INCOME FOR THE PERIOD	-8	0	14	22
COMPREHENSIVE INCOME FOR THE PERIOD	1,338	755	5,753	5,171
Of which attributable to the shareholder in the Parent Company	1,338	755	5,753	5,171

1) There is a new heading under the income statement. Changes in value are reported separately See also note 1.

Comment: Operating profit

Profit for the first quarter of the year was SEK 1,346 million, an increase of SEK 591 million on the same period in 2016. This increase is mainly attributable to a substantial increase in the fair value of the property holdings compared with the same period last year. The underlying net operating income of the property operations is essentially unchanged.

RENTAL REVENUE

During the first quarter of the year property management income increased by SEK 27 million and amounted to SEK 1,409 million (1,382), primarily attributable to completion of new buildings.

The single largest item relates to the Royal College of Music, SEK 11 million, which was completed during the third quarter of 2016.

Other property management income amounted to SEK 71 million (48), an increase of SEK 23 million. This increase relates to an additional consideration of SEK 25 million attributable to a sale dating back to 2010.

LEASING LEVEL

The leasing level is unchanged compared with the last quarter.

Vacant space totals 123,000 square metres, which is 3.9 per cent (3.9) of our total rentable area of 3.2 million square metres.

The vacancies relate to space with a distinctly lower rental value than the average for the holdings. In terms of value, the vacant space amounts to SEK 0.9 per cent (0.9) of our total revenue. The largest individual blocks of vacant space can be found on the Ultuna Campus and amount to about 78,000 square metres. One reason is that Klinikcentrum (the Clinical Centre), approximately 30,000 m², is essentially vacant after tenants moved to the Centre for Veterinary Medicine and Animal Science (VHC).

OPERATING AND MAINTENANCE COSTS

Expenses for operation and maintenance amounted to SEK 358 million (364), which is a marginal decrease compared with the previous year. This decline is primarily attributable to lower costs for tenant adaptation for customers. Operating costs included media provision of SEK 164 million (170), equivalent to SEK 158/m² (162). Lower media costs are largely the result of continued energy efficiency initiatives.

Total maintenance costs fell slightly and amounted to SEK 123 million (131). Underlying maintenance is usually essentially unchanged, while the cost of maintenance projects varies from year to year. The results for both 2016 and 2017 include large items

such as the renovation of the Stockholm University library in 2016, SEK 59 million, and the renovation of the A-house in 2017, SEK 63 million.

ADMINISTRATION AND PROPERTY MANAGEMENT EXPENSES

Administration costs primarily relate to property and central administration and totalled SEK 69 million (68) and SEK 17 million (18), respectively, which is essentially unchanged from the corresponding period in 2016. Payroll expenses declined compared with 2016 due to our reorganisation, while an unchanged method of reporting our project expenses resulted in a corresponding increase. As a result of accounting changes, a larger share of staff costs that were previously attributed to projects will now be expensed.

Other property management expenses increased by SEK 9 million and totalled SEK 60 million (51), due in its entirety to increased site leasehold charges after renegotiation with the City of Stockholm.

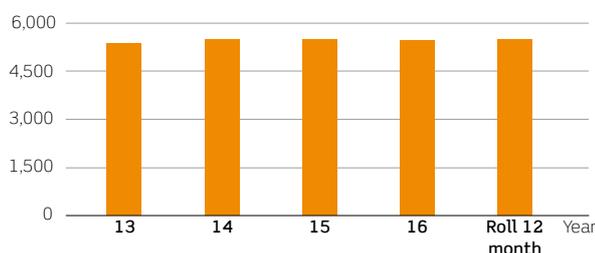
CHANGES IN VALUE

The fair value of the Group's property holdings was set using an internal property valuation that is benchmarked annually against external value statements. As of 31 March 2017, changes in property values with an impact on profit totalled SEK 902 million (308), corresponding with 1.2 per cent (0.5) of the value of the properties.

Most of this increase (71 per cent) relates to the lower yield requirement on several of the major sub-markets. The average yield requirement was 5.5 per cent (5.6). The remaining change in value is attributable to projects in progress, renegotiated leases and other factors affecting value.

The largest increase in value was noted in the Greater Stockholm region and the Mid-Sweden market area. In all, 0.8 percentage points of the change in value relates to Mid-Sweden and is generally attributable to large reductions of yield requirements compared with smaller sub-markets, as well as a larger proportion of project properties.

RENTAL REVENUE, SEK M



NET OPERATING INCOME AND NET OPERATING INCOME RATIO, SEK M AND %



NET INTEREST INCOME/EXPENSE TREND

In order to clarify the composition of financing costs, Akademiska Hus adopted a new accounting policy for recognition of financing costs in the income statement as of January 1, 2017. In the past, net financial items that included unrealised changes in value of derivatives were recognised and now net interest income, which excludes these changes in value, is recognised instead. The changes in the value of financial derivatives are presented on a separate line in the income statement. However, the calculation of our total financing cost is not affected by these accounting changes.

Financing cost

The total financing cost for the period was SEK -140 million (-246), of which SEK -80 million (-164) relates to changes in the value of financial derivative instruments. Of the changes in value, SEK -96 million (-103) related to unrealised change in value and SEK 16 million (-61) relate to realised change in value.

The total financing cost, including changes in value, corresponds to an interest cost of 2.03 per cent (3.96) where the changes in value correspond to an increase in interest expense of 1.07 percentage points (2.47). Interest-bearing net loan liability increased by SEK 107 million since the beginning of the year and amounted to SEK 27,069 million. The interest coverage ratio was 712 per cent (771).

FINANCING COST, BREAKDOWN

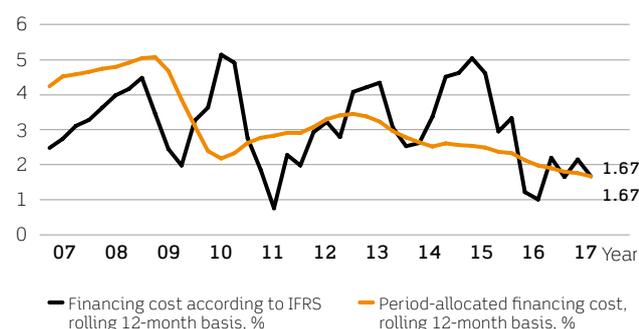
	1 Jan. 2017- 31 March 2017	1 Jan. 2016- 31 March 2016	1 Jan. 2016- 31 Dec. 2016
Loan financing cost, including charges, %	0.70	0.98	0.83
Interest swaps, net interest, %	0.26	0.51	0.47
Financing cost, %	0.96	1.49	1.30
Changes in value, financial derivatives, %	1.07	2.47	0.85
Total financing cost, %	2.03	3.96	2.15

Effect of financial derivatives on profit

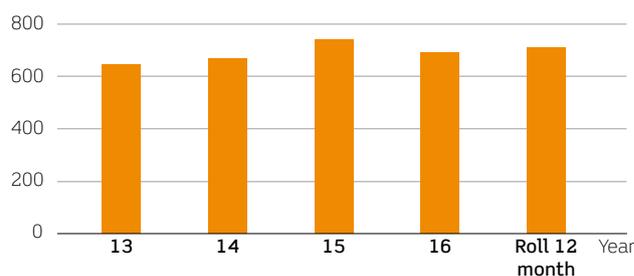
Interest rate derivatives that are not used for hedging purposes are reported at market value (fair value) and variations in market value are recognised in net interest income and expense. Interest derivatives are mainly entered into with the aim of extending the fixed interest period in the liability portfolio, which largely consists of financing at variable interest rates. Falling interest rates entail a negative impact on profit from these interest rate derivatives; the opposite is true when interest rates rise. The changes in value relate to the changed current value of future cash flows from interest rate derivatives, at prevailing interest rates. Consequently, these do not have any immediate effect on cash flow, as long as they remain unrealised. Certain interest rate derivatives are closed and settled on an ongoing basis (monthly or quarterly) and replaced with new ones, which means that profits are continuously realised. Falling interest rates, combined with interest rate derivatives for purposes of extension, mean that interest expense will be higher than if the extension had not been implemented. However, the lower interest rate can be used when refinancing and with sales of fixed interest at a later date. As time passes, no surplus or deficit values of interest rate derivatives will remain at maturity.

The currency and interest risks that arise in conjunction with long-term financing, usually bonds in foreign currency, are hedged with currency-interest rate swaps. The changes in value for each instrument can be attributed to changes in both exchange rates and interest rates. Hedge accounting is applied for these forms of financing, where only the inefficiencies that arise due to different valuation practices are recognised in the income statement.

COMPARISONS, DIFFERENT CALCULATIONS OF FINANCING COSTS, ROLLING 12 MONTH BASIS, %



INTEREST COVERAGE RATIO, %



Consolidated balance sheet

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, SUMMARY, SEK M

	31 March 2017	31 March 2016	31 Dec. 2016
ASSETS			
Non-current assets			
Tangible non-current assets			
Properties	74,763	67,351	73,013
Equipment, fixtures and fittings	10	13	11
Total tangible, non-current assets	74,773	67,364	73,024
Financial assets			
Derivatives	2,007	1,828	2,172
Other non-current receivables	269	363	223
Total financial assets	2,276	2,191	2,395
Total non-current assets	77,049	69,555	75,419
Current assets			
Current receivables			
Derivatives	212	230	215
Other current receivables	1,450	1,941	1,426
Total current receivables	1,662	2,171	1,641
Cash and cash equivalents			
Cash and cash equivalents	5,491	6,271	5,370
Total cash and cash equivalents	5,491	6,271	5,370
Total current assets	7,153	8,442	7,011
TOTAL ASSETS	84,202	77,997	82,430
EQUITY AND LIABILITIES			
Equity	35,490	31,027	34,152
LIABILITIES			
Non-current liabilities			
Loans	21,303	20,565	22,805
Derivatives	649	797	632
Deferred tax	10,243	8,898	9,982
Other non-current liabilities	542	456	554
Total non-current liabilities	32,737	30,716	33,973
Current liabilities			
Loans	11,961	10,133	9,951
Derivatives	83	389	58
Other current liabilities	3,931	5,732	4,296
Total current liabilities	15,975	16,254	14,305
Total liabilities	48,712	46,970	48,278
TOTAL EQUITY AND LIABILITIES	84,202	77,997	82,430

Comment: Balance sheet

PROPERTIES

As of 31 March 2017 the fair value of Akademiska Hus' property holdings totalled SEK 74,763 million, an increase of SEK 1,750 million (including investments) and 2.4 per cent compared with 31 December 2016. The change in value with an impact on profit was SEK 902 million (308) and the remaining change relates to net investments.

The fair value was calculated by means of an internal property valuation covering all the Company's properties. The value is affected by property-specific conditions such as net operating income, rent levels, vacancy levels, lease term and type of premises. The general increase in prices on the market and demand for community properties is reflected in the valuation by the reductions in yield requirement and cost of capital. The average yield require-

ment was 5.5 per cent (0.1), a decline of 0.1 percentage points since 1 January.

Akademiska Hus engages external rating agencies to verify the yield requirement and fixed costs on a quarterly basis to ensure that market rates are applied in the internal valuation. A selection of property portfolio is also valued externally each year. External valuations are used as a benchmark for the internal valuation, thereby strengthening its reliability.

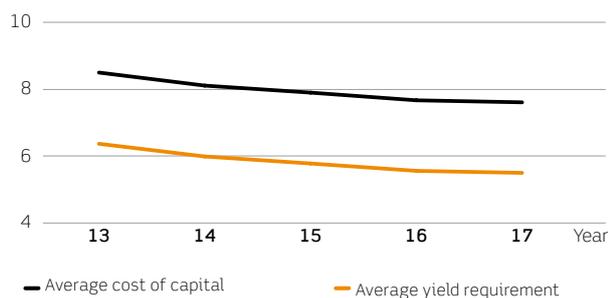
All property valuation includes assessments that are associated with a certain degree of uncertainty. A normal uncertainty range in conjunction with a property valuation is +/- five to ten per cent, which would be equivalent to approximately SEK +/- 3,700-7,500 million in the Akademiska Hus portfolio.

PROPERTIES 31 MARCH 2017

(incl. new construction in progress and capitalised interest expense)

Change in property holdings, in SEK m	31 March 2017	31 March 2016	31 Dec. 2015
OPENING FAIR VALUE	73,013	66,575	66,575
+ Investment in new construction and redevelopment	848	468	2,836
+ Acquisitions	—	—	—
- Sales	—	—	-46
+/- Change in fair value	902	308	3,647
Of which change in value due to a change in the cost of capital and yield requirement	636	—	2,435
Of which other change in value	266	308	1,212
CLOSING FAIR VALUE	74,763	67,351	73,013

YIELD REQUIREMENTS AND COST OF CAPITAL, %



CHANGE IN VALUE BY SEGMENT

Segment	Change in value, %	Contribution to change in value, percentage points
South	1.8	0.4
Mid-Sweden	3.2	1.6
North	1.4	0.4
Total		2.4

CHANGES IN FINANCING

As a result of the Riksbank's and the ECB's bond purchasing programmes, credit spreads in the bond market continued to narrow slightly from last year. Akademiska Hus has seen continued interest from foreign investors, and the debt portfolio was further diversified during the quarter towards the Asian market. Two further bond issues totalling SEK 750 million were carried out during the quarter under the EMTN programme. Both contributed to increased diversification in terms of maturity. Akademiska Hus has also seen favourable activity in the short-term financial markets, and liquidity was maintained at an acceptable level to be able to meet both fluctuations in payment flows and the requirements set by the rating agencies for Akademiska Hus.

Net loan liability

Maturity was maintained at a steady level. The fixed interest period increased somewhat, accomplished in part through expanded long-term financing.

Debt management focuses on continuing to fine-tune the interest rate risk in the debt portfolio to effective periods, where interest rate derivatives continue to be an important tool.

SEK M	1 Jan. 2017- 31 March 2017	1 Jan. 2016- 31 March 2016	1 Jan. 2016- 31 Dec. 2016
Loans	-33,265	-30,698	-32,757
Derivatives - liabilities	-693	-1,186	-690
Collateral for derivatives	-1,386	-1,432	-1,762
Cash and cash equivalents	5,490	6,271	5,369
Other current receivables	557	945	492
Derivatives receivables	2,228	2,058	2,386
Total net loan liability	-27,069	-24,042	-26,962

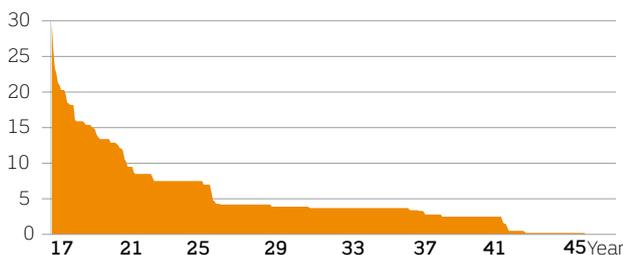
Fixed interest period and maturity

In a normal situation, financial markets price in long-term fixed interest periods and maturities at higher risk premiums. The objective of risk management is therefore to balance the additional costs of long-term fixed interest periods and maturities, and thus limit uncertainty, against savings of more short-term fixed interest periods and maturities, where greater uncertainty is accepted.

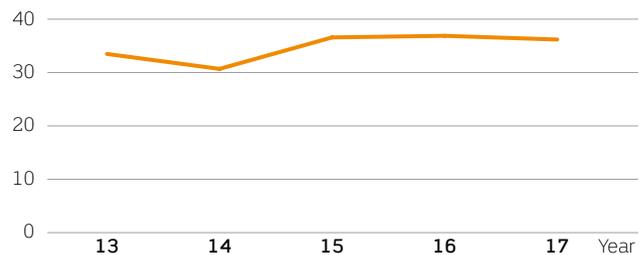
- Basic portfolio – ECP, commercial papers, loans, bonds and interest rate derivatives
- Long-term portfolio – bonds with fixed interest and maturity terms in excess of 15 years
- Index-linked bond portfolio – bonds linked to the real interest rate.

	Fixed interest, years, Mar. 2017	Fixed interest, years, Dec. 2016	Maturity, years, Mar. 2017	Maturity, years, Dec. 2016
Basic portfolio	5.4	4.7	2.6	2.3
Non-current portfolio	23.4	23.7	23.4	23.7
Index-linked bond portfolio	5.5	5.8	5.5	5.8
Total portfolio	7.8	7.2	5.4	5.2

DEBT MATURITY STRUCTURE, SEK BN



LOAN-TO-VALUE RATIO, %



MANAGEMENT PROJECTS

The project portfolio with decided and planned projects totalled SEK 17,000 million, of which SEK 5,600 million has already been invested in ongoing projects. In addition, the project portfolio contains a number of concept projects worth SEK 9,700 million. Concept projects refer to projects deemed probable, but that are uncertain in time and scope. The project portfolio refers to future investments over several years, with an emphasis on the Stockholm and Uppsala regions, where there are several large new construction and renovation projects.

Of the large projects (over SEK 100 million), Biomedicum and Albano are the two largest with planned completion in 2018 and 2021, respectively. Compared with the previous quarter, the KI student housing project for graduate students and the Johanneberg Science Park innovation project have now been approved.

PROJECT PORTFOLIO

SEK m	31 Mar. 2017	31 Dec. 2016
Decided projects	14,500	13,400
Planned projects	2,500	3,300
DECIDED AND PLANNED PROJECTS	17,000	16,700
Of which already invested in current projects	-5,600	-4,800
REMAINDER OF DECIDED AND PLANNED PROJECTS	11,400	11,900
Concept projects	9,700	7,600
TOTAL REMAINING PROJECTS	21,100	19,500
Total excl. previous investments	26,700	24,300

The different investments are categorised as:

- Decided projects.
- Planned projects - have an inquiry or planning framework, where some form of agreement exists between the Company and the tenant.
- Concept projects - projects likely to be carried out within five years.

DECIDED PROJECTS

Location	Property	Total investment, SEK m	Accrued, SEK m	Percentage accrued, %	Additional floor space, m ²	Expected completion	Customer
Stockholm	Albano	3,249	176	5	41,600	Oct-21	Stockholms University
Stockholm	Biomedicum	2,706	1,693	63	49,000	Apr-18	Karolinska Institutet
Stockholm	Biomedicum - Comparative Medicine	999	682	68	11,000	Dec-17	Karolinska Institutet
Uppsala	Segerstedt Building	715	587	82	17,400	May-17	Uppsala University
Gothenburg	Humanisten	668	100	15	12,100	Dec-19	University of Gothenburg
Stockholm	KI graduate student housing	434	4	1	15,500	Aug-19	Karolinska Institutet
Linköping	Valla Student Building	444	44	10	13,500	July-19	Linköpings University
Stockholm	Student housing Teknikringen	400	80	20	8,900	March-19	Akademiska hus
Gothenburg	Johanneberg Science Park 2	381	23	6	9,600	Aug-19	Akademiska hus
Gothenburg	Built Environment Project	363	232	64	20,600	Aug-17	Chalmersfastigheter
Stockholm	Lab of the Future	332	102	31	0	Nov-18	Karolinska Institutet
Umeå	MBC	288	77	27	1,800	March-20	Umeå University
Stockholm	Police programme, Södertörn	284	140	49	5,400	Dec-17	Södertörn University
Stockholm	A House	241	91	38	900	Dec-17	Akademiska hus
Luleå	Luleå A-House renovation	241	133	55	0	Dec-17	Luleå University of Technology
Stockholm	ABE School	185	143	77	4,500	Aug-17	Royal Institute of Technology
Umeå	Police training programme, Umeå University	174	75	43	5,000	Dec-17	Umeå University
Stockholm	Education Building	156	107	69	2,800	July-17	Royal Institute of Technology
Uppsala	Humanities Theatre	129	109	84	2,300	Apr-17	Uppsala University
Stockholm	EES School	123	27	22	0	Oct-17	Royal Institute of Technology
Stockholm	GIH swimming centre	118	8	7	0	Dec-18	City of Stockholm
Stockholm	Parking facility, Campus Solna	105	90	86	16,600	Dec-17	Akademiska hus
Projects under SEK 100 million		1,765	877	50			
TOTAL		14,500	5,600		238,500		

Changes in group equity

CHANGES IN GROUP EQUITY IN BRIEF, SEK M	Attributable to the Parent Company's shareholder					Total equity
	Share capital	Other contributed capital	Hedge reserve	Actuarial profit and loss	Retained earnings brought forward	
EQUITY, 1 JAN. 2016	2,135	2,135	-32	40	25,993	30,271
Total comprehensive income, Jan.-March 2016	—	—	1	—	755	756
EQUITY, 31 MARCH 2016	2,135	2,135	-31	40	26,748	31,027
Dividends ¹	—	—	—	—	-1,290	-1,290
Total comprehensive income, April-Dec. 2016	—	—	40	-18	4,393	4,415
EQUITY, 31 DEC. 2016	2,135	2,135	9	22	29,851	34,152
Total comprehensive income, Jan.-March 2017	—	—	-8	—	1,346	1,338
EQUITY, MARCH 31, 2017	2,135	2,135	1	22	31,197	35,490

1) Dividend of SEK 1,290,000,000 was authorised by the Annual General Meeting on 28 April 2016.

Consolidated statement of cash flows

CONSOLIDATED STATEMENT OF CASH FLOWS, SUMMARY, SEK M

	2017 Jan.-March	2016 Jan.-March	2016 Full year
CURRENT OPERATIONS			
Profit before tax	1,737	991	6,715
Adjustment for items not included in the cash flow	-815	-130	-4,106
Tax paid	-101	-101	-335
CASH FLOW FROM CURRENT OPERATIONS BEFORE CHANGES IN WORKING CAPITAL	821	760	2,274
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Increase (-)/decrease (+) in current receivables	-39	-652	-156
Increase (+)/decrease (-) in current liabilities	-397	—	603
CASH FLOW FROM CURRENT OPERATIONS	385	108	2,721
INVESTMENTS			
Investment in properties	-826	-449	-2,761
Sale of properties	—	—	103
Investment in other non-current assets	-1	-1	-2
Increase in non-current receivables	—	-14	—
Decrease in non-current receivables	116	—	112
CASH FLOW FROM INVESTMENTS	-711	-464	-2,548
FINANCING ACTIVITIES			
Raising of interest-bearing loans, excluding refinancing	447	2,322	4,183
Dividend paid	—	—	-3,290
CASH FLOW FROM FINANCING	447	2,322	893
CASH FLOW FOR THE PERIOD	121	1,966	1,066
Opening cash and cash equivalents	5,370	4,305	4,305
Closing cash and cash equivalents	5,491	6,271	5,370

Comment: Statement of cash flows

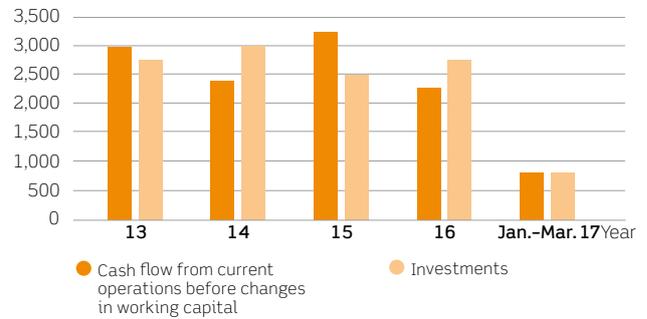
Cash flow from current operations before changes in working capital totalled SEK 821 million (760). The impact of investment in properties on cash flow was SEK 826 million (449).

Cash flow related to financing activities declined by SEK 1,875 million to SEK 447 million (2,322). During the previous year new loans were taken for payment of the remaining special dividend to shareholders, which took place in April, 2016. Total cash flow for the year amounted to SEK 121 million (1,966).

CASH FLOW AND INVESTMENTS

Total cash flow from current operations before changes in working capital during the period January 2013 to March 2017 was SEK 11,743 million. Investments during the same period totalled SEK 11,859 million. The table shows that cash flow from current operations is reinvested in its entirety in new construction as well as in redevelopment and extensions of existing holdings.

CASH FLOW AND INVESTMENTS, SEK M



Consolidated segments

THE GROUP'S GEOGRAPHICAL SEGMENTS IN BRIEF

SEGMENT INFORMATION¹

1 JAN. 2017 – 31 MARCH 2017, SEK M

	South ²	Mid-Sweden ³	North ⁴	Total, operating segments	Other operations ⁵	Group
Revenue, including other operating revenue	428	660	392	1 480	—	1 480
Property management costs, including other operating costs	-117	-217	-115	-449	-38	-487
NET OPERATING INCOME	311	443	277	1 031	-38	993
Central administration costs						-17
Net interest income/expense						-60
PROFIT BEFORE CHANGES IN VALUE AND TAXES⁶						915
Change in value, properties						902
Change in value, financial instruments						-80
PROFIT BEFORE TAX ACCORDING TO THE STATEMENT OF COMPREHENSIVE INCOME						1,737
Total assets include:						
Properties	17,687	38,176	18,900	74,763	—	74,763
of which invested during the year	129	575	122	826	—	826

SEGMENT INFORMATION¹

1 JAN. 2016–31 MARCH 2016, SEK M

	South ²	Mid-Sweden ³	North ⁴	Total, operating segments	Other operations ⁵	Group
Revenue, including other operating revenue	396	643	391	1,430	—	1,430
Property management costs, including other operating costs	-130	-209	-107	-446	-37	-483
NET OPERATING INCOME	266	434	284	984	-37	947
Central administration costs						-18
Net interest income/expense						-82
PROFIT BEFORE CHANGES IN VALUE AND TAXES⁶						847
Change in value, properties						308
Change in value, financial instruments						-164
PROFIT BEFORE TAX ACCORDING TO THE STATEMENT OF COMPREHENSIVE INCOME						991
Total assets include:						
Properties	16,361	33,626	17,364	67,351	-	67,351
of which invested during the year	62	235	152	449	-	449

SEGMENT INFORMATION¹

1 JAN. 2016–31 DEC. 2016, SEK M

	South ²	Mid-Sweden ³	North ⁴	Total, operating segments	Other operations ⁵	Group
Revenue, including other operating revenue	1 587	2 568	1 511	5,666		5,666
Property management costs, including other operating costs	-516	-875	-421	-1,812	-187	-1,999
NET OPERATING INCOME	1 071	1 693	1 090	3,854	-187	3,667
Central administration costs						-85
Net interest income/expense						-308
PROFIT BEFORE CHANGES IN VALUE AND TAXES⁶						3,274
Change in value, properties						3,682
Change in value, financial instruments						-241
PROFIT BEFORE TAX ACCORDING TO THE STATEMENT OF COMPREHENSIVE INCOME						6,715
Total assets include:						
Properties	17,379	36,988	18,646	73,013	—	73,013
of which invested during the year	362	1,615	784	2,761	—	2,761

1) Commencing on January 1, 2017, reporting on Akademiska Hus' operating segments are divided into North, Mid-Sweden and South. They were previously divided into six regions.

2) South: Lund, Alnarp, Malmö, Kristianstad, Karlstad, Skövde, Gothenburg, Borås

3) Mid Sweden: Stockholm, Linköping, Norrköping, Örebro

4) North: Uppsala, Gävle, Umeå, Luleå

5) Other operations' refer to operations that are not attributable to the respective segment.

6) There is a new heading. Changes in value are reported separately. See also Note 1

Parent Company income statement

PARENT COMPANY INCOME STATEMENT, SUMMARY, SEK M

	2017 Jan.-March	2016 Jan.-March	2016 Full year
Rental revenue	1,409	1,382	5,482
Other property management income	71	48	220
Total property management income	1,480	1,430	5,702
Operating costs	-235	-232	-762
Maintenance costs	-123	-131	-686
Property administration	-67	-70	-283
Other property management expenses	-60	-52	-246
Total costs from property management	-485	-485	-1,977
NET OPERATING INCOME	995	945	3,725
Central administration costs	-17	-18	-85
Depreciation and impairment as well as reversed impairment in property management	-289	-325	-1,040
PROFIT BEFORE FINANCIAL ITEMS	689	602	2,600
Net financial income/expense	-162	-265	-625
PROFIT AFTER FINANCIAL ITEMS	527	337	1,975
Appropriations	—	—	-175
PROFIT BEFORE TAX	527	337	1,800
Tax	-125	-92	-485
PROFIT FOR THE PERIOD	402	245	1,315

Parent Company statement of comprehensive income, summary

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME, SUMMARY SEK M

	2017 Jan.-March	2016 Jan.-March	2016 Full year
Profit for the period	402	245	1,315
Reclassifiable items			
Profit/loss from cash flow hedges	-8	1	52
Tax attributable to cash flow hedges	—	—	-12
Cash flow hedges, reclassified to the income statement	—	—	1
TOTAL, OTHER COMPREHENSIVE INCOME FOR THE PERIOD	-8	1	41
COMPREHENSIVE INCOME FOR THE PERIOD	394	246	1,356
PROFIT PER SHARE			
Profit per share, SEK	185	115	635
Profit per share after dilution, SEK	185	115	635
Number of shares, average and at the period-end	2,135,000	2,135,000	2,135,000

Parent Company – balance sheet

PARENT COMPANY BALANCE SHEET, SUMMARY, SEK M

	31 March 2017	31 March 2016	31 Dec. 2016
ASSETS			
Non-current assets			
Tangible non-current assets			
Properties	42,129	40,024	41,591
Equipment, fixtures and fittings	10	13	11
Total tangible, non-current assets	42,139	40,037	41,602
Financial assets			
Shares in Group companies	1	1	1
Derivatives	2,007	1,828	2,172
Other non-current receivables	269	362	223
Total financial assets	2,277	2,191	2,396
Total non-current assets	44,416	42,228	43,998
Current assets			
Current receivables			
Derivatives	212	230	215
Other current receivables	1,450	1,941	1,426
Total current receivables	1,662	2,171	1,641
Cash and bank balances			
Cash and bank balances	5,491	6,271	5,369
Total cash and bank balances	5,491	6,271	5,369
Total current assets	7,153	8,442	7,010
TOTAL ASSETS	51,569	50,670	51,008
EQUITY AND LIABILITIES			
Equity	7,020	6,806	6,626
Untaxed reserves	4,025	3,850	4,025
LIABILITIES			
Non-current liabilities			
Loans	21,303	20,565	22,805
Derivatives	649	797	632
Deferred tax	2,213	2,067	2,219
Other non-current liabilities	380	329	393
Total non-current liabilities	24,545	23,758	26,049
Current liabilities			
Loans	11,961	10,133	9,951
Derivatives	83	389	58
Other current liabilities	3,935	5,734	4,299
Total current liabilities	15,979	16,256	14,308
Total liabilities	40,524	40,014	40,357
TOTAL EQUITY AND LIABILITIES	51,569	50,670	51,008

Changes in Parent Company's equity

CHANGES IN PARENT COMPANY'S EQUITY, IN BRIEF, SEK M

	Restricted equity		Non-restricted equity		Total equity
	Share capital	Statutory reserve	Fair value reserve	Profit for the year brought forward	
EQUITY, 1 JAN. 2016	2,135	2,135	-31	2,322	6,560
Total comprehensive income, Jan.-March 2016	—	—	1	245	246
EQUITY, 31 MARCH 2016	2,135	2,135	-30	2,567	6,806
Dividend ¹	—	—	—	-1,290	-1,290
Total comprehensive income, April-Dec. 2016	-	-	40	1,070	1,110
EQUITY, 31 DEC. 2016	2,135	2,135	10	2,347	6,626
Total comprehensive income, Jan.-March 2017	—	—	-8	402	394
EQUITY, 31 MARCH 2017	2,135	2,135	2	2,749	7,020

1) Dividend of SEK 1,290,000,000 was authorised by the Annual General Meeting on 28 April 2016.

Risk management

The Board decides each year on long-term development, the strategic plan, the competitive situation and total risk exposure. The Board of Directors has routines and processes for examining how the organisation handles the risks that can arise in business operations. This means that risks can be identified, analysed, assessed

and handled effectively. Major disputes are reported on an ongoing basis to the Board of Directors. The Company has not identified any significant risks other than those described on pages 40–43 of the 2016 Annual Report.

SENSITIVITY ANALYSIS, IMPACT ON PROFIT 31 MARCH 2017

Change	Impact on pre-tax profit, SEK m	Impact on fair value, SEK m	Impact on fair value, percentage points
Rental revenue, +/- one per cent	55	392	0.5
Vacant space, +/- one percentage point	57	423	0.6
Operating costs, +/- one per cent	8	80	0.1
of which media provision	5	40	0.1
Cost of capital, + one percentage point	-4,455	-4,455	-6.0
Cost of capital, - one percentage point	4,909	4,909	6.6
Yield target, + one percentage point	-5,825	-5,825	-7.8
Yield target, - one percentage point	8,619	8,619	11.5

PARENT COMPANY

Akademiska Hus AB is the Parent Company in the Akademiska Hus Group and is wholly owned by the Swedish state. Operations comprise mainly owning and managing university and college properties. The majority of the Group's revenue is derived from leasing property for education purposes under government auspices.

Revenue and profit/loss

The Company's sales for the period amounted to SEK 1,480 million (1,430). Of this amount, revenue from subsidiaries accounted for SEK 0 million (0). The profit before financial items was SEK 689 million (602) and net financial income/expense was SEK -162 million (-265). Profit after tax was SEK 402 million (245).

Depreciation

The revaluations of investment properties made in 2014 and 2015 are depreciated at a rate such that the revaluation is fully written off when the rest of the building is fully depreciated.

Investments

Investment in machinery and equipment amounted to SEK 1 million (1) and in properties to SEK 826 million (449).

Equity

Equity totalled SEK 7,020 million compared with SEK 6,626 million at year-end. The Board proposed that the Annual General Meeting resolve on a dividend of SEK 652.57 (604.22) per share, a total of SEK 1,393 million.

Events after the end of the reporting period

No events of a material nature occurred after the end of the reporting period.

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

The President hereby certifies 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 the Company and the companies that form part of the Group face.

Gothenburg, 28 April 2017

Kerstin Lindberg Göransson
President

Notes

NOTE 1 ACCOUNTING POLICIES

Akademiska Hus complies with the EU-endorsed International Financial Reporting Standards (IFRS). This Interim Report for the Group has been prepared according to IAS 34 Interim Financial Reporting, and for the Parent Company in accordance with the Annual Accounts Act and the recommendation of the Swedish Financial Reporting Board, RFR 2 Accounting for Legal Entities.

Unless stated otherwise below, the accounting policies and computation methods are the same as the accounting policies used in the most recent Annual Report.

Disclosures under IAS 34.16A are presented except in the financial statements and the related notes in other parts of the interim report.

New accounting principles 2017

The accounting policies are unchanged compared with the most recent annual report, with the exception of changes in headings in the income statement and segment reporting. Profit through net operating income is unchanged. Reporting was adapted to conform with current industry practice by reporting changes in the value of properties and financial instruments under separate headings. The comparative figures are restated.

NOTE 2 ALTERNATIVE PERFORMANCE MEASURES

In accordance with European Securities and Markets Authority guidelines (ESMA) on reporting of alternative performance measures, the definition and reconciliation of alternative performance measures for Akademiska Hus are presented here. The guidelines entail additional disclosures regarding financial measures that are not defined in IFRS. The performance measures presented below are reported in the interim report. They are used for internal governance and follow-up and are generally accepted in the property industry. Owner objectives have also been set for return on operating capital and the equity ratio. Since not all companies calculate financial measures in the same way, these are not always comparable to measures used by other companies.

Return on equity

Profit before tax after 22 per cent tax rate in relation to average equity (IB+UB)/2.

Return on operating capital

Earnings before changes in value and tax, excluding net interest income/expense in relation to average operating capital (IB+UB)/2.

Return on total assets

Earnings before financial items plus financial income in relation to the average total equity and liabilities (IB+UB)/2.

Yield

Operating surplus in relation to the average fair value, excluding buildings under construction.

This performance measure shows the return from operations in relation to the value of the properties.

Net operating income ratio

Net operating income in relation to property management income.

The net operating income ratio shows how much the Company gets to keep from each krona earned from business operations. It is a type of efficiency measure that is comparable over time.

Financing cost according to IFRS

Net financial income/expense in the form of the financing cost for loans, net interest for financial derivatives and the change in fair value of financial derivatives, in relation to average interest-bearing capital. (Please see the table below.)

Interest coverage ratio

Net operating income with the addition for central administration in relation to net financial income/expense, excluding changes in the value of financial derivatives, including period allocation of realised profits from derivatives and including capitalised interest in projects. (Please see the table on the right.)

The interest coverage ratio is a financial measure that shows how many times the Company is able to pay its interest with adjusted earnings before financial items.

Period-allocated financing cost

Net interest income and expense in the form of the financing cost for loans, net interest for financial derivatives and period allocation of realised profits on financial derivatives over the remaining term of the underlying instrument, in relation to average, interest-bearing capital. (See table below.)

Net investments

Closing balance minus the opening balance for non-current assets plus depreciation and impairments minus revaluations.

Net loan liability

Loans, derivatives, portion of current receivables and liabilities as well as cash and cash equivalents. Pension provisions and similar items are not included.

SEK M	1 Jan. 2017- 31 March 2017	1 Jan. 2016- 31 March 2016	1 Jan. 2016- 31 Dec. 2016
Loans	-33,265	-30,698	-32,757
Derivatives - liabilities	-693	-1,186	-690
Collateral for derivatives	-1,386	-1,432	-1,762
Cash and cash equivalents	5,490	6,271	5,369
Other current receivables	557	945	492
Derivatives receivables	2,228	2,058	2,386
Total net loan liability	-27,069	-24,042	-26,962
Fixed income funds - asset (full-year basis)	-28,524	-26,272	-28,104

Operating capital

Equity plus net loan liabilities.

Equity ratio

Equity in relation to Total equity and liabilities.

Total yield

Direct yield from properties and their change in value, expressed in per cent.

Definitions/Glossary

Operating costs

Operating costs are costs incurred to keep a property, installation or similar facility functioning. Operating costs are divided into media provision, monitoring and service.

Property administration

Cost of management, day-to-day accounting administration, leasing, contact with tenants, handling of registers, contracts and drawings, technical planning and follow-up and human resource administration.

Rental revenue

The basic rent, index-linked, and estimated rent for vacant rentable floor space and supplements, with a deduction for vacancies and rent reductions.

Floor space, m², GFS

Gross floor space of building. Comprises rentable floor space as well as common areas and the areas surrounding the building.

Floor space, m²

Rentable floor space in square metres.

Maintenance costs

Costs for measures taken aimed at reinstating the original standard and function of worn or damaged parts of a building.

Rental and vacancy levels

Leased or vacant floor space in relation to the total floor space. Financial leasing or vacant space levels are rental revenue for space leased and estimated rental revenue for vacant space in relation to the total rental revenue.

The information in this interim report is such that Akademiska Hus (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act.

REPORT CALENDAR

Interim Report Jan.-June 2017	15 July 2017
Interim Report Jan.-Sept. 2017	27 October 2017
Year-end report 2016	February 2018
Annual Report 2017	March 2018

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