

Interim Report

Quarter

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January 1 - March 31, 2018

Focus on strategic sustainability initiatives

During the first quarter of the year Akademiska Hus increased its net operating income compared with the previous year. At the same time, earnings declined compared with the previous year as a result of lower changes in the value of its property holdings. An array of strategic initiatives have been carried out to create even more sustainable campuses around the country.

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

Key events during the quarter

- One of the largest research centres in Europe is now completed on the Solna Campus of Karolinska Institutet. Biomedicum is an advanced building for world-leading experimental research with room for 1,600 researchers and other staff. Akademiska Hus has invested about SEK 2 billion in the highly specialised lab environment of 65,000 square metres (GFS).
- The new premises for the police training programme at Södertörn University are now complete. The premises, which were custom-designed to suit the police training programme of the future, will make it possible to substantially expand the programme's activities at the Flemingsberg Campus. Akademiska Hus has invested about SEK 250 million in new construction and renovation projects that have been in progress since early 2016.
- Akademiska Hus has taken a decision to invest approximately SEK 180 million to build 199 flats with room for 266 undergraduate and graduate students in the middle of the Luleå Campus. These centrally located residences will provide campus-based housing that will also contribute to a more attractive neighbourhood with increased vibrancy and security.
- The Valla Student Building has been environmentally certified in compliance with the 'Miljöbyggnad' Gold standard. The certification is the result of a goal-oriented collaboration between Akademiska Hus and Linköping University, with the aim of creating a building in which energy, the indoor environment and materials were all optimised for sustainability.

Financial key figures

JANUARY-MARCH

- Rental revenue was SEK 1,489 million (1,409).
- Net operating income was SEK 1,037 million (993), an increase of SEK 44 million.
- Changes in property values with an impact on profit totalled SEK 263 million (902), corresponding with a 0.3 per cent (1.2) increase in the value of the properties.
- The total financing cost was SEK -266 million (-141), of which SEK -207 million (-80) relates to changes in the value of financial instruments.
- Profit before tax for the period amounted to SEK 1,017 million (1,737) and profit for the period was SEK 784 million (1,346).
- Investment in redevelopment and new construction during the period totalled SEK 679 million (848).
- The yield (excluding properties under construction) was 5.3 per cent (5.6) over the past 12 months.



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 the segment of premises for higher education and research, but with its expertise, Akademiska Hus is the largest with a local share of about 60 per cent.

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 for all newly signed leases was 10.5 years (10). The average remaining lease term is 6 years (6). The vacancy

rate is low, primarily because new projects are not initiated until contracts are signed.

LONG-TERM FINANCING

Cash flow from current operations is reinvested for the most part in new construction as well as in redevelopment and extensions of existing holdings. The liability portfolio is financed via the public financing programme and primarily in the bond market. Akademiska Hus has had a long-term rating from Standard & Poor's of AA since 1996 and the highest short-term rating of P-1 from Moody's since January 2017. These ratings reflect the state ownership, our strong financial position and our market position as the leader in knowledge environments for Swedish colleges and universities.

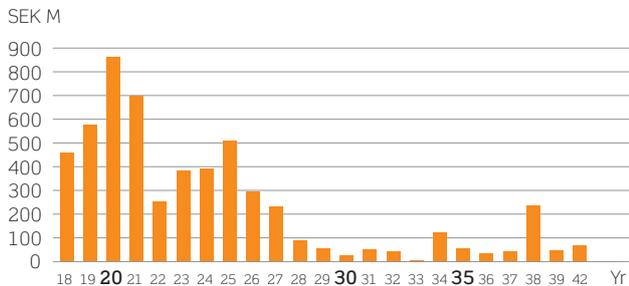
P-1

Moody's short-term rating,
January 2018

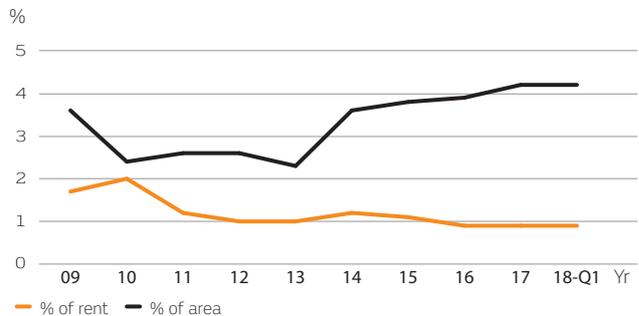
AA

Standard & Poor's long-term rating,
Stable outlook. February 2018

MATURITY STRUCTURE ON LEASES



LOW LEVEL OF VACANT SPACE



AKADEMISKA HUS IN BRIEF

	2018 Jan.-March	2017 Jan.-March	Rolling 12 months April 17- March 18	2017 full-year	2016 full-year
Income from property management, SEK m	1,542	1,480	5,868	5,806	5,666
Net operating income, SEK m	1,037	993	3,871	3,829	3,667
Profit before tax, SEK m	1,017	1,737	5,868	8,311	6,715
Values as at 31 March 2018					
Equity ratio	*	*	43.9	43.3	41.4
Return on operating capital, %	*	*	5.8	5.9	6.2
Return on equity, %	*	*	15.7	17.7	16.3
Interest coverage ratio, %	*	*	825	871	694
Loan-to-value ratio, %	*	*	35.1	34.3	37
Yield, properties, % ¹	*	*	5.3	5.5	5.7
Yield, properties, % ²	*	*	5.0	5.0	5.3
Assessed fair value, properties, SEK m	81,380	74,763	81,380	80,444	73,013

* Key figures are calculated only for the twelve-month period

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

OWNER'S FINANCIAL OBJECTIVES:

- Return on operating capital should be at least 6.5 per cent (excluding change in value).
- The 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.

Focus on strategic sustainability initiatives

PRESIDENT KERSTIN LINDBERG GÖRANSSON COMMENTS:

Akademiska Hus is focusing on an array of exciting projects that will strengthen operations at Swedish centres of education. Gothenburg University's development plan for the area around Näckrosdammen in central Gothenburg was presented in March. The location offers a unique setting to create a park for the humanities, art and culture. Construction began on the new Humanisten project in the autumn of 2016, marking the start of a number of planned projects around the campus.

In Luleå we decided to invest approximately SEK 180 million to build about 270 undergraduate and graduate student housing units in the middle of the Campus. In addition to increasing the supply of housing to meet demand, the campus will become more vibrant just about around the clock.

AWARD-WINNING PROJECTS

At the annual Årets Bygge construction gala, the ABE school at KTH won the prize for Facade of the Year based on the criteria of expression, materials, craftsmanship and execution. The beautiful Humanities Theatre, with its artistically designed sheet metal facade that was built for Uppsala University, won the "Plåtpriset" architecture prize for its innovative and sustainable metal facades. These awards provide even more reason for us to be proud of our construction projects.

STUDENT BUILDING RECEIVES ENVIRONMENTAL GOLD CERTIFICATION

The new student building that Akademiska Hus is building for Linköping University will become the hub and meeting place of the campus. The construction project is under full swing and is expected to be completed in the summer of 2019. The Valla Student Building has already been environmentally certified in compliance with the 'Miljöbyggnad' Gold standard. We have shared this aspiration with Linköping University ever since we started planning the project for a student building that is truly on the cutting edge in terms of sustainability.



PHOTOS: AKADEMISKA HUS

Akademiska Hus is engaging in a record-breaking renewable energy initiative to boost solar panel capacity by 50 per cent. Rooftop solar panels are now being installed on the majority of buildings on the Ultuna Campus in Uppsala. As a result, total solar energy production for our entire holdings around the country will rise from 2 to 3 million kWh/year.

STRONG INNOVATION ENVIRONMENT IN GOTHENBURG

As a property owner, it is a pleasure to have customers as partners in matters that are important to both parties. Gothenburg's strong innovation environment includes several projects that could make cities more energy-efficient, sustainable and attractive. In March an international project meeting was held for IRIS Smart Cities, one of several EU initiatives in which Akademiska Hus is involved. The Johanneberg Campus at Chalmers is the demonstration and test bed district within IRIS Smart Cities. Concepts and solutions are being tested here that could then be used in other European cities. We are also participating in a number of other collaborative projects on the Johanneberg Campus, such as the EU's FED (Fossil-free Energy Districts) project. Another example of projects in which Akademiska Hus is participating involves testing new ways of transmitting direct current via solar cells. On the Johanneberg Campus we are currently also building the innovation arena A Working Lab, with about fifteen innovation projects currently underway.

TEST BED IN COLLABORATION WITH KTH Collaboration and innovation projects are also underway in other cities. The most recent project is now underway at the Royal Institute of Technology (KTH) in Stockholm, where we provide use of the Education Building on the KTH Campus as a test bed to allow tests and research in collaboration with the KTH Live-In Lab. The

joint initiative with Vinnova aims to make it possible for, competitive, environmentally friendly and sustainable new products and services to reach the market faster.

SMART CITY IN UMEÅ

Akademiska Hus is working with several local parties in Umeå to develop the University City neighbourhood within the framework of the RUGGEDISED Smart City project. The aim is to discover and test energy solutions for the future. Umeå is participating in the five-year EU project along with Rotterdam and Glasgow, whose representatives visited Umeå for two days in March and were given a tour of the nine milestone projects in the area. For example, an "energy-smart" bus stop will be built here, and new technical solutions for intelligent control of buildings will reduce energy consumption in public buildings in the neighbourhood.

PROFIT FOR THE PERIOD

Net operating income for the period increased somewhat compared with the previous year and totalled SEK 1,037 million. Profit for the period was SEK 784 million, a decline compared with the previous year that is attributable to lower changes in the value of the property portfolio.



Kerstin Lindberg Göransson
President

Business intelligence and market analysis:

Attractive property market

The property industry is benefiting from the strong economy and low interest rates. Demand for community properties continues to be high.

TRENDS

The global economy continued to recover at the beginning of 2018. In the US, prospects continued to improve following approval of the administration's tax cuts in December, which, together with the lingering effects of the loose monetary policy, will add further stimulus over the next few years. The improved economic climate in Europe includes more and more countries, and the Swedish economy is growing at a robust pace, while the weak SEK promotes demand in the industrial sector. Continued positive economic signals and good access to liquidity through extensive monetary policy stimuli also benefit the stock market trend. However, the market has recently been characterised by uncertainty after January labour market statistics in the US showed higher than expected wage increases. Expectations that the US Federal Reserve will continue to raise interest rates have contributed to significant fluctuations on the stock market, indicating high sensitivity in the valuation of stocks following a long period of rising asset prices.

During the first quarter the spotlight has been on the US trade deficit. Protectionist sentiment has increased and negotiations to deal with trade imbalances between the US and China are underway. Meanwhile, the US budget deficit is growing and government debt will soon be on the same level as the country's GDP. Taken together, these developments entail growing uncertainty in the financial markets with increased volatility as a result.

FIXED INCOME MARKET

As expected, the Fed raised interest rates by 0.25 percentage points in March and announced two additional rate hikes for the remainder of the year. At the same time, the Fed is reducing its balance sheet, which had grown as a result of previous bond purchase programmes. The US fiscal stimuli, which are largely unfinanced, as well as the ongoing normalisation of monetary policy, contributed to rising bond yields at the beginning of the year, which have now stabilised at a higher level.

Although the economy in Europe has performed well, inflation remains subdued. Current bond purchase programmes will continue until the end of September, and the ECB is clear that an interest rate hike will not come until after the bond purchase programme ends, indicating that the expansionary monetary policy will remain in place through most of the year. Regarding Sweden, the Riksbank has signalled a first rate hike this autumn, but the absence of persistent inflationary impulses suggest that the increase will be postponed. With no normalisation of monetary policy expected in the near future, an upturn at the beginning of the year was followed by falling long-term bond yields once again in both the eurozone and Sweden.

PROPERTY MARKET

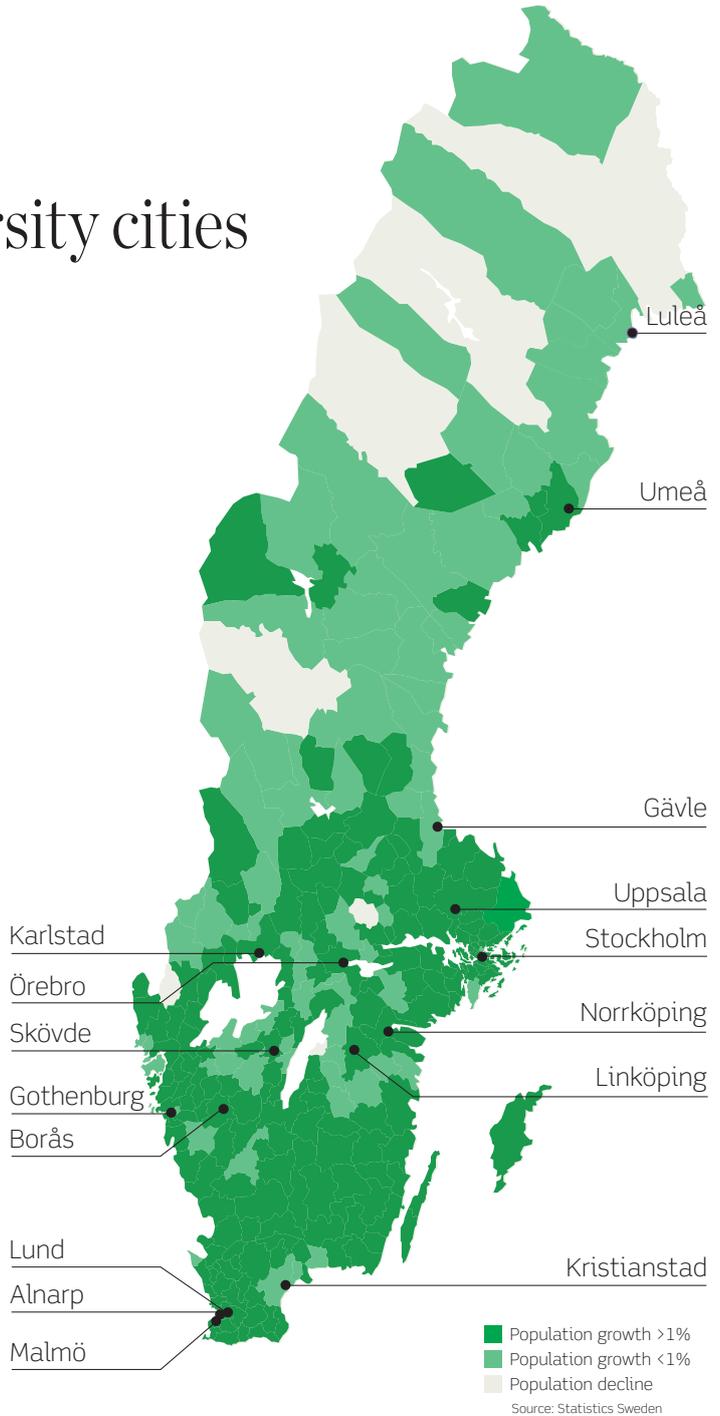
The property market largely follows the business cycle, which continues to move in the right direction. The market is also driven by the low-interest rate environment and easy access to liquidity, thereby facilitating financing of properties with stable cash flows, which are attractive investments. While investors have been cautious about residential projects because of new amortisation requirements and oversupply, the commercial office segment has been strong. The transaction volume to date this year was only SEK 21 billion, a decrease of SEK 13 billion compared with the same period last year. At the beginning of the year foreign capital accounted for about 40 per cent of the transaction volume, where the weakening of the SEK contributed to increased interest. Moreover, a growing share of the transactions are taking place in Stockholm, which benefits from its reputation as a liquid and more well-known market for international investors.

Demand for office space continues to be extremely strong in the large cities. Rent levels in Stockholm and Malmö have continued to rise at the beginning of the year, while the level in Gothenburg essentially remained unchanged compared with the previous quarter. Office rents are primarily being driven by new construction and modernisation projects. Stockholm's large technology industry with high demands for both location and modern conveniences is an important driver in this trend. Demand for modern premises is also high in the regional cities, which follow the trend in the metropolitan areas after some delay.

COMMUNITY PROPERTIES

Interest in community properties continues to be strong. Sweden's demographics with a growing and ageing population create investment needs in the public sector for education as well as for health care and social services. More and more participants are looking for investments in the fastest growing communities where public services are expected to increase most. However, few transactions have been carried out so far this year. Existing owners continue to focus on improving and modernising their property holdings and are restrictive when it comes to sales. The sub-segment of premises for higher education and research typically have long leases, creditworthy tenants and relatively low dependence on the economy. A decline in the number of young people of university age and increased employment rates have led to a slight drop in the number of applicants in recent years. However, the number of students admitted for the spring term this year shows some stabilisation compared with the previous year. International competition is driving the trend towards full-scale campuses with services, housing, public transportation and an integrated business community. Growth in the value of properties correlates with the market as a whole. Akademiska Hus' property holdings are primarily concentrated to Sweden's major and regional cities, which are markets that have generally strengthened during the quarter.

Our college and university cities



AKADEMISKA HUS CAN BE FOUND IN

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COLLEGE AND UNIVERSITY CITIES

Presence in cities with good growth

Akademiska Hus has a 61 per cent 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 81 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

Share, per city/town	Market value and area	Largest centres of education
Stockholm 	SEK 37 billion 930,000 m²	Stockholm University Karolinska Institutet Royal Institute of Technology
Uppsala 	SEK 14 billion 609,000 m²	Uppsala University Swedish University of Agricultural Sciences, Ultuna
Gothenburg 	SEK 7 billion 348,000 m²	University of Gothenburg Chalmers University of Technology

Share, per city/town	Market value and area	Largest centres of education
Lund 	SEK 7 billion 359,000 m²	Lund University
Umeå 	SEK 4 billion 236,000 m²	Umeå University Swedish University of Agricultural Sciences, Umeå
Linköping 	SEK 3 billion 221,000 m²	Linköping University

Source: Share 2017: Swedish National Financial Management Authority

● Akademiska Hus

Our operations

We take a long-term strategic approach to continually create attractive knowledge environments and campuses with our customers. By doing so we help the Swedish centres of education to continue to be well-positioned to attract undergraduate and graduate students from all over the world.

Our work is based on our core processes, thereby ensuring our ability to leverage our collective expertise across the country through a management organisation, a project organisation and three geographic units that are responsible for campus and business development. Efficiency, uniform processes and a strong focus on digital transformation provide a good foundation for our continued efforts to strengthen Sweden as a nation of knowledge.

PROPERTY MANAGEMENT

Our property portfolio of about 3.3 million square metres mainly consists of high-tech research facilities and various types of education and commercial office premises. The properties must maintain a high standard for a long time, but at the same time be able to be adapted to meet the changing needs of our customers. High quality in maintenance services, responsible energy consumption and open communication with both customers and suppliers are crucial for increasing business benefits and value for our customers.

Sustainability initiatives together with our customers

Based on Akademiska Hus' energy strategy and our ambitious sustainable development goals, we aim to halve the amount of energy delivered by 2025 and to eliminate the CO₂ footprint of our operations. A crucial component of this strategy involves reducing energy consumption in our current property holdings, but we are also focusing on creating renewable energy, including through solar panels.

An important aspect of our sustainability efforts entails collaborating with our customers in various sustainability initiatives.

The aim is not only to reduce the amount of energy used, but also to create commitment and visibility relating to sustainability, while leveraging our aggregate knowledge from different aspects of the field. The initiatives are based on a shared desire to act and invest in sustainable choices. A number of innovation projects are also underway along with our customers in these areas.

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.



case

One of the largest research laboratories in Europe is completed in Solna

With its 65,000 m² (GFS), Karolinska Institutet's new Biomedicum research lab is one of the largest laboratories in Europe. The highly specialised lab environment spans over eleven floors with room for 1,600 researchers and other staff. The building is equipped with cutting-edge technology for world-leading experimental research aimed at improving human health. Biomedicum will promote interaction, new collaborations and the exchange of experiences, ideas and techniques across borders now that several scientific disciplines are gathered under one roof for the first time. The facility also provides expensive equipment that can be efficiently used by many people. Akademiska Hus has invested about SEK 2 billion in the project, for which construction began in 2013 and which is now completed - both ahead of schedule and under budget.



CAMPUS AND BUSINESS DEVELOPMENT

Sweden's learning environments and campuses are undergoing constant development. Needs, desires and visions are discussed at all centres of education. Campuses that are vibrant during all the hours of the day and interact with the surrounding community are crucial for Sweden's higher education institutions to be competitive. With our collective knowledge and in close collaboration with our customers, we formulate campus plans to develop entire campuses for the future.

Overall perspective for socially sustainable campuses

The campus is a venue for research and learning, as well as for encounters with the business community and the interface for encounters with the community at large, where everyone should feel welcome. In addition to developing efficient and inspiring learning environments, we meet user needs by creating accessible meeting places and collaborating with other stakeholders to ensure an attractive range of services. Restaurants, opportunities for cultural and sports activities and access to child care and pre-schools in close proximity to campus are examples of services that make life easier and increasingly integrated into and around the campus. More undergraduate and graduate student housing is high on the priority list at many centres of education. Campus-based student housing is one of the most important factors for creating a vibrant environment that is open, safe and inviting round the clock, every day of the week.

Strong innovative ability

To meet the challenges we face as a community builder we must enhance our power of innovation to ensure our delivery and contribute value to customers. Factors such as digitisation and globalisation affect teaching and research, and place new demands on both existing and future knowledge environments. We will develop

products, services and practices through structured innovation partnerships, thereby contributing to sustainable development in the community.

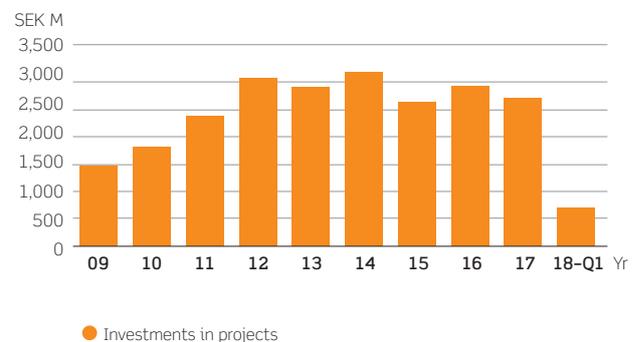
PROJECTS

The construction process represents a substantial portion of Akademiska Hus' business and our project portfolio consists of approved and planned projects for about SEK 17 billion. The construction projects, which are developed in close collaboration with our customers and other stakeholders, vary in nature from small-scale renovations to new advanced research facilities. Through these projects, we help to ensure that higher education institutions meet their long-term needs for premises appropriate for education and research. One of our strengths is the ability to coordinate and run the extensive and complex collaborative processes that are the key to a successful result. The ability to build sustainably is a key competitive advantage. Cost efficiency, skills development and experience feedback are key development areas in the projects unit.

Digitisation and innovation

The digitisation discussion in the property industry is in full swing and we see an increasingly clear interest from our customers and suppliers in the opportunities that will accompany digitisation. We are shifting to a more digital approach to running our construction projects. Examples include Albano in Stockholm, where we are testing new models to shift towards a more digital approach. Another digital and innovation-focused project that we are running is A Working Lab on the Johanneberg campus at Chalmers in Gothenburg. The building will be an innovation arena that also serves as a test bed during the construction process.

CONTINUED HIGH INVESTMENT RATE



The diagram shows annual investments in projects from 2009 to the first quarter of 2018 and on average, Akademiska Hus has had an investment rate of about SEK 2.5 billion per year. The company has invested approximately SEK 45 billion in new construction as well as in redevelopment and extensions since 1993.

Consolidated income statement

CONSOLIDATED INCOME STATEMENT, SUMMARY, SEK M

	2018 Jan.-March	2017 Jan.-March	Rolling 12-months April 2017-March 2018	2017 Full-year
Rental revenue	1,489	1,409	5,662	5,582
Other property management income	53	71	206	224
Total property management income	1,542	1,480	5,868	5,806
Operating costs	-271	-235	-822	-784
Maintenance costs	-91	-123	-583	-615
Property administration	-84	-69	-324	-309
Other property management expenses	-59	-60	-267	-268
Total costs from property management	-505	-487	-1,997	-1,977
NET OPERATING INCOME	1,037	993	3,871	3,829
Central administration costs	-17	-17	-67	-67
Net interest income/expense	-59	-61	-186	-188
PROFIT BEFORE CHANGES IN VALUE AND TAXES¹	961	915	3,619	3,575
Change in value, properties	263	902	4,340	4,979
Change in value, financial instruments	-207	-80	-370	-243
PROFIT BEFORE TAX	1,017	1,737	7,589	8,311
Tax	-233	-391	-1,700	-1,858
PROFIT FOR THE PERIOD	784	1,346	5,889	6,453
Of which attributable to the shareholder in the Parent Company	784	1,346	5,889	6,453

Consolidated statement of comprehensive income

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, SUMMARY, SEK M

	2018 Jan.-March	2017 Jan.-March	Rolling 12-months April 2017-March 2018	2017 Full-year
Profit for the period	784	1,346	5,889	6,453
Reclassifiable items				
Profit/loss from cash flow hedges	11	-10	—	-21
Tax attributable to cash flow hedges	-2	2	-1	3
Cash flow hedges, dissolved against profit and loss	-2	—	3	5
Non-reclassifiable items				
Revaluation of defined benefit pensions	—	—	22	22
Tax attributable to pensions	—	—	-5	-5
TOTAL, OTHER COMPREHENSIVE INCOME FOR THE PERIOD	7	-8	19	4
COMPREHENSIVE INCOME FOR THE PERIOD	791	1,338	5,908	6,457
Of which attributable to the shareholder in the Parent Company	791	1,338	5,908	6,457

Comment: Operating profit

FIRST QUARTER

Profit for the first quarter was SEK 784 million, which is SEK 562 million lower than the same period last year (1,346.) and is attributable to significantly lower changes in the value of the property portfolio. Net operating income improved by SEK 44 million to SEK 1,037 million (993), which can largely be explained by increased rental revenue in connection with completion of new buildings.

RENTAL REVENUE

During the first quarter rental revenue was SEK 1,489 million (1,409), an increase of SEK 80 million compared with the same period in 2017. The majority relates to completion of new buildings such as Biomedicum – Comparative Medicine (KM-B) and the ABE school in Stockholm, as well as the Segerstedt Building and the Humanities Theatre in Uppsala.

Other property management income amounted to SEK 53 million (71); the decrease is primarily attributable to an additional consideration of SEK 25 million that was included in the previous year's figures.

LEASING LEVEL

Vacant space totalled 140,000 m², which is 4.2 per cent (3.9) of our total rentable area of 3.3 million m².

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.

OPERATING AND MAINTENANCE COSTS

Expenses for operation and maintenance amounted to SEK 362 million (358).

Operating costs increased to SEK 271 million (235), primarily because the cold first quarter resulted in increased costs for both heating and snow removal.

Operating costs include media provision of SEK 191 million (164), equivalent to SEK 168/m² (160) over the past 12 months.

Total maintenance costs fell by SEK 32 million and amounted to SEK 91 million (123). The maintenance costs that declined are mainly related to major projects, since there were fewer such projects compared with the same period last year.

ADMINISTRATION AND PROPERTY MANAGEMENT EXPENSES

Administration costs include costs for property management and central administration. Property management increased by SEK 15 million and totalled SEK 84 million (69), which can be attributed to the strengthening of the organisation in 2017 in areas such as purchasing, innovation and sustainable development. Central administration is unchanged.

NET INTEREST INCOME AND EXPENSE

Net interest income and expense consists of interest on loans and net interest income related to the interest rate swap portfolio. This cost of these items amounted to SEK 59 million (61) for the period, corresponding to an interest rate of 0.98 per cent (0.96). The extensive bond issuances have made it possible to cut back on short-term funding through ECP. As a result, interest expense on loans increased to some extent. The cost of interest rate swaps fell because parts of the interest rate swap portfolio with negative market value were realised at the end of last year. Capitalised interest expense for projects in progress, which was not included in net interest and income expense, totalled SEK 23 million (22) during the period.

TOTAL FINANCING COST INCLUDING CHANGES IN VALUE

	1 Jan. 2018- 31 March 2018	1 Jan. 2017- 31 March 2017	1 Jan. 2017- 31 Dec. 2017
Loan financing cost, including charges, %	0.88	0.70	0.74
Interest swaps, net interest, %	0.10	0.26	0.20
Financing cost, %	0.98	0.96	0.94
Changes in value, financial derivatives, %	2.83	1.07	0.85
Total financing cost, %	3.81	2.03	1.79

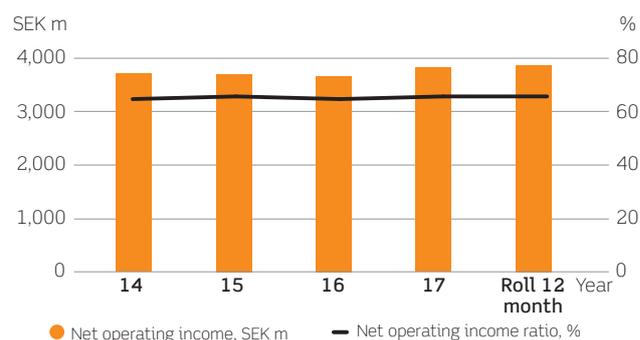
CHANGES IN VALUE, PROPERTIES

The fair value of the Group's property holdings was set using an internal property valuation that is compared annually against external value statements. During the quarter the change in value

STABLE RENTAL REVENUE



NET OPERATING INCOME AND STABLE NET OPERATING INCOME RATIO



of properties with an impact on profit was SEK 263 million, a decrease of SEK 639 million compared with the same period in 2017. No changes in value related to lower yield requirements were reported during the period. Instead, the changes in value reported relate to changes the valuation model such as changed assessment of standard vacancy rate and a change in the deduction for a stamp duty, which resulted in a negative performance on all sub-markets of SEK -230 million. The average yield requirement was 5.5 per cent (5.5). The remaining change in value is attributable to projects in progress, renegotiated leases and other factors affecting value.

CHANGE IN VALUE, FINANCIAL INSTRUMENTS

Changes in value in the derivative portfolio amounted to SEK -207 million (-80). The derivative portfolio primarily consists of interest rate swaps that are mainly entered into with the aim of extending the fixed interest period in the liability portfolio, where 60 per cent of financing currently relies on variable interest rates. One third of the Group's interest risk exposure derives from interest rate swaps, for which reason even minor changes in the interest rate situation affects earnings through changes in fair value. Falling market interest rates combined with a flatter yield curve have a negative impact on profit, while the opposite is true when interest rates rise. Thus, in a fixed income market with large fluctuations in interest rates, the changes in value will be significant.

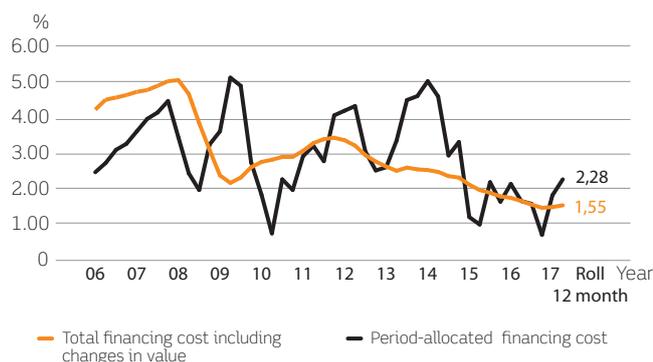
COMPARATIVE CALCULATION, TOTAL FINANCING COST

Over the past five years the average fixed interest period in the total liability portfolio has been relatively long. The performance analysis is significantly complicated by the substantial use of interest derivatives, which generate changes in value with interest rate fluctuations in the market. The changes in value consist of both realised and unrealised interest rate derivatives. A certain proportion of interest rate derivatives is realised on an ongoing basis (monthly or quarterly), even if the maturity of the underlying instrument is long-term.

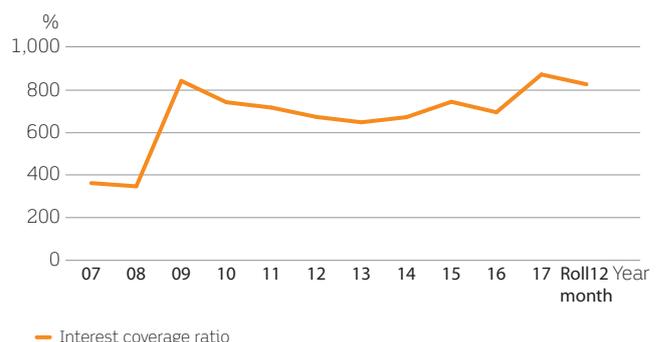
To clarify the underlying financing cost, a comparative calculation is carried out in which the cash flows of realised interest rate derivatives are also attributed (allocated) to the underlying maturity of each instrument. The diagram below on the left shows this comparative calculation of the underlying financing cost, in which interest rates are expressed as rolling 12-month interest rate (annualised). The accrued financing cost amounted to 1.55 per cent as of 31 March. The calculation confirms that the long fixed interest period has resulted in relatively stable financing costs.

The interest coverage ratio for the rolling 12-month period continues to be high at 825 per cent (771), see diagram below. The interest coverage ratio includes, in addition to net interest income, reversal of the capitalised interest expense of SEK -102 million (-101) and the accrued earnings from the closed interest rate derivatives of SEK -172 million (-156).

COMPARATIVE CALCULATION TOTAL FINANCING COST, ROLLING 12 MONTHS



INTEREST COVERAGE RATIO



Consolidated balance sheet

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, SUMMARY, SEK M	31 March 2018	31 March 2017	31 Dec. 2017
ASSETS			
Non-current assets			
Properties	81,380	74,763	80,444
Equipment, fixtures and fittings	21	10	8
Derivatives	1,216	2,007	1,053
Other non-current receivables	208	269	209
Total non-current assets	82,825	77,049	81,715
Current assets			
Current receivables			
Derivatives	773	212	598
Other current receivables	2,725	1,450	1,765
Total current receivables	3,498	1,662	2,363
Cash and cash equivalents			
Cash and cash equivalents	4,827	5,491	6,479
Total cash and cash equivalents	4,827	5,491	6,479
Total current assets	8,325	7,153	8,842
TOTAL ASSETS	91,150	84,202	90,557
EQUITY AND LIABILITIES			
Equity	39,977	35,490	39,186
LIABILITIES			
Non-current liabilities			
Loans	27,422	21,303	25,198
Derivatives	906	649	935
Deferred tax	11,550	10,243	11,444
Other non-current liabilities	565	542	571
Total non-current liabilities	40,443	32,737	38,149
Current liabilities			
Loans	7,110	11,961	9,541
Derivatives	36	83	69
Other current liabilities	3,584	3,931	3,613
Total current liabilities	10,730	15,975	13,223
Total liabilities	51,173	48,712	51,371
TOTAL EQUITY AND LIABILITIES	91,150	84,202	90,557

Comment: Balance sheet

PROPERTIES

As of the end of the first quarter, the fair value of Akademiska Hus' property holdings totalled SEK 81,380 million, an increase of SEK 936 million and 1.2 per cent compared with 31 December 2017. Fair value includes the completed portions of projects in progress. At the end of the year, projects in progress totalled SEK 5,586 million. The change in value with an impact on profit including capitalised interest expense was SEK 263 million (902). 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 valuation model was changed as of 31 March 2018, which

is reflected in the reduced earnings for the period compared with the previous year. The average yield requirement was 5.5 per cent (5.5).

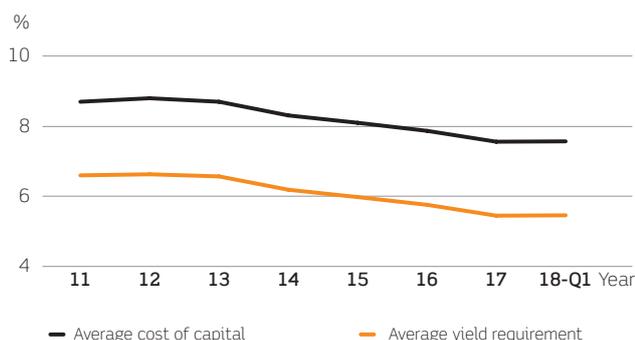
Akademiska Hus engages an external rating agency to verify the yield requirement and fixed costs on a quarterly basis to ensure that market rates are applied in the internal valuation. About 30 per cent of the property portfolio is also valued externally each year. External valuations are used as a benchmark 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 \pm five to ten per cent, which would be equivalent to approximately \pm SEK 4,100 million to 8,100 million in the Akademiska Hus portfolio.

Properties 31 March 2018 (incl. new construction in progress and capitalised interest expense)

CHANGE IN PROPERTY HOLDINGS, IN SEK M	31 March 2018	31 March 2017	31 Dec. 2017
Opening fair value	80,444	73,013	73,013
+ Investment in new construction and redevelopment	679	848	2,656
+ Acquisitions	—	—	—
- Sales	-6	—	-204
+/- Change in fair value	263	902	4,979
Of which change in value due to a change in the cost of capital and yield requirement	—	636	3,395
Of which changes in value in the valuation model	-230	—	—
Of which other change in value	493	266	1,584
CLOSING FAIR VALUE	81,380	74,763	80,444

UNCHANGED YIELD REQUIREMENTS AND COST OF CAPITAL



Yield requirements and cost of capital have been adjusted by 0.2 per cent, attributable to the change in model implemented in the first quarter.

CHANGE IN VALUE BY SEGMENT

including investments in new construction and development, as well as sales

Segment	Change in value, %	Contribution to change in value, percentage points
South	0.3	0.1
Mid-Sweden	1.6	0.8
North	1.0	0.3
Total		1.2

FINANCING

The net liability portfolio increased by SEK 1,016 million during the quarter and totalled SEK 28,585 million as at 31 March. Following the high activity in the bond market in 2017, bonds due in 2018 are largely financed in advance. Credit spreads continued to narrow in the first quarter and demand for Akademiska Hus' long-term bonds had allowed for an additional four issuances. European investors have invested the equivalent of about SEK 2,100 million with maturities ranging from 25 to 30 years, of which a bond in Switzerland of CHF 100 million (SEK 834 million) was the largest.

Fixed interest period and maturity

As with the previous year's long-term financing, bond issuances during the quarter contributed to an increase in average maturity. Bonds denominated in foreign currency are swapped for SEK with floating interest rates, for which reason issuances do not entail a corresponding extension of maturity. Interest rate risk in the debt portfolio is instead primarily managed using interest rate derivatives. As previously, debt management will focus on allocating the portfolio's interest rate risk to the most effective periods.

Normally, financial markets price in long-term fixed interest periods and maturities at higher risk premiums. The objective of debt 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.

The liability portfolio is allocated as follows:

- 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.

NET LOAN LIABILITY

SEK M	1 Jan. 2018- 31 March 2018	1 Jan. 2017- 31 March 2017	1 Jan. 2017- 31 Dec. 2017
Loans	-34,532	-33,265	-34,741
Derivatives - liabilities	-942	-693	-956
Collateral for derivatives	-700	-1,386	-858
Cash and cash equivalents	4,827	5,490	6,478
Other current receivables	773	557	857
Derivatives - receivables	1,989	2,228	1,651
Total net loan liability	-28,585	-27,069	-27,569

FIXED INTEREST PERIOD AND MATURITY, YEARS

	Fixed interest, years, March 2018	Fixed inter- est, years, Dec. 2017	Maturity, years, March 2018	Maturity, years, Dec. 2017
Basic portfolio	4.4	4.5	6.8	4.5
Non-current portfolio	22.8	23.0	22.8	23.0
Index-linked bond portfolio	4.5	4.8	4.5	4.8
Total portfolio	7.4	7.6	9.3	7.6

MATURITY IN TOTAL PORTFOLIO



AVERAGE MATURITY AND PERCENTAGE DEFAULTS



PROJECTS

The project portfolio refers to future investments over the next few years with an emphasis on the Stockholm area, where there are several large new construction and renovation projects.

The project portfolio with approved and planned projects totalled SEK 17,100 million, of which approximately SEK 5,600 million has already been invested in projects in progress.

Of the large projects in progress (over SEK 100 million), Biomedicum and Albano are the two absolute largest with planned completion in 2018 and 2021, respectively. In the first quarter the Board of Directors took decisions to carry out three new projects: Polstjärnan student housing in Luleå, (SEK 183 million), Innovationernas Hus (the Innovation Building) (SEK 97 million) and the Accelerator Art and Science in cooperation project (SEK 91 million)

In addition, the project portfolio contains a number of concept projects worth approximately SEK 10,900 million. Among the largest concept projects are The Faculty of Fine Applied and Performing Arts, Gibraltarvallen student housing and the New University Library, all in the Gothenburg area. The total project portfolio includes ten student housing projects that amount to SEK 4,300 million, of which about SEK 3,000 million relate to concept projects.

PROJECT PORTFOLIO

SEK M	31 March 2018	31 Dec. 2017
Decided projects	13,100	13,000
Planned projects	4,000	3,700
DECIDED AND PLANNED PROJECTS	17,100	16,700
of which already invested in projects in progress	-5,600	-5,700
REMAINDER OF DECIDED AND PLANNED PROJECTS	11,500	11,000
Concept projects	10,900	9,800
TOTAL REMAINING PROJECTS	22,400	20,800
Total project portfolio	28,000	26,500

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

Property	Location	Type of premises	Investment limits SEK m	Percentage accrued, %	Additional floor space, m ²	Expected completion	Customer
Albano	Stockholm	Education	3,302	14	100,000	2021-Q4	Stockholm University
Biomedicum	Stockholm	Laboratory	2,822	70	48,000	2018-Q2	Karolinska Institutet
Ångström Phase 4	Uppsala	Laboratory	1,185	5	30,000	2021-Q3	Uppsala University
Humanisten	Gothenburg	Offices	668	51	12,100	2019-Q4	University of Gothenburg
KI Residence	Stockholm	Residential	434	48	15,500	2019-Q3	Karolinska Institutet
Valla Student Building	Linköping	Education	411	32	13,500	2019-Q3	Linköping University
Student accommodation Teknikringen	Stockholm	Residential	400	52	8,900	2019-Q1	Akademiska Hus
A Working Lab	Gothenburg	Other	381	26	9,600	2019-Q3	Akademiska Hus
Lab of the Future	Stockholm	Laboratory	322	61	-	2018-Q4	Karolinska Institutet
Medical Biology Centre	Umeå	Laboratory	306	46	1,800	2020-Q1	Umeå University
Police programme, Södertörn	Stockholm	Education	260	100	5,400	2018-Q2	Södertörn University
A house	Stockholm	Other	241	33	900	2019-Q4	Akademiska Hus
Polstjärnan student housing	Luleå	Residential	183	-	6,000	2020-Q1	Akademiska Hus
Police training programme, Umeå University	Umeå	Education	165	91	5,000	2018-Q1	Umeå University
GIH swimming centre	Stockholm	Education	118	16	-	2019-Q3	City of Stockholm
Child and youth studies Frescati backe	Stockholm	Education	111	8	-	2019-Q2	Stockholm University
Projects under SEK 100 million			1,791				
TOTAL			13,100				

Changes in group equity

CHANGES IN GROUP EQUITY IN BRIEF, SEK M	Attributable to the Parent Company's shareholder					Total equity
	Share capital	Other contrib- uted capital	Hedge reserve	Actuarial profit and loss	Profit for the year brought forward	
EQUITY, 1 JAN. 2017	2,135	2,135	10	21	29,851	34,152
Total comprehensive income, Jan.-March 2017	—	—	-8	—	1,346	1,338
EQUITY, 31 MARCH 2017	2,135	2,135	2	21	31,197	35,490
Dividends ¹					-1,393	-1,393
Total comprehensive income, April-Dec. 2017			4	-22	5,107	5,089
EQUITY, 31 DEC. 2017	2,135	2,135	6	-1	34,911	39,186
Total comprehensive income, Jan.-March 2018	—	—	7	—	784	791
EQUITY, 31 MARCH 2018	2,135	2,135	13	-1	35,695	39,977

1) Dividend of SEK 1,393,000,000 was authorised by the Annual General Meeting on 28 April 2017.

Consolidated statement of cash flows

CONSOLIDATED STATEMENT OF CASH FLOWS, SUMMARY, SEK M	2018 Jan.-March	2017 Jan.-March	2017 Full-year
CURRENT OPERATIONS			
Profit before tax	1,018	1,737	8,311
Adjustment for items not included in the cash flow	-40	-815	-4,742
Tax paid	-101	-101	-347
CASH FLOW FROM CURRENT OPERATIONS BEFORE CHANGES IN WORKING CAPITAL	877	821	3,222
CASH FLOW FROM CHANGES IN WORKING CAPITAL¹			
Increase (-)/decrease (+) in current receivables	-1,192	-39	-355
Increase (+)/decrease (-) in current liabilities	861	-397	-747
CASH FLOW FROM CURRENT OPERATIONS	546	385	2,120
INVESTMENTS			
Investment in properties	-656	-826	-2,555
Sale of properties	6	—	204
Investment in other non-current assets	-13	-1	-1
Increase in non-current receivables	—	—	—
Decrease in non-current receivables	1	116	11
CASH FLOW FROM INVESTMENTS	-661	-711	-2,341
FINANCING ACTIVITIES			
Change in interest-bearing loans	-834	447	2,723
Change in collateral ¹	-703	—	—
Dividend paid	—	—	-1,393
CASH FLOW FROM FINANCING	-1,537	447	1,330
CASH FLOW FOR THE PERIOD	-1,652	121	1,109
Opening cash and cash equivalents	6,479	5,370	5,370
Closing cash and cash equivalents	4,827	5,491	6,479

1) In 2018 CSA was reclassified from working capital to financing activities. No corresponding reclassification for comparative periods was carried out.

Comment: Statement of cash flows

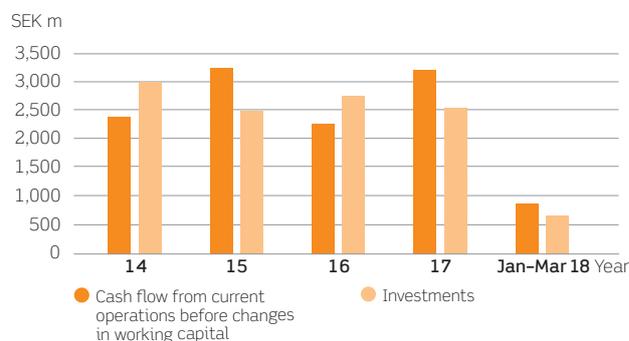
Cash flow from current operations before changes in working capital totalled SEK 877 million (821). The impact of investment in properties on cash flow was SEK 656 million (826).

Cash flow relating to financing activities amounted to SEK -1,537 million (447). The change is largely due to the reclassification of items relating to provision of collateral for derivatives from working capital to financing activities. Total cash flow for the period amounted to SEK -1,652 million (121). The decline can be attributed in part to accounts receivable paid after the end of the accounting period. The depreciation of the SEK compared with the same period the previous year also contributed to a decline in cash flow.

CASH FLOW AND INVESTMENTS

Total cash flow from current operations before change in working capital during the period January 2018 to March 2018 was SEK 12,031 million. Investments during the same period totalled SEK 11,499 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.

STABLE CASH FLOW FROM CURRENT OPERATIONS



Risk management

The Board decides each year, in conjunction with the strategy seminar, on long-term development, the strategic plan, the competitive situation and total risk exposure. In addition, the Board of Directors monitors how the organisation manages and assesses 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 42–45 of the 2017 Annual Report.

SENSITIVITY ANALYSIS, PROPERTY VALUE

CHANGE	Impact on pre-tax profit, SEK m	Impact on fair value, SEK m ¹	Impact on fair value, percentage points
Rental revenue, +/- one per cent	57	415	0.5
Vacant space, +/- one percentage point	59	-669	-0.8
Operating costs, +/- one per cent	8	-85	-0.1
of which media provision	5	-42	-0.1
Cost of capital, + one percentage point	-4,898	-4,898	-6.0
Cost of capital, - one percentage point	5,401	5,401	6.6
Yield target, + one percentage point	-6,414	-6,414	-7.9
Yield target, - one percentage point	9,522	9,522	11.7

1) Refers only to properties subjected to discounted cash flow analysis.

Consolidated segments

THE GROUP'S GEOGRAPHICAL SEGMENTS IN BRIEF

SEGMENT INFORMATION 1 JAN. 2018 - 31 MARCH 2018, SEK M	South ¹	Mid-Sweden ²	North ³	Total, operating segments	Other operations ⁴	Group
Revenue, including other operating revenue	417	708	417	1,542	—	1,542
Property management costs, including other operating costs	-145	-188	-129	-462	-43	-505
NET OPERATING INCOME	272	520	288	1,080	-43	1,037
Central administration costs						-17
Net interest income/expense						-59
PROFIT BEFORE CHANGES IN VALUE AND TAXES						961
Change in value, properties	-85	251	97	263	—	263
Change in value, financial instruments						-207
PROFIT BEFORE TAX ACCORDING TO THE STATEMENT OF COMPREHENSIVE INCOME						1,017
Total assets include:						
Properties	18,763	42,189	20,428	81,380	—	81,380
of which invested during the year	132	412	112	656	—	656
SEGMENT INFORMATION ¹ 1 JAN. 2017-31 DEC. 2017, SEK M	South ¹	Mid-Sweden ²	North ³	Total, operating segments	Other operations ⁴	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						-61
PROFIT BEFORE CHANGES IN VALUE AND TAXES						915
Change in value, properties	117	598	127	902	—	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 INFORMATION ¹ 1 JAN. 2017-31 DEC. 2017, SEK M	South ¹	Mid-Sweden ²	North ³	Total, operating segments	Other operations ⁴	Group
Revenue, including other operating revenue	1,572	2,618	1,616	5,806	—	5,806
Property management costs, including other operating costs	-519	-863	-437	-1,819	-158	-1,977
NET OPERATING INCOME	1,053	1,755	1,179	3,987	-158	3,829
Central administration costs						-67
Net interest income/expense						-188
PROFIT BEFORE CHANGES IN VALUE AND TAXES						3,574
Change in value, properties	940	2,781	1,258	4,979	—	4,979
Change in value, financial instruments						-243
PROFIT BEFORE TAX ACCORDING TO THE STATEMENT OF COMPREHENSIVE INCOME						8,310
Total assets include:						
Properties	18,712	41,509	20,223	80,444	—	80,444
of which invested during the year	458	1,740	458	2,656	—	2,656

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

2) Mid-Sweden: Stockholm, Linköping, Norrköping, Örebro.

3) North: Uppsala, Gävle, Umeå, Luleå.

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

Parent Company income statement

PARENT COMPANY INCOME STATEMENT, SUMMARY, SEK M	2018 Jan.-March	2017 Jan.-March	2017 Full year
Income from property management	1,544	1,480	5,975
Property management expenses	-515	-485	-1,959
NET OPERATING INCOME	1,029	995	4,016
Central administration costs	-17	-17	-67
Depreciation and impairment as well as reversed impairment in property management	-303	-289	-1,160
PROFIT BEFORE FINANCIAL ITEMS	709	689	2,789
Net financial income/expense	-289	-162	-532
Appropriations	—	—	-181
PROFIT BEFORE TAX	420	527	2,076
Tax	-102	-125	-487
PROFIT FOR THE PERIOD	318	402	1,589

Parent Company statement of comprehensive income, summary

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME, SUMMARY SEK M	2018 Jan.-March	2017 Jan.-March	2017 Full-year
Profit for the period	318	402	1,589
Reclassifiable items			
Profit/loss from cash flow hedges	11	-10	-4
Tax attributable to cash flow hedges	-2	2	1
Cash flow hedges, reclassified to the income statement	-2	—	1
TOTAL, OTHER COMPREHENSIVE INCOME FOR THE PERIOD	7	-8	-2
COMPREHENSIVE INCOME FOR THE PERIOD	325	394	1,587

Parent Company balance sheet

PARENT COMPANY BALANCE SHEET, SUMMARY, SEK M	31 March 2018	31 March 2017	31 Dec. 2017
ASSETS			
Non-current assets			
Properties	43,293	42,129	42,951
Equipment, fixtures and fittings	21	10	8
Shares in Group companies	1	1	1
Derivatives	1,215	2,007	1,053
Other non-current receivables	208	269	209
Total non-current assets	44,738	44,416	44,222
Current assets			
Derivatives	773	212	598
Other current receivables	2,725	1,450	1,765
Cash and bank balances	4,827	5,491	6,479
Total current assets	8,325	7,153	8,843
TOTAL ASSETS	53,063	51,569	53,065
EQUITY AND LIABILITIES			
Equity	7,144	7,020	6,820
Untaxed reserves	4,206	4,025	4,206
LIABILITIES			
Non-current liabilities			
Loans	27,422	21,303	25,198
Derivatives	906	649	936
Deferred tax	2,290	2,213	2,315
Other non-current liabilities	362	380	365
Total non-current liabilities	30,980	24,545	28,814
Current liabilities			
Loans	7,110	11,961	9,541
Derivatives	36	83	69
Other current liabilities	3,587	3,935	3,616
Total current liabilities	10,733	15,979	13,225
Total liabilities	41,713	40,524	42,039
TOTAL EQUITY AND LIABILITIES	53,063	51,569	53,065

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. Essentially the entire Group's operations are conducted in the Parent Company, which means that the description of risks and uncertainties is the same in both the Group and the Parent Company.

REVENUE AND PROFIT/LOSS

The Company's sales for the period amounted to SEK 1,544 million (1,480). Of this amount, revenue from subsidiaries accounted for SEK 0 million (0). Profit before financial items was SEK 709 million (689) and net financial income/expense was SEK -289 million (-162). Profit after tax was SEK 318 million (402).

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 13 million (1) and in properties to SEK 656 million (826).

EQUITY

Equity totalled SEK 7,144 million compared with SEK 6,820 million at year-end. The Board proposed that the Annual General Meeting resolve on a dividend of SEK 763.47 (652.57) per share, a total of SEK 1,630 million.

EVENTS AFTER THE END OF THE REPORTING PERIOD

No events of a material nature occurred after the end of the reporting period in either the Parent Company or the Group.

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, 27 April 2018

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 policies 2018

As of 1 January 2018, the Akademiska Hus Group applies IFRS 9 Financial Instruments and IFRS 15 Revenue from contracts with customers.

Other than some changes in terminology, the transition to IFRS 9 Financial Instruments has not had any impact on measurement of Akademiska Hus' financial instruments. Derivatives will continue to be carried at fair value through profit or loss. Hedge accounting is still considered to be effective under the new standard. A loss provision will be recognised for all financial assets measured at amortised cost or at fair value through other comprehensive income. This loss reserve will not be material.

Only a small portion of the Group's revenues are subject to IFRS 15. These items are considered to be integrated components of the lease. Our tenants have no influence on the choice of provider, frequency or execution of these services. The amounts involved are not significant for Akademiska Hus and will be recognised in the income statement as rental revenue.

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 $(IB+UB)/2$.

Loan-to-value ratio

Interest-bearing net loan debt in relation to the closing value of properties.

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.

Total financing cost including changes in value

Net interest and the change in value of financial derivatives, in relation to average interest-bearing capital. (See table below.)

Interest coverage ratio

Net operating income with the addition for central administration in relation to net financial income/expense, with the addition of period allocation of realised profits from derivatives and including capitalised interest in projects.

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.

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. 2018- 31 March 2018	1 Jan. 2017- 31 March 2017	1 Jan. 2017- 31 Dec. 2017
Loans	-34,532	-33,265	-34,741
Derivatives - liabilities	-942	-693	-956
Collateral for derivatives	-700	-1,386	-858
Cash and cash equivalents	4,827	5,490	6,478
Other current receivables	773	557	857
Derivatives - receivables	1,989	2,228	1,651
Total net loan liability	-28,585	-27,069	-27,569
Fixed income funds - assets (full-year basis)	-29,776	-28,524	-29,973

Operating capital

Equity plus interest-bearing net loan liability.

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 vacant space 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 January–June 2018	13 July 2017
Interim Report January–September 2018	26 October 2017
Year-end report	February 2018
Annual Report 2018	March 2018

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