

JANUARY 1–MARCH 31, 2019

Higher changes in value provide higher earnings

Akademiska Hus reports higher earnings compared to the previous year as a result of higher changes in the value of its property holdings. Net operating income also increased in relation to the comparative period. During the quarter an array of initiatives were implemented that create attractive campuses and strengthen the Company's customer delivery.

Read more in the Statement by the President on page 3.

KEY EVENTS DURING THE QUARTER

- The prestigious Building of the Year award was presented in March. The winner was one of the largest research labs in Europe – Biomedicum – which Akademiska Hus built for Karolinska Institutet in Solna. This award is the most prestigious honour in the built environment sector, highlighting examples of the industry's finest achievements during the year in terms of quality, project collaboration, finances and design.
- During the period Akademiska Hus began construction on 108 new apartments at Ultuna that will provide 132 undergraduate and graduate students with campus-based housing. The initiative will make Uppsala more attractive as a student town and help the Swedish University of Agricultural Sciences to meet its estimated student housing needs at Ultuna for the coming years. Akademiska Hus is investing SEK 193 million in the project.
- Sweden's leading property companies, including Akademiska Hus, have taken initiative together with management company Fastighetsägarna Service to develop a digital access platform. Through the jointly financed company Accessy, the founders want to create an independent operator for the development of digital keys to enable property owners to easily distribute access, rights and authorities to locked spaces such as offices, meeting rooms, premises or apartments. In addition to improved functionality, security will also increase by providing better control over the usage of the building and frequency of usage.
- Akademiska Hus has signed a contract with the Swedish University of Agricultural Sciences (SLU) on the sale of the stable at the Centre for Veterinary Medicine and Animal Science (VHC) on the Ultuna Campus in Uppsala for SEK 355 million. The stable accounts for about 10,000 square metres of the total area of the VHC.

FINANCIAL KEY FIGURES

Period January–March

- Rental revenue was SEK 1,533 million (1,489).
- Net operating income was SEK 1,079 million (1,037), an increase of SEK 42 million.
- Profit before changes in value and tax was SEK 965 million (961).
- Unrealised changes in value of properties totalled SEK 1,049 million (263), corresponding to a 1.2 per cent (0.3) increase in the value of the properties.
- Total financing cost was SEK -291 million (-266), of which SEK -197 million (-207) relates to changes in the value of financial instruments.
- Profit before tax was SEK 1,817 million (1,017) and profit for the period was SEK 1,437 million (784).
- Investments in redevelopment, extensions and new construction totalled SEK 829 million (679).
- The yield (excluding properties under construction) was 5.0 per cent (5.3) 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 colleges and universities. 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 essentially are 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 for all newly signed leases at the end of the quarter was 10.4 years (10.5 at 31 December). The average remaining lease term is 6.4 years (6 at 31 December). The finan-

cial vacancy rate accounts for 2.3 per cent (1.7 at 31 December) of our total rental revenue. The vacancy rate regarding rentable space is 5.2 per cent (5.2 at 31 December). One reason for the relatively low vacancy rate is that new projects generally 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 programmes 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 2019. 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.

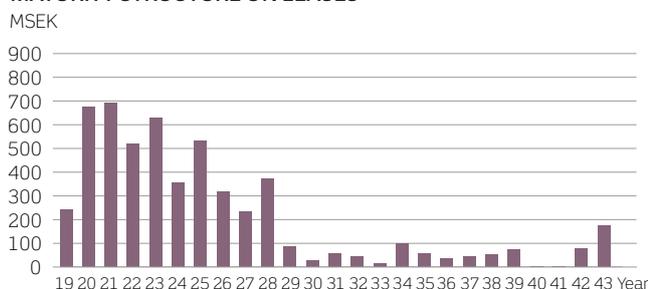
P-1

Moody's short-term rating,
January 2019

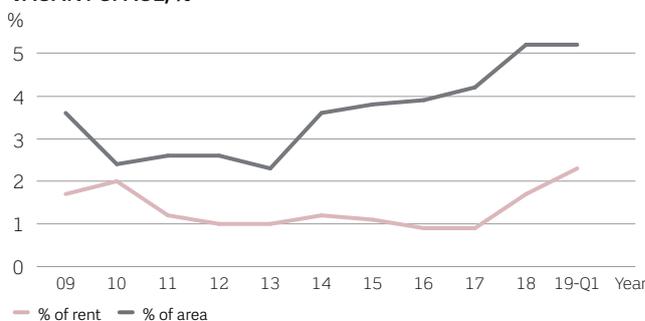
AA

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

MATURITY STRUCTURE ON LEASES



VACANT SPACE, %



AKADEMISKA HUS IN BRIEF

	2019 Jan.–March	2018 Jan.–March	Rolling 12 months. April 2018– March 2019	2018 Full-year	2017 Full-year
Income from property management, MSEK	1,574	1,542	6,148	6,117	5,806
Net operating income, MSEK	1,079	1,037	3,980	3,938	3,829
Profit before tax, MSEK	1,817	1,017	6,617	5,818	8,311

Values as at 31 March 2019

	2019	2018	Rolling 12 months. April 2018– March 2019	2018 Full-year	2017 Full-year
Equity ratio ¹	45,2	43,9	45,2	45,8	43,3
Return on operating capital, % ¹	*	*	5,3	5,5	5,9
Return on equity, %	*	*	12,3	11,2	17,7
Interest coverage ratio, % ¹	*	*	633	736	871
Loan-to-value ratio, %	36,0	35,1	36,0	35,4	34,3
Yield, properties, % ^{1,2}	*	*	5,0	5,1	5,5
Yield, properties, % ^{1,3}	*	*	4,7	4,7	5,0
Assessed market value, properties, MSEK	87,388	81,380	87,388	85,865	80,444

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

1) Values regarding 2019 are excluding accounting effects of IFRS 16 2) excluding properties under construction 3) including properties under construction

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.

A review of the owner's financial objectives is currently underway; decisions are taken at the Annual General Meeting on 29 April.

PRESIDENT KERSTIN LINDBERG GÖRANSSON COMMENTS:

Biomedicum provides room for more on Solna Campus

The prestigious Building of the Year award was presented in March. And the winner was Biomedicum, one of the largest research labs in Europe, which we built for Karolinska Institutet in Solna. I see this as confirmation that we practice what we preach – with a focus on sustainability, quality and a good working environment. And especially, that this accomplishment was the result of effective internal processes and outstanding collaboration with our customer.

Biomedicum, our single largest construction project to date, is also one of Europe's largest experimental research labs which is now occupied by a large part of Karolinska Institutet's operations. As a result, almost 45,000 square metres are now vacant on the Solna campus – a unique situation in an area that is one of the strongest life science clusters in the world. Companies associated with health and medicine now have the opportunity to set up in the area. We have encountered record-breaking interest in the facilities and several contracts have already been signed.

Kick-off for more student housing in Uppsala

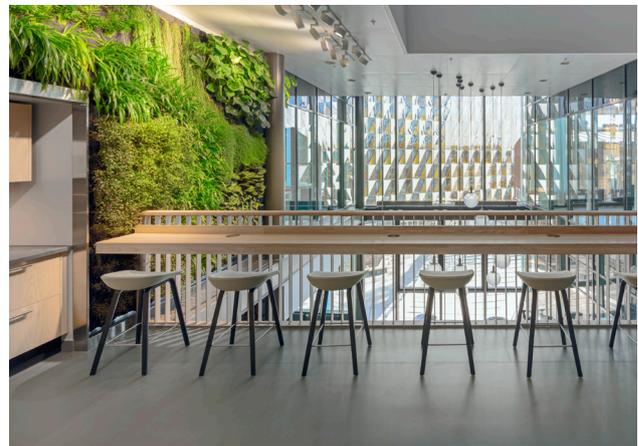
Campus-based student housing is desirable and provides major value to the entire area. We have now begun construction on Hydra – 108 new apartments at Ultuna for 132 undergraduate and graduate students. There are also plans for solar panels on the roof that will cover a large portion of the building's energy needs. The initiative will make Uppsala more attractive as a student town and help the Swedish University of Agricultural Sciences to meet its estimated student housing needs at Ultuna for the coming years.

Elevated artistic ambitions

Many functions are needed to create a living campus and art can provide new dimensions. We have now expanded our collaboration with Public Art Agency Sweden to ensure that even more space will be dedicated to art when we develop our campuses. Moving forward, we will invest at least SEK 10 million annually in art at Sweden's colleges and universities. As a result, Akademiska Hus will be the first government-owned property company that puts the new policy into practice by increasing the focus on art in government construction projects. Through our long collaboration with Public Art Agency Sweden, we have one of the largest collections of public art in Sweden with about 700 permanent works in our property holdings. Together with Public Art Agency Sweden, we would now like to break new ground to show how art can contribute to research and learning environments.

Industry-wide digital key campaign

Akademiska Hus, along with a number of leading companies in the property industry and management company Fastighetsägarna Service, has taken the initiative to develop a digital access platform. Through the jointly financed company Accessy, we want to create an independent operator for the development of digital keys. One part of the new reality that property owners face is managing the flow of deliveries into the buildings, at the same time that tenants would like more services



Photos: Jean-Baptiste Béranger

The prestigious Building of the Year award was presented. The winner was one of the largest research labs in Europe – Biomedicum – which Akademiska Hus built for Karolinska Institutet in Solna.

linked to their workplace. This may entail gaining access to workplaces in co-working spaces, or renting an extra conference room. There is also a need to securely provide visitors, delivery services, or contractors with temporary access to a property. With digital access through Accessy, we will be able to provide a better customer experience at the same time that we automate time-consuming key handling. I believe that Accessy AB is an excellent example of how we can help to effect change that will benefit our customers, our own business and the industry at large.

Akademiska Hus sells part of property

We have signed a contract with the Swedish University of Agricultural Sciences (SLU) on the sale of the stable at the Centre for Veterinary Medicine and Animal Science (VHC) on the Ultuna Campus for SEK 355 million. The grand opening of the 53,000 square-metre building, which houses educational and research facilities, as well as Sweden's only university animal hospital with its own stable, was celebrated in 2014. The stable, which is a highly specialised section for animal husbandry, accounts for about 10,000 square metres of the total area of the VHC.

Profit for the period

Net operating income for the period increased somewhat compared with the previous year and totalled SEK 1,079 million. Profit for the period was SEK 1,437 million, which is higher than the previous year because of higher changes in the value of its property holdings.



Kerstin Lindberg Göransson

President

BUSINESS INTELLIGENCE AND MARKET ANALYSIS:

Attractive property market

The property industry benefits from low interest rates and the demand for community properties continues to be high.

TRENDS

In 2018, the mood on the financial markets was somewhat more subdued due to weaker economic prospects. Among the bright spots during the first quarter of the year is the progress in the trade negotiations between the US and China, where an agreement appears to be within reach. However, economic statistics continued to show signs of weakness and the focus has been on Europe, where additional downward revisions of growth forecasts now suggest a growth rate of about one per cent for 2019. Subdued global demand represents a partial explanation, but temporary rule changes within the automotive industry have also had a negative impact on European industrial production during the period. Weaker developments abroad have entailed some dampening of the outlook for the Swedish economy, as well. Nevertheless, the economy remains relatively robust at this time, aided by the continued weakness of the SEK. With lower expectations regarding growth and inflation rate, central banks around the world have adopted a more cautious approach to monetary policy. Interest rates have therefore fallen during the quarter, providing some support for a strong trend in the stock market.

FIXED INCOME MARKET

As expected, the US Federal Reserve (Fed) hiked interest rates in December 2018. Economic signals in the US have been mixed, but growth forecasts were adjusted downwards somewhat for the US economy as well. The weaker growth prospects have influenced both the Fed and the European Central Bank (ECB), causing them to lower their interest rate forecasts. Consequently, no interest rate hike is expected from either the Fed or the ECB in 2019, as had previously been indicated. Communication from the central banks has indicated that the options for tightening monetary policy are limited. Bond yields have fallen on these announcements, and at the end of the quarter a ten-year government bond in Germany traded at negative interest rates for the first time since 2016.

Unlike the Fed and the ECB, the Swedish Central Bank continues to signal an interest rate hike after the summer this year. For Sweden, however, with weaker than expected inflation combined with signals of somewhat lower growth, the fixed income market considers the likelihood of an interest rate hike from the Swedish Central Bank this year to be relatively low.

PROPERTY MARKET

The property market has performed well during the first quarter of the year. Financing continues to be available, since fewer alternative forms of return are offered in the prevailing low interest rate environment. Several major transactions were carried out during the quarter for a strong start to this year's transaction market. The aggregate transaction volume as of 31 March

was about SEK 31 billion, an increase of SEK 9 billion, which is about 40 per cent compared with the same period last year. To date, offices are the most traded segment at about 40 per cent of volume, ahead of logistics/industry and housing, which accounted for about 20 per cent each. The community property sector has a share of about 6 per cent. Buyers are predominantly private property companies, while sellers are mainly institutions and real estate funds. The percentage of international investors is somewhat lower than previously and accounted for 27 per cent of transaction volume, which is a reduction from 39 per cent during the same period in 2018.

Vacancy levels in offices in the major cities are still extremely low and indicate continued high demand. Just as previously, primarily modern, space-efficient and environmentally friendly premises that meet high technical standards are in demand on the commercial market. Rent levels are generally unchanged compared with previous quarters. However, most participants in the property market expect rents to rise in Stockholm and Gothenburg, while the majority predict unchanged levels in Malmö. The trend in the regional centres follows the trend in the major cities, with some delay. In smaller locations, the percentage of new construction underway is lower, since demand lags behind the major cities and regional centres.

COMMUNITY PROPERTIES

Community properties (properties primarily used for tax-funded activities and specifically adapted to community services) are still considered to be an extremely attractive segment among investors. The segment typically has long leases and tenants with solid credit ratings, for which reason dependence on the economy is relatively low. Investors also look at the strong underlying demographic factors, especially population growth, which generates an increased need for public sector investment.

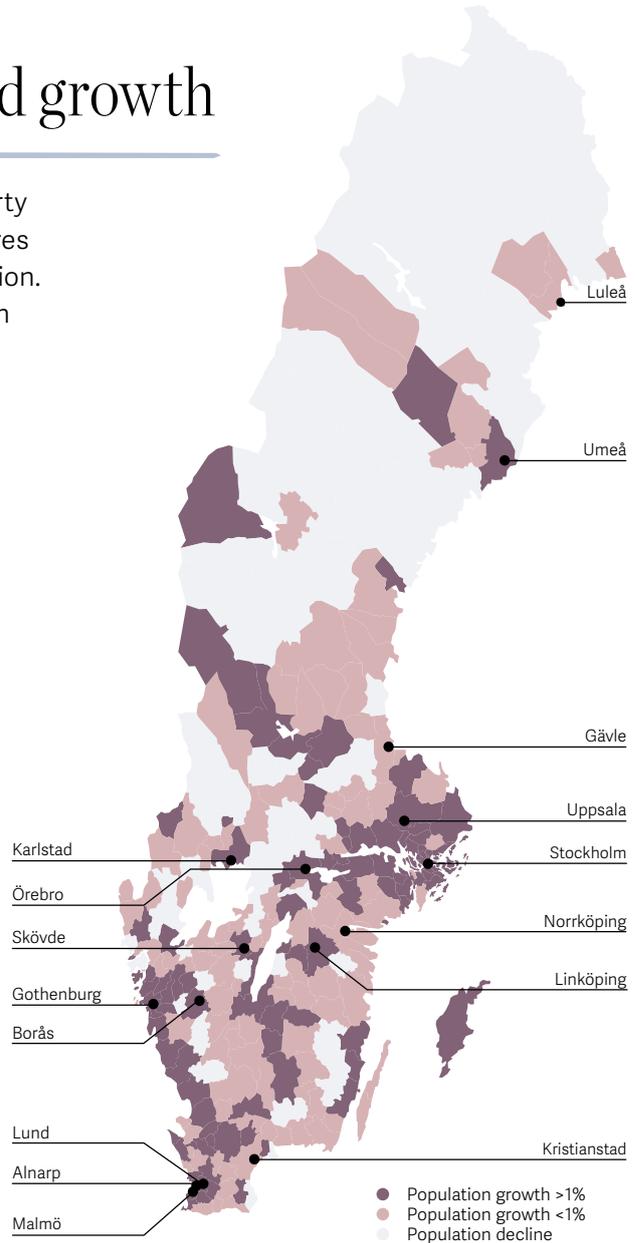
Akademiska Hus is active in the sub-segment premises for higher education and research where a campus is an attractive microenvironment for education, research and related activities. Demand for on-campus premises also depends on how well the campus is integrated with the city in general. Through improved infrastructure, increased supply of services and residential development, campuses can be made more attractive for both the centres of education and the business community. 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. While the number of applicants to this year's spring term declined by one per cent, the number accepted was just over one per cent more than the previous year, and was the highest ever. In the long term, primarily demographic factors determine where the number of applicants is expected to increase each year.

OUR COLLEGE AND UNIVERSITY CITIES

Presence in cities with good growth

Akademiska Hus is one of the country's largest property companies with approximately 3.3 million square metres of rentable area and a property portfolio of SEK 87 billion. Together with colleges and universities, we strengthen Sweden as a nation of knowledge by developing and managing environments for education and research.

Akademiska Hus can be found in **16** college and university cities



Source: Statistics Sweden

Our six largest cities

Market share, per city/town	Market value and area	Largest centres of education	Market share, per city/town	Market value and area	Largest centres of education
Stockholm 	SEK 40 billion 972,000 m²	Stockholm University Karolinska Institutet Royal Institute of Technology	Lund 	SEK 7 billion 359,000 m²	Lund University
Uppsala 	SEK 15 billion 602,000 m²	Uppsala University SLU Ultuna	Umeå 	SEK 4 billion 244,000 m²	Umeå University Swedish University of Agricultural Sciences, Umeå
Gothenburg 	SEK 8 billion 348,000 m²	University of Gothenburg Chalmers University of Technology	Linköping 	SEK 4 billion 221,000 m²	Linköping University

● Akademiska Hus ● Other

Source: Share 2018, Swedish National Financial Management Authority

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 possible to adapt 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

Akademiska Hus has set high climate targets and we recently adopted a vision for a zero carbon footprint. We constantly work to find energy-efficient solutions for properties we own and manage by using less energy and by using it appropriately. By 2025 we will reduce the quantity of delivered energy by 50 per cent, while also focusing on creating renewable energy, including via 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.

KICK-OFF FOR MORE STUDENT HOUSING IN UPPSALA

In March Akademiska Hus began construction on 108 new apartments at Ultuna that will provide 132 undergraduate and graduate students with campus-based housing. The initiative will make Uppsala more attractive as a student town and help the Swedish University of Agricultural Sciences to meet its estimated student housing needs at Ultuna. The university has the long-term goal of doubling the number of students to about 10,000 over a ten-year period. To achieve this goal, SLU has determined that about 250–300 new undergraduate and graduate student housing units are needed on the Ultuna Campus.

The housing units are being built in an existing building by Ultuna Hamn close to Arrheniusplan. The building will now be called Hydra. A variety of types of housing will be offered – from collective housing to small apartments. Hydra will be the first student housing built by Akademiska Hus that will be equipped with its own solar park, which is expected to produce a minimum of 59,000 kWh of sustainable energy per year and will cover a large portion of the internal electricity needs of the building, such as elevators and lighting. Akademiska Hus is investing SEK 193 million in the project.



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 customer 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 preschools in close proximity to campus are examples of services that make life easier and is 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.

OUR VISION FOR ZERO CARBON FOOTPRINT:

Akademiska Hus has developed an array of ambitious targets to be able to contribute to a climate-neutral society. In summary, the Company will reach the following targets related to climate neutrality:

- Climate-neutral property operations by 2025
- Climate-neutral internal operations by 2025
- Climate-neutral project operations by 2045

Strong innovative ability

To meet the challenges we face as a community builder we must enhance our power of innovation to ensure our deliverables 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 and practices through structured innovation partnerships, thereby contributing to sustainable development in the community. In order to remain relevant it is also important to broaden the offering of services. Our campus environments are exciting and accessible meeting places for business, academia, the community and the individual. We are working with our customers to develop a co-working concept in order to offer flexible and attractive workspaces that can be rented for short periods.

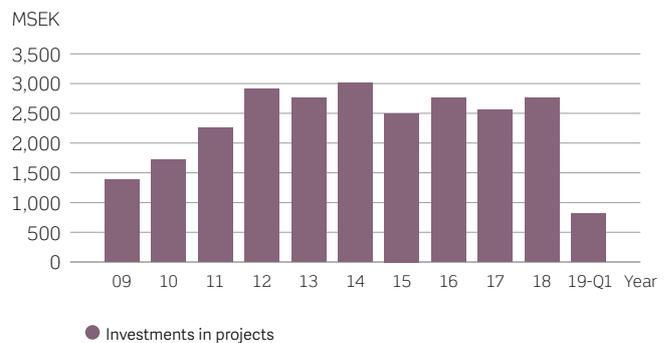
PROJECTS

The construction process represents a substantial portion of Akademiska Hus' business and our project portfolio consists of approved and planned projects of about SEK 14 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 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, MSEK



The diagram shows annual investments in projects from 2009 to the first quarter of 2019. On average, Akademiska Hus has had an investment rate of about SEK 2.5 billion per year. The company has invested approximately SEK 51 billion in new construction as well as in redevelopment and extensions since 1993.

Consolidated income statement

Consolidated income statement, summary, MSEK

	2019 Jan.–March	2018 Jan.–March	Rolling 12 months April 2018– March 2019	2018 Full-year
Rental revenue	1,533	1,489	5,972	5,928
Other property management income	40	53	176	189
Total property management income	1,574	1,542	6,148	6,117
Operating costs	-271	-271	-894	-894
Maintenance costs	-93	-91	-677	-676
Property administration	-103	-84	-391	-372
Site leasehold fees	—	-21	-63	-84
Other property management expenses	-29	-38	-143	-152
Total costs from property management	-495	-505	-2,168	-2,179
NET OPERATING INCOME	1,079	1,037	3,980	3,938
Central administration costs	-20	-17	-81	-78
Interest income	18	13	37	32
Interest expense	-91	-71	-321	-300
Site leasehold fees	-21	—	-21	—
PROFIT BEFORE CHANGES IN VALUE AND TAXES	965	961	3,595	3,592
Change in value, properties	1,049	263	3,371	2,585
Change in value, financial instruments	-197	-207	-349	-360
PROFIT BEFORE TAX	1,817	1,017	6,617	5,818
Tax	-379	-233	-650	-504
PROFIT FOR THE PERIOD	1,437	784	5,967	5,314
Of which attributable to the shareholder in the Parent Company	1,437	784	5,967	5,314

Consolidated statement of comprehensive income

Consolidated statement of comprehensive income, summary, MSEK

	2019 Jan.–March	2018 Jan.–March	Rolling 12 months April 2018– March 2019	2018 Full-year
Profit for the period	1,437	784	5,984	5,314
Reclassifiable items				
Profit/loss from cash flow hedges	—	11	-11	—
Tax attributable to cash flow hedges	—	-2	2	—
Cash flow hedges, dissolved against profit and loss	—	-2	-5	-7
Non-reclassifiable items				
Revaluation of defined benefit pensions	—	—	-40	-40
Tax attributable to pensions	—	—	8	8
TOTAL, OTHER COMPREHENSIVE INCOME FOR THE PERIOD	0	7	-46	-39
COMPREHENSIVE INCOME FOR THE PERIOD	1,437	791	5,938	5,275
Of which attributable to the shareholder in the Parent Company	1,437	791	5,938	5,275

Comment: Operating profit

FIRST QUARTER

Profit for the period was SEK 1,437 million (784), which is an improvement of SEK 653 million compared with the same period the previous year. The main explanation is a significantly larger increase in the value of our property holdings with an impact on profit compared with last year of SEK 1,049 million (263). The net operating income for the period improved by SEK 42 million compared to the same period the previous year, to SEK 1,079 million (1,037), which can be explained by the completion of new buildings in 2018 that had an impact on the period, as well as by changed treatment of site leasehold fees.

RENTAL REVENUE

During the first quarter rental revenue, less a deduction for vacant space, was SEK 1,533 million (1,489), an increase of SEK 44 million compared to the same period in 2018. The majority of the increase is related to the completion of new buildings in 2018 that had an impact on the period, especially Biomedicum and the newly built student housing at the Royal Institute of Technology (KTH) in Stockholm. The financial vacancy rate increased compared to the same period in 2018, which means that the effect of additional new buildings that reached completion has not yet had its full impact on profit.

Other property management income fell by SEK 13 million and amounted to SEK 40 million (53). The reduction can mainly be attributed to the lower volume of services provided to tenants.

LEASING LEVEL

The financial vacancy rate for the first quarter accounts for 2.3 per cent (1.7 at 31 December) of our total rental revenue, corresponding to SEK 37 million (23). The increase is attributable to occupancy changes at Karolinska Institutet in conjunction with the completion of Biomedicum in the spring of 2018.

In terms of area, vacancies were unchanged at 173,000 square meters, which is 5.2 per cent (5.2 at 1 January) of our total rentable area of 3.3 million square meters (3.3 million). We work proactively to facilitate future rentals and thereby minimise the financial vacancy rate.

OPERATING AND MAINTENANCE COSTS

Expenses for operation and maintenance for the first quarter were unchanged compared with the same period in 2018 and amounted to SEK 364 million (362). Operating costs involve supervision and service, as well as media provision.

Operating costs of SEK 271 million (271) include media provision of SEK 184 million (191), equivalent to SEK 177/m² (168) over the past 12 months. Total maintenance costs are also unchanged compared with the first quarter of 2018 at SEK 93 million (91). Preventive and remedial maintenance increased, while project maintenance declined for the period.

ADMINISTRATION AND PROPERTY MANAGEMENT EXPENSES

Property administration increased by SEK 19 million compared with the same period in 2018 and totalled SEK 103 million (84). The increase is primarily attributable to the full-year effects of recruitments in 2018, mainly related to the new management organisation, as well as an expanded project organisation. The costs of development work, including in relation to the new business concept, also increased compared with the previous year, which is in line with the company's strategy.

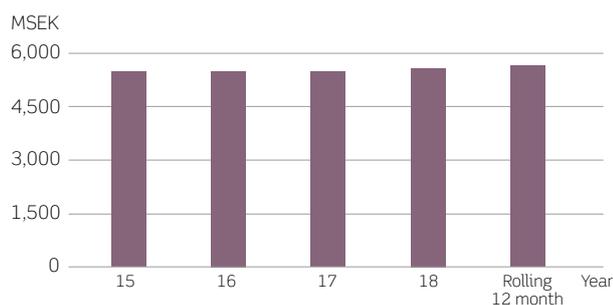
Central administration totalled SEK 20 million (17), which is somewhat higher than the previous year, but is in line with the plan.

The site leasehold fees have decreased by SEK 21 million compared to the same period last year due to a change in accounting policy that came to effect on January 1 2019. Annual leasehold fees are now reported below the net operating income as a financial expense.

INTEREST INCOME AND EXPENSE

Interest income and expense consists of interest on loans and interest income related to the interest rate swap portfolio. This cost of these items amounted to SEK 73 million (58) for the period, corresponding to an interest rate of 1.17 per cent (1.01). As a result of the extensive long-term bond issuances the previous year, combined with reduced short-term funding via ECP, interest expense on loans increased to some extent. Capitalised interest expense for projects in progress, which was not included in interest income and expense, totalled SEK 20 million (23) during the period.

STABLE RENTAL REVENUE



RISING NET OPERATING INCOME AND STABLE NET OPERATING INCOME RATIO



TOTAL FINANCING COST INCLUDING CHANGES IN VALUE

	1 Jan. 2019– 31 March 2019	1 Jan. 2018– 31 March 2018	1 Jan. 2018– 31 Dec. 2018
Interest cost for loans, including fees, %	1.05	0.91	0.88
Interest swaps, net interest, %	0.12	0.10	0.09
Current net interest income and expense, %	1.17	1.01	0.97
Changes in value, financial derivatives, %	1.95	2.83	1.33
Total financing cost, %	3.12	3.85	2.30

CHANGES IN VALUE, PROPERTIES

The fair value of the Group's property holdings was set using an internal property valuation method that is compared annually against external value statements (where a selection of the holdings were externally valued). As of 31 March 2019 the change in value of properties with an impact on profit was SEK 1,049 million, an increase of SEK 786 million compared with the same period in 2018.

This increase in relation to the comparative period can largely be attributed to the lower cost of capital and yield requirement for sub-markets with a substantial impact on the value within the company. Other change in value is attributable to projects in progress, renegotiated leases and other factors affecting value. The average yield requirement was 5.35 per cent (5.46).

The largest changes in value can be seen in the Stockholm region and the Gothenburg region. These changes are generally due to the large proportion of project properties in these market areas that are approaching completion, as well as the lower cost of capital and yield requirement, which have a stronger impact on value.

CHANGES IN VALUE, FINANCIAL INSTRUMENTS

Changes in value in the derivative portfolio amounted to SEK -197 million (-207), which can be explained by lower market interest rates during the quarter. The derivative portfolio largely consists of interest rate swaps with future starts 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. About one third of Akademiska Hus' 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

In recent years, Akademiska Hus has had a relatively long fixed interest period in the total liability portfolio. The use of interest derivatives is substantial. Changes in market interest rates generate changes in the value of the interest rate derivatives. The changes in value consist of the changes in present value for 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. This allocation for the past twelve-month period corresponds with an interest expense of 0.48 per cent. 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 1.51 per cent as of 31 March. The calculation confirms that the long fixed interest period has resulted in relatively stable financing costs.

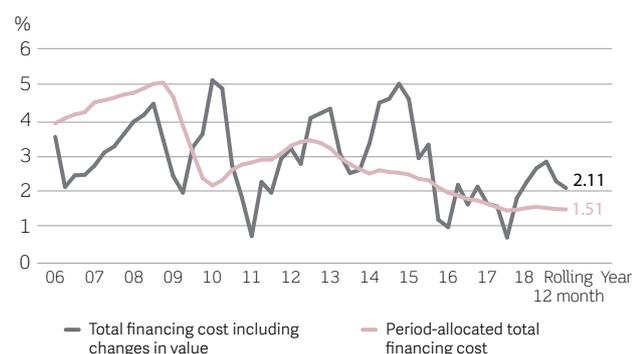
When calculating the interest coverage ratio, the capitalised interest expense and accrued earnings from the closed interest rate derivatives are included. The interest coverage ratio continues to be high at 750 per cent (825), see diagram below.

TAX

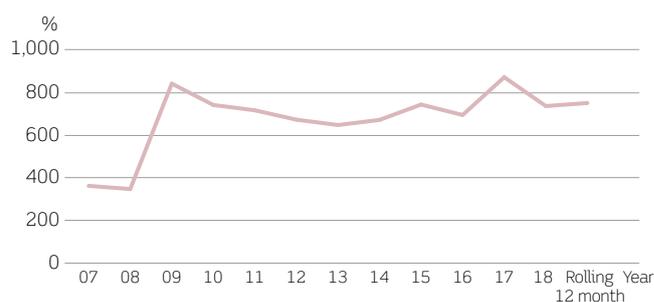
The corporate tax was lowered to 21.4% in 2019 as a first step and will be further lowered to 20.6% in 2021. The current tax for the year of SEK 124 million was calculated at a rate of 21.4%. Deferred taxes will be revalued based on the tax rate applicable at the time when the deferred tax is expected to be settled. This means that the deferred tax liability has been calculated at 20.6%.

The interest deduction in the corporate sector has been limited beginning on 1 January 2019. The new rules are not expected to have any effect on the tax calculation for the year.

COMPARATIVE CALCULATION TOTAL FINANCING COST, ROLLING 12-MONTH BASIS



INTEREST COVERAGE RATIO



Statement of financial position

Consolidated statement of financial position, summary, MSEK	31 March 2019	31 March 2018	31 Dec. 2018
ASSETS			
Non-current assets			
Properties	87,388	81,380	85,865
Site leasehold rights	2,736	—	—
Equipment, fixtures and fittings	22	21	23
Derivatives	3,063	1,216	1,614
Other non-current receivables	430	208	430
Total non-current assets	93,639	82,825	87,933
Current assets			
Current receivables			
Derivatives	64	773	67
Other current receivables	2,006	2,725	2,173
Total current receivables	2,070	3,498	2,240
Cash and cash equivalents			
Cash and cash equivalents	4,951	4,827	3,304
Total cash and cash equivalents	4,951	4,827	3,304
Total current assets	7,022	8,325	5,544
TOTAL ASSETS	100,661	91,150	93,477
EQUITY AND LIABILITIES			
Equity	44,269	39,977	42,832
LIABILITIES			
Non-current liabilities			
Loans	29,171	27,422	28,262
Derivatives	1,443	906	941
Deferred tax	11,885	11,550	11,630
Long-term debt finance lease	2,736	—	—
Other non-current liabilities	608	565	602
Total non-current liabilities	45,843	40,443	41,435
Current liabilities			
Loans	5,963	7,110	5,259
Derivatives	21	36	136
Other current liabilities	4,564	3,584	3,815
Total current liabilities	10,548	10,730	9,210
Total liabilities	56,392	51,173	50,645
TOTAL EQUITY AND LIABILITIES	100,661	91,150	93,477

Comment: Statement of financial position

PROPERTIES

As of the end of the first quarter, the fair value of Akademiska Hus' property holdings totalled SEK 87,388 million, an increase of SEK 1,523 million and 1.8 per cent compared with 31 December 2018. Fair value includes the completed portions of projects in progress. At the end of last year, projects in progress totalled SEK 4,929 million. The change in value with an impact on profit and capitalised interest expense was SEK 1,049 million (263), including changes in value realised for properties sold during the period of SEK 0 million (0). The remaining changes relate to investments and sales, where we sold part of the property Ultuna 2:23, called the stable, to the Swedish University of Agricultural Sciences for SEK 355 million during the first quarter of 2019.

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 property type, as well as by market-related yield targets and cost of capital. The average yield requirement was 5.35 per cent, a decline of 0.03 percentage points since January 1.

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. A selection of the property portfolio is also valued externally each year. External valuations are used as a benchmark for the internal valuation, thereby confirming its reliability that we end up within the interval stated below.

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 +/- 4,370 to 8,740 million in the Akademiska Hus portfolio.

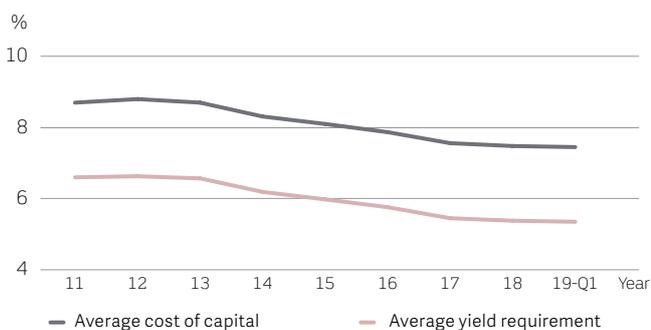
PROPERTIES 31 MARCH 2019 (incl. new construction in progress and capitalised interest expense)

Change in property holdings, MSEK	31 March 2019	31 March 2018	31 Dec. 2018
Opening fair value	85,865	80,444	80,444
+ Investment in new construction, extensions and redevelopment	829	679	2,842
+ Acquisitions	—	—	—
- Sales	-355	-6	-6
+/- Change in fair value	1,049	263	2,585
Of which change in value due to a change in the cost of capital and yield requirement	406	—	1,385
Of which other change in value	644	263	1,200
CLOSING FAIR VALUE	87,388	81,380	85,865

SITE LEASEHOLD RIGHTS

With effect from 1 January 2019 the Group applies the new rules in accordance with IFRS 16 Leases. This means that the lease liability for site leasehold fees amounts to SEK 2,736 million and is recognised as a long-term debt. A corresponding right-of-use asset is recognised in the balance sheet under non-current assets.

YIELD REQUIREMENTS AND COST OF CAPITAL



CHANGE IN VALUE BY SEGMENT

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

Segment	Change in value, %	Contribution to change in value, percentage points
South	2.7	0.6
Mid-Sweden	3.0	1.6
North	-1.8	-0.4
Total		1.8

FINANCING

The net liability portfolio increased by SEK 1,863 million during the quarter and totalled SEK 31,495 million as at 31 March. After somewhat widening credit spreads in late 2018, they have narrowed once again in the first quarter of 2019. Following the high activity in the bond market over the past two years, the need for financing is deemed to be limited in 2019 and bonds maturing during the year are largely financed in advance. In an issue during the quarter, a European investor invested in a bond corresponding to about SEK 720 million with a maturity of 26 years.

NET LOAN LIABILITY

MSEK	1 Jan. 2019– 31 March 2019	1 Jan. 2018– 31 March 2018	1 Jan. 2018– 31 Dec. 2018
Gross loan debt	-35,134	-34,532	-33,521
Assets			
Collateral for derivatives, net	-1,702	-700	-891
Cash and cash equivalents	4,951	4,827	3,304
Other current receivables	390	773	692
Total net loan liability	-31,495	-29,632	-30,416

FIXED INTEREST PERIOD AND MATURITY

The long-term bond issuances over the past two years have contributed to an increase in average maturity, which remained at this level during the quarter. 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 in the past, 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 denominated in SEK with both fixed interest and maturity terms longer than 15 years.
- Index-linked bond portfolio – bonds linked to the real interest rate.

FIXED INTEREST PERIOD AND MATURITY, YEARS

	Fixed interest, years, March 2019	Fixed interest, years, Dec. 2018	Maturity, years, March 2019	Maturity, years, Dec. 2018
Basic portfolio	4.3	4.1	8.8	8.5
Long-term portfolio	21.6	21.8	21.6	21.8
Index-linked bond portfolio	3.5	3.8	3.5	3.8
Total portfolio	7.5	7.3	11.0	10.8

Year	Maturity, MSEK	Fixed interest, MSEK
2019	4,901	16,702
2020-2024	8,840	9,214
2025-2029	4,631	1,600
2030-2034	2,891	200
2035-2039	2,626	1,895
2040-2044	5,812	2,736
2045-2049	3,351	705
TOTAL	33,053	33,053

FIXED INTEREST PERIOD IN TOTAL PORTFOLIO



AVERAGE MATURITY AND PORTION OF DEBT MATURING



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.

Our approved and planned projects totalled SEK 13,700 million, of which about SEK 4,900 million has already been invested in projects in progress. Of the approved projects in progress, the two largest are Albano (SEK 3,300 million), with completion expected 2020–2022, and phase 4 of Ångström (SEK 1,200 million). Three projects totalling about SEK 250 million were completed during the quarter.

We have several student housing projects in our project portfolio and more coming up. Among the approved projects there are four student housing projects for a total of SEK 1,200 million.

PROJECT PORTFOLIO

MSEK	31 March 2019	31 Dec. 2018
Approved projects	10,000	9,900
Planned projects	3,700	4,100
APPROVED AND PLANNED PROJECTS	13,700	14,000
of which already invested in projects in progress	-4,900	-4,400
REMAINDER OF APPROVED AND PLANNED PROJECTS	8,800	9,600

The different investments are categorised as:

- Approved projects.
- Planned projects – have an inquiry or planning framework, where some form of agreement exists between the Company and the tenant.

APPROVED PROJECTS

Property	Location	Type of premises	Investment limits MSEK	Percentage accrued, %	Additional floor space, m ²	Expected completion	Customer
Albano	Stockholm	Education	3,302	36	100,000	2022-Q2	Stockholm University
Ångström Phase 4	Uppsala	Laboratory	1,185	18	30,000	2022-Q4	Uppsala University
Humanisten	Gothenburg	Offices	668	83	12,100	2019-Q4	University of Gothenburg
LTH Maskinteknik	Lund	Education	499	2	19,000	2022-Q2	Lund University
KI Residence	Stockholm	Residential	434	4	15,500	2020-Q1	Karolinska Institutet
Valla Student Building	Linköping	Education	411	89	13,500	2019-Q3	Linköping University
Student accommodation Teknikringen	Stockholm	Residential	400	38	8,900	2019-Q1	Akademiska Hus
A Working Lab	Gothenburg	Other	381	74	9,600	2019-Q3	Akademiska Hus
A house	Stockholm	Other	317	46	3,500	2020-Q1	Akademiska Hus
Medical Biology Centre	Umeå	Laboratory	306	100	1,800	2020-Q1	Umeå University
Hydra student housing	Uppsala	Residential	193	-	-	2020-Q2	Akademiska Hus
Polstjärnan student housing	Luleå	Residential	183	54	6,000	2020-Q1	Akademiska Hus
GIH swimming centre	Stockholm	Other	118	31	-	2019-Q3	City of Stockholm
Child and youth studies Frescati Backe	Stockholm	Education	111	52	-	2019-Q2	Stockholm University
Projects under SEK 100 million			1,492				
TOTAL			10,000				

Changes in group equity

Changes in group equity in brief, MSEK	Attributable to the Parent Company's shareholder					Total equity
	Share capital	Other contributed capital	Hedge reserve	Actuarial profit and loss	Profit for the year brought forward	
EQUITY, 1 January 2018	2,135	2,135	6	-1	34,910	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
Dividends ¹	—	—	—	—	-1,630	-1,630
Total comprehensive income, April–Dec. 2018	—	—	-13	-32	4,530	4,485
EQUITY, 31 DECEMBER 2018	2,135	2,135	0	-33	38,594	42,832
Total comprehensive income, Jan.–March 2019	—	—	—	—	1,437	1,437
EQUITY, 31 MARCH 2019	2,135	2,135	0	-33	40,031	44,269

1) Dividend of SEK 1,630,000,000 was authorised by the Annual General Meeting on 27 April 2018.

Consolidated statement of cash flows

Consolidated statement of cash flows, summary, MSEK	2019 Jan.–March	2018 Jan.–March	2018 Full-year
CURRENT OPERATIONS			
Profit before tax	1,817	1,018	5,818
Adjustment for items not included in the cash flow	-821	-40	-2,313
Tax paid	-102	-101	-378
CASH FLOW FROM CURRENT OPERATIONS BEFORE CHANGES IN WORKING CAPITAL	894	877	3,127
CASH FLOW FROM CHANGES IN WORKING CAPITAL¹			
Increase (-)/decrease (+) in current receivables	158	-1,192	-543
Increase (+)/decrease (-) in current liabilities	-24	861	414
CASH FLOW FROM CURRENT OPERATIONS	1,028	546	2,998
INVESTING ACTIVITIES			
Investment in properties	-809	-656	-2,753
Sale of properties	355	6	6
Investment in other non-current assets	—	-13	-23
Increase in non-current receivables	—	—	—
Decrease in non-current receivables	1	1	-221
CASH FLOW FROM INVESTING ACTIVITIES	-453	-661	-2,991
FINANCING ACTIVITIES			
Raising of interest-bearing loans, excluding refinancing	3,623	5,780	17,863
Repayment of loan	-3,251	-6,566	-19,876
Interest paid	-52	-48	-335
Realised derivatives and CSA	752	-703	795
Dividend paid	—	—	-1,630
CASH FLOW FROM FINANCING ACTIVITIES	1,072	-1,537	-3,183
CASH FLOW FOR THE PERIOD	1,647	-1,652	-3,175
Opening cash and cash equivalents	3,304	6,479	6,479
Closing cash and cash equivalents	4,951	4,827	3,304

Comment: Statement of cash flows

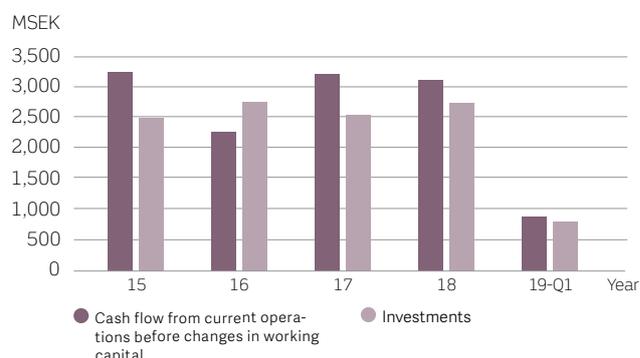
Cash flow from current operations before changes in working capital totalled SEK 894 million (877). The impact of investments in properties on cash flow was SEK 809 million (656). Cash flow from investing activities includes the sale to the Swedish University of Agricultural Sciences of SEK 355 million relating to part of the property Ultuna 2:23. Cash flow from other investing activities can mainly be attributed to investments in own properties.

Cash flow relating to financing activities amounted to SEK 1,072 million (-1,537). Total cash flow for the year was SEK 1,647 million (-1,652).

CASH FLOW AND INVESTMENTS

Total cash flow from current operations before change in working capital during the period 2015 to March 2019 was SEK 12,769 million. Investments during the same period totalled SEK 11,387 million. The diagram shows that cash flow from current operations is reinvested largely 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. The Board of Directors also regularly monitors how the organisation handles the risks that can arise in businessoperations. 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 43-47 of the 2018 Annual Report.

SENSITIVITY ANALYSIS, PROPERTY VALUE 31 MARCH 2019

Change	Impact on pre-tax profit, MSEK	Impact on fair value, MSEK ¹⁾	Impact on fair value, percentage points
Rental revenue, +/- one per cent	60	424	0.5
Vacant space, +/- one percentage point	61	-708	-0.8
Operating costs, +/- one per cent	9	-87	-0.1
of which media provision	6	-43	-0.1
Cost of capital, + one percentage point	-5,122	-5,122	-5.9
Cost of capital, - one percentage point	5,647	5,647	6.5
Yield target, + one percentage point	-6,869	-6,869	-7.9
Yield target, - one percentage point	10,286	10,286	11.8

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

Consolidated segments

THE GROUP'S GEOGRAPHICAL SEGMENTS IN BRIEF

Segment information 1 January 2019–31 March 2019, MSEK	South ¹	Mid-Sweden ²	North ³	Total, operating segments	Other operations ⁴	Group
Revenue, including other operating revenue	416	738	420	1,574	—	1,574
Property management costs, including other operating costs	-141	-172	-139	-452	-43	-495
NET OPERATING INCOME	275	566	281	1,122	-43	1,079
Central administration costs						-20
Interest income						18
Interest expense						-112
PROFIT BEFORE CHANGES IN VALUE AND TAXES						965
Change in value, properties	353	827	-130	1,049	—	1,049
Change in value, financial instruments						-197
PROFIT BEFORE TAX ACCORDING TO THE STATEMENT OF COMPREHENSIVE INCOME						1,817
Total assets include:						
Properties	20,099	46,297	20,992	87,388	—	87,388
of which invested during the year	170	532	107	809	—	809
Segment information 1 Jan. 2018 – 31 March 2018, MSEK	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
Interest income						13
Interest expense						-71
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 Jan. 2018–31 Dec. 2018, MSEK	South ¹	Mid-Sweden ²	North ³	Total, operating segments	Other operations ⁴	Group
Revenue, including other operating revenue	1,617	2,861	1,639	6,117	—	6,117
Property management costs, including other operating costs	-575	-887	-518	-1,980	-199	-2,179
NET OPERATING INCOME	1,042	1,974	1,121	4,137	-199	3,938
Central administration costs						-78
Interest income						32
Interest expense						-300
PROFIT BEFORE CHANGES IN VALUE AND TAXES						3,592
Change in value, properties	322	1,532	731	2,585	—	2,585
Change in value, financial instruments						-360
PROFIT BEFORE TAX ACCORDING TO THE STATEMENT OF COMPREHENSIVE INCOME						5,818
Total assets include:						
Properties	19,571	44,927	21,367	85,865	—	85,865
of which invested during the year	520	1,822	407	2,750	—	2,750

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, MSEK

	2019 Jan.–March	2018 Jan.–March	2018 Full-year
Income from property management	1,684	1,544	6,118
Property management expenses	-514	-515	-2,182
NET OPERATING INCOME	1,170	1,029	3,936
Central administration costs	-20	-17	-78
Depreciation and impairment as well as reversed impairment in property management	-360	-303	-1,315
PROFIT BEFORE FINANCIAL ITEMS	790	709	2,543
Interest income	18	13	32
Interest expense	-111	-94	-392
Change in value, financial instruments	-197	-208	-360
Appropriations	—	—	-138
PROFIT BEFORE TAX	500	420	1,686
Tax	-108	-102	-192
PROFIT FOR THE PERIOD	392	318	1,494

Parent Company statement of comprehensive income

Parent Company statement of comprehensive income, summary, MSEK

	2019 Jan.–March	2018 Jan.–March	2018 Full-year
Profit for the period	392	318	1,494
Reclassifiable items			
Profit/loss from cash flow hedges	—	11	—
Tax attributable to cash flow hedges	—	-2	—
Cash flow hedges, reclassified to the income statement	—	-2	-7
TOTAL, OTHER COMPREHENSIVE INCOME FOR THE PERIOD	0	7	-7
COMPREHENSIVE INCOME FOR THE PERIOD	392	325	1,487

Parent Company financial position

Parent Company financial position, summary, MSEK	31 March 2019	31 March 2018	31 Dec. 2018
ASSETS			
Non-current assets			
Properties	44,579	43,293	44,374
Equipment, fixtures and fittings	22	21	23
Shares in Group companies	1	1	1
Derivatives	3,063	1,215	1,614
Other non-current receivables	430	208	430
Total non-current assets	48,094	44,738	46,442
Current assets			
Derivatives	64	773	67
Other current receivables	2,006	2,725	2,173
Cash and cash equivalents	4,951	4,827	3,304
Total current assets	7,021	8,325	5,543
TOTAL ASSETS	55,116	53,063	51,986
EQUITY AND LIABILITIES			
Equity	7,069	7,144	6,677
Untaxed reserves	4,344	4,206	4,344
LIABILITIES			
Non-current liabilities			
Loans	29,171	27,422	28,262
Derivatives	1,443	906	941
Deferred tax	2,182	2,290	2,197
Other non-current liabilities	356	362	351
Total non-current liabilities	33,152	30,980	31,752
Current liabilities			
Loans	5,963	7,110	5,259
Derivatives	21	36	136
Other current liabilities	4,567	3,587	3,818
Total current liabilities	10,551	10,733	9,213
Total liabilities	43,703	41,713	40,965
TOTAL EQUITY AND LIABILITIES	55,116	53,063	51,986

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 1,684 million (1,544). Of this amount, revenue from subsidiaries accounted for SEK 0 million (0). Profit before financial items was SEK 790 million (709). Profit after tax was SEK 392 million (318).

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 0 million (13) and in properties to SEK 809 million (656).

EQUITY

Equity totalled SEK 7,069 million compared with SEK 6,677 million at year-end. The Board proposed that the Annual General Meeting resolve on a dividend of SEK 778.92 (763.47) per share, a total of SEK 1,663 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, 29 April 2019

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.

The general principles for the valuation of financial instruments are that financial investment assets and all derivatives should be valued at fair value whilst other financial assets and financial liabilities are measured at amortised cost. Financial instruments are reported initially at the acquisition value, corresponding to the fair value of the instrument with an addition for transaction costs for all financial instruments apart from those that belong to the category Financial Assets, which are measured at fair value through profit or loss.

New accounting policies 2019

With effect from 1 January 2019 the Group applies IFRS 16 Leases according to the simplified transition approach. Consequently, the standard will not be applied retroactively. The new standard will affect recognition of the Group's operating leases where the Group is the lessee.

The review identified site leasehold agreements as the most important leases, which means that leases relating to site leasehold rights are recognised in the consolidated balance sheet. However, the impact of the introduction of the standard on the financial statements has been limited, since the Group essentially operates as a lessor and leases where the Group is a lessee only arise to a limited extent in relation to the rest of the Group's operations. The transition to IFRS 16 has therefore not had any impact on the Group's equity. Since the simplified transition approach is applied, comparative figures for 2018 have not been restated. The Group has chosen to apply the exemption not to recognise short-term leases and leases of low value assets as right-of-use assets and lease liability in the balance sheet. Payments related to these leases will instead be recognised as an expense on a straight line basis over the lease term.

The lease liability for site leasehold fees as at 1 January 2019 was SEK 2,736 million. A corresponding right-of-use asset is recognised in the balance sheet. Site leasehold fees during the first quarter of 2019 were SEK 21 million and are recognised as a financial expense. There will be no net effect from deferred tax as the asset and liability are of equal value at the time of transition to IFRS 16.

Akademiska Hus has chosen to reverse the effect of implementation of IFRS 16 when calculating the alternative performance measures presented in the report to increase comparability.

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 (OB+CB)/2.

Return on operating capital

Net operating income with the addition of central administration costs with reversal of site leasehold fees and in relation to average operating capital (OB+CB)/2.

Loan-to-value ratio

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

Yield

Net operating income with reversal of site leasehold fees in relation to average fair value excluding buildings under construction and expansion reserves.

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

Net operating income ratio

Net operating income with reversal of site leasehold fees in relation to property management income.

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

Net interest income and expense, breakdown, MSEK

	1 Jan. 2019– 31 March 2019	1 Jan. 2018– 31 Dec. 2018
Net interest income/expense, net loans and financial assets	-80	-65
Net interest derivatives	-9	-7
Other interest costs	-3	-10
Capitalised interest expense, projects	20	23
Total net interest income/expense	-73	-59
Change in value, independent financial derivatives		
–unrealised	-256	-185
–realised	-11	40
Changes in value, fair value hedges	69	-62
Total changes in value	-197	-207
Site leasehold fees	-21	-
Reported net interest income and expense	-291	-266

Net investments

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

Net loan liability

All loans are included in gross loan debt. Net loan liability includes some current receivables, cash and cash equivalents and security transfers for derivatives. Pension provisions and similar items are not included.

MSEK	1 Jan. 2019– 31 March 2019	1 Jan. 2018– 31 March 2018	1 Jan. 2018– 31 Dec. 2018
Gross loan debt	-35,134	-34,532	-33,521
Assets			
Collateral for derivatives, net	-1,702	-700	-891
Cash and cash equivalents	4,951	4,827	3,304
Other current receivables	390	773	692
Total net loan liability	-31,495	-29,632	-30,416
Average interest-bearing capital (full-year basis)	-31,610	-29,776	-31,688

Operating capital

Equity plus interest-bearing net loan liability.

Interest coverage ratio

Net operating income with reversal of site fees charges and the addition of central administration costs in relation to net financial income/expense excluding site leasehold fees, including 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.

Equity ratio

Equity in relation to total assets excluding site leasehold rights at the end of the period.

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, supervision 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 2019	12 July 2019
Interim Report January–September 2019	23 October 2019
Year-end report 2019	February 2020
Annual Report 2019	March 2020

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