

JANUARY 1–MARCH 31, 2020

Stable operations in uncertain times

Akademiska Hus increases its net operating income compared with to previous year and profit before changes in value and tax improved somewhat. Within the community property sector, which is essentially the entire Akademiska Hus portfolio, the impact of the Covid-19 pandemic is still limited. **Read more in the Statement by the President on page 3.**

KEY EVENTS DURING THE QUARTER

- In February, construction kicked off for a new building that will enable the University of Gothenburg to gather large parts of its Faculty of Science operations in a single location. The building, which has been named Natrium, will also serve as an important element for continued development at Medicinareberget in Gothenburg. Akademiska Hus is investing approximately SEK 1.8 billion in the project, which in addition to construction of a new 32,000 square-metre building also includes renovation of approximately 2,000 square metres of the existing buildings at Medicinareberget.
- In March the prestigious Building of the Year award was presented and once again, the winning entry was built by Akademiska Hus. This year the prize goes to Studenthuset (the Student Building) at Linköping University – Campus Valla's new central hub that gathers all service functions for students, and a modern library, in a single location. The Building of the Year 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.
- Akademiska Hus is expanding its solar panel initiative at Lund University by installing a new facility that will generate 250,000 kWh of green electricity each year. The initiative is an important component for Akademiska Hus in its effort to achieve its vision for a zero carbon footprint. The new solar panels will cover a surface of more than 1,300 square metres on the roof of the Centre for Chemistry and Chemical Engineering Building 1 and will produce renewable energy that will correspond to up to 25 per cent of the building's electricity needs.
- The organisation "Håll Nollan" presents a work environment award to honour teams that have made a difference regarding the issue of greatest importance for the construction and property industry – ensuring that everyone can return home after a day at work, healthy and without injury. In March it was announced that Akademiska Hus and NCC are jointly awarded the prize for their extensive safety efforts in the expansion of the Ångström Laboratory, a project under construction for Uppsala University and includes two additions of a total of 30,000 square metres.

FINANCIAL KEY FIGURES

Period January–March

- Rental revenue was SEK 1,538 million (1,533).
- Net operating income was SEK 1,106 million (1,083), which in a comparable portfolio corresponds to an increase of 0.5 per cent.
- Profit before changes in value and tax was SEK 970 million (965).
- Changes in property values totalled SEK 171 million (1,049), corresponding with a 0.2 per cent (1.2) increase in the value of the properties.
- Total financing cost was SEK -309 million (-270), of which SEK -217 million (-197) relates to changes in the value of financial instruments.
- Profit before tax was SEK 923 million (1,817) and profit for the period was SEK 731 million (1,437).
- Investments in redevelopment, extensions and new construction totalled SEK 719 million (829).
- The yield (excluding properties under construction) was 5.0 per cent (5.0) 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 contribute to strengthen the competitiveness of Swedish centres of education, where student housing 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 approximately 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 longer lease terms. The average lease term for all newly signed leases for the period was 10.5 years (10 at year end). The average remaining lease term is 6 years (6 at year end). The financial vacancy rate

accounts for 2.3 per cent (2.2 at year end) of our total rental revenue. The vacancy rate regarding rentable space excluding properties that will be demolished is 3.6 per cent (3.6 at year end). 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 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.

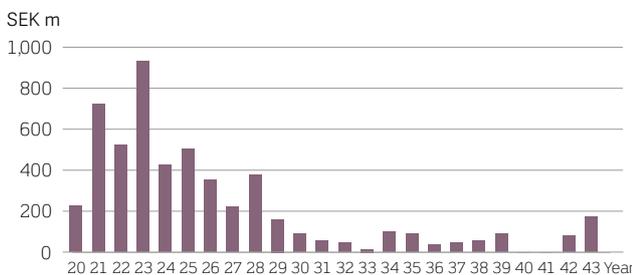
P-1

Moody's short-term rating,
December 19

AA

Standard & Poor's long-term rating,
Stable outlook, September 19

MATURITY STRUCTURE ON LEASES



LEVEL OF VACANT SPACE



AKADEMISKA HUS IN BRIEF

	2020 Jan.–Mar.	2019 Jan.–Mar.	Rolling 12 months Apr. 19– Mar. 2020	2019 Full-year	2018 Full-year
Income from property management, SEK m	1,576	1,574	6,219	6,217	6,117
Net operating income, SEK m	1,106	1,083	4,169	4,146	3,953
Profit before changes in value and tax, SEK m	970	965	3,594	3,589	3,592
Values as at 31 March 2020					
Equity ratio	43.2	44.0	43.2	44.5	45.8
Return on operating capital, %	*	*	8.8	10.3	9.2
Return on equity, %	*	*	10.4	12.2	11.2
Interest coverage ratio, %	*	*	671	679	736
Loan-to-value ratio, %	37.7	36.0	37.7	36.0	35.4
Yield, properties, % ¹	*	*	5.0	5.0	5.1
Yield, properties, % ²	*	*	4.6	4.6	4.7
Assessed market value, properties, SEK m	92,313	87,388	92,313	91,424	85,865

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

1) excluding properties under construction and expansion reserves 2) including properties under construction and expansion reserves

Owner's financial objectives:

- Return on operating capital shall be at least 6.0 per cent over a business cycle.
- The ordinary dividend should amount to between 40 and 70 per cent of the net profit after tax after reversal of unrealised changes in value and related deferred tax.
- The equity ratio should be between 35 and 45 per cent.

PRESIDENT KERSTIN LINDBERG GÖRANSSON COMMENTS:

Focus on customer delivery despite outbreak of Covid-19

Construction start on billion project

In February, construction started for Natrium – the 32,000 square-metre building that will gather large parts of the Faculty of Science at the University of Gothenburg in one place. The SEK 1.8 billion investment is part of the initiative to achieve a stronger life science cluster at Medicinareberget in Gothenburg.

Award-winning projects and sustainability initiatives

Studenthuset (the Student Building) at Campus Valla at Linköping University was presented the prestigious Building of the Year award and on the same day, we received the Håll Nollan organisation's work environment award together with NCC. The award was issued for the extensive safety initiatives related to the expansion of the Ångström Laboratory in Uppsala. I am both pleased and proud that our intensive quality efforts in our procedures generate results that are recognised. Campus Valla has also premiered self-driving buses, a regional collaborative project in which we are one of several participants. The purpose is to see how electric and self-driving minibuses can complement existing public transport. Our participation in research and innovation projects on campuses all over Sweden is an important component in our strategy to achieve our climate targets and our commitments to the global sustainability goals. A good example of our climate change initiatives is our expanded solar panel initiative at Lund University. A new facility is being installed here with a capacity of 250,000 kWh/year. Our annual production of solar energy from facilities on our campuses now amounts to over 5 million kWh/year and we aim to double this figure within the next few years.

Limited affect on community properties

Global markets are largely out of commission as a result of the Covid-19 outbreak and for most companies it is difficult to gain an overview of the long-term consequences of this sharp slowdown in every part of society. One complicating factor, of course, is the uncertainty of how long the pandemic will last. Within the community property sector, which is essentially our entire portfolio, the impact of the pandemic is still limited. Akademiska Hus, with a customer base that is largely publicly funded, is currently in good shape in terms of both liquidity and revenue, but we are working using a number of conceivable future scenarios to be able to act wisely if the crisis in society should worsen or become prolonged.

Regarding valuation of our property portfolio, we are not making any adjustments related to changed yield targets during the first quarter since it is too early to draw any conclusions about how Covid-19 will affect the valuation of community properties in Sweden. Our ongoing construction projects have proceeded according to plan so far, but there are obvious risks for future delays due to circumstances such as disruptions in supplier chains resulting in delayed or unavailable material deliveries, or a labour shortage at the construction sites. In order to improve our preparedness to be able to handle differ-



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This year the Building of the Year prize went to Studenthuset (the Student Building) at Linköping University – Campus Valla's new central hub that gathers all service functions for students and a modern library in a single location.

ent situations depending on external developments, we have conducted in-depth risk analyses for all of our current and planned projects. To date, we do not see any significant impact on earnings related to Covid-19. Net operating income for the period increased somewhat compared with the previous year and totalled SEK 1,106 million (1,083). Profit before changes in value and tax improved somewhat, SEK 970 million (965).

New campus challenges

Our campuses are not the same as they were with the conspicuous absence of students following the decision that all teaching should be conducted remotely. As a result, the centres of education are facing major challenges, rapidly adapting to what is essentially an enormous pilot project. This rapid conversion to digital teaching is likely to entail changes even in the long term. The combination of the accentuated climate issue and faster development towards digitalisation at centres of education are strong driving forces for streamlining the use of premises. I see a trend towards a decrease in new construction while instead streamlining and renovating existing holdings, which could produce major gains both financially and for the climate. The empty campuses have also meant that restaurants and services in the area have lost a large portion of their income. We are engaged in dialogue with our tenants and have implemented several measures to help them cope with the crisis. Cooperation and pulling together to meet challenges and find solutions have never been more important than now.

Once we come out on the other side of this crisis, investments in education and research will likely increase. Our contribution to Sweden as a nation of knowledge is to create conditions for this by providing and developing the best possible study and research environments that meet the needs of the centres of education.

Kerstin Lindberg Göransson
President

BUSINESS INTELLIGENCE AND MARKET ANALYSIS:

Strong introduction to the year but uncertain property market moving forward

The first quarter of the year was marked by the Covid-19 outbreak. So far the impact on the community property sector has been limited.

TRENDS

The Covid-19 pandemic has resulted in a synchronised global supply and demand shock that has rarely been seen before. Fiscal stimulus measures have been introduced around the world to mitigate the negative consequences for both businesses that have suffered from sharply weakened earnings and households hit by layoffs and job losses. In the US, the size of the stimulus measures has far exceeded equivalent packages launched during the 2008-2009 financial crisis. The overall effect on the global economy is extremely difficult to assess, especially since the uncertainty regarding the duration of the current restrictions is great. Growth forecasts have been adjusted sharply downwards, and the International Monetary Fund (IMF) currently forecasts that global growth will shrink by three per cent in 2020. However, this assumes that the pandemic will reach its peak in the next month and the situation will normalise during the second half of the year. The Swedish Government currently estimates that Swedish GDP will fall by approximately four per cent for the full year.

FINANCIAL MARKETS

Besides stock market declines of around 20 per cent and lower bond yields, where Sweden has followed international developments, uncertainty regarding the magnitude and duration of the restrictions has resulted in financing markets with inadequate functionality and thus widening credit spreads. In response to these extraordinary times, not only fiscal policy, but also monetary policy measures have been taken. They are as powerful as those taken during the financial crisis, though they were implemented much faster this time. The US Federal Reserve lowered interest rates by 1.50 percentage points in several steps over two weeks in March. In addition, a number of crisis packages have been launched, largely aimed at restoring the functionality of the financial system by ensuring reliable access to liquidity. Both the European Central Bank (ECB) and the Swedish central bank have implemented similar measures. Bond purchase programmes have been reintroduced and expanded, in terms of both volume and the types of securities that can be purchased. For Sweden, the bond purchase programme for 2020 includes up to SEK 300 billion, which is equivalent to the value of total bond purchases in the period 2015-2017. Unlike before, purchases may apply not only to government bonds, but also to municipal, residential and corporate bonds, as well as commercial papers. In addition, banks can now borrow from the Swedish central bank on more favourable terms in order to ensure that the borrowing needs of businesses are met.

The stimulus package that was launched has resulted in some stabilisation in financial markets and both the stock market and bond yields have partly recovered some of the sharp declines noted during the quarter.

PROPERTY MARKET

During the beginning of the first quarter rent levels rose for modern offices in the major cities. The transaction volume was also strong and according to Newsec, as at 31 March the volume was SEK 43.2 billion (37.4), an increase of SEK 5.8 billion, which is about 15.5 per cent compared with the same period in 2019. Offices were the most traded segment at about 30 per cent of volume, followed by housing and commercial properties at 20 per cent and 19 per cent, respectively. However, the outlook moving forward is uncertain given the Covid-19 outbreak. The occasional previously advertised real estate transaction has been put on hold or cancelled due to difficulties accessing financing, or where financing is expected to occur at increased costs. The current slowdown in the economy has mainly affected hotels, stores and restaurants. A more severe situation with prolonged restrictions could also have a negative impact on the office market. An increase in remote work could also have a negative impact on the office segment in the long term.

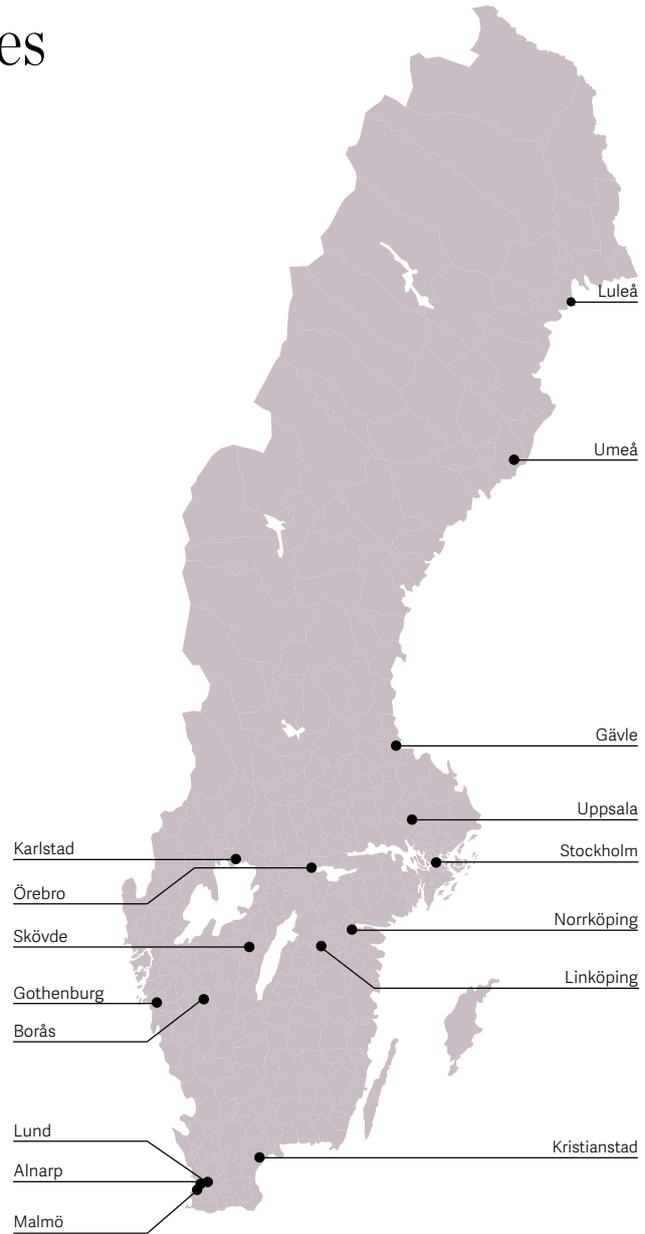
COMMUNITY PROPERTIES RESILIENT

Community properties and housing are among the property categories least impacted with respect to an increased risk of rent losses. Akademiska Hus' main market, premises for higher education and research, is normally countercyclical since the number of students tends to be higher when the economy is weaker. On 30 March the Government proposed higher grants to colleges and universities to meet the increased need for education arising from the weaker labour market. The Government expects that an extra 9,300 places will be needed for 2020 and 6,600 for 2021. Additional funds will be provided to expand the number of places in summer programmes and technical basic training. Since 18 March, colleges and universities moved to remote learning to prevent the spread of the virus. The decision was taken by the Government based on a recommendation by the Public Health Agency of Sweden and is in effect until further notice. The transition to remote teaching is likely to give rise to changes in the long run. The combination of climate change and a faster development towards digitalisation of the higher education institutions are strong forces for improving the efficiency of use of premises.

College and university cities

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 92 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 at **16** college and university cities



Our six largest locations

Market share, per location	Market value and area	Largest centres of education
Stockholm	SEK 43 billion 957,000 m²	Stockholm University Karolinska Institutet Royal Institute of Technology
Uppsala	SEK 16 billion 602,000 m²	Uppsala University Swedish University of Agricultural Sciences, Ultuna
Gothenburg	SEK 9 billion 371,000 m²	University of Gothenburg Chalmers University of Technology

Market share, per location	Market value and area	Largest centres of education
Lund	SEK 8 billion 360,000 m²	Lund University
Umeå	SEK 4 billion 240,000 m²	Umeå University Swedish University of Agricultural Sciences, Umeå
Linköping	SEK 4 billion 234,000 m²	Linköping University

● Akademiska Hus ● Other

Source: Andel 2019, Swedish National Financial Management Authority

How we contribute to a stronger nation of knowledge

We take a long-term strategic approach to continually develop attractive and innovative knowledge environments together with our customers. With a focus on colleges and universities, we have an aggregated property value of SEK 92 billion. Most of the cash flow is reinvested, which provides security for our customers. Our stable finances have enabled us to invest about SEK 53 billion since 1993, when Akademiska Hus was founded, in new construction, additions and renovation projects. Investments that make it possible, working closely with our customers, to contribute to strengthening Sweden as a nation of knowledge.

CUSTOMISED PROPERTIES

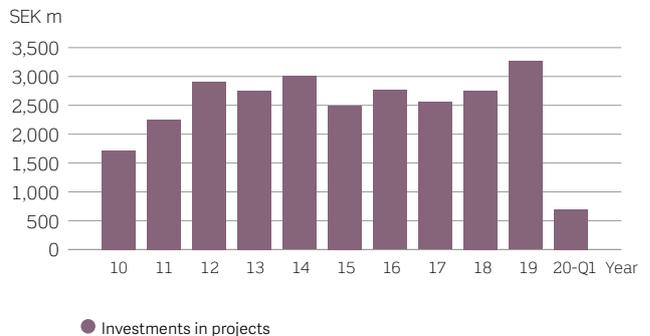
The scope of our properties and projects is large. A campus is home to everything from high-tech laboratories and teaching environments to co-working spaces. Our national presence and broad expertise enable us to transfer lessons gained from experience in one part of the country to another.

We build sustainably

Our role as a long-term property owner provides an excellent opportunity for building wisely and sustainably. The goal is always to deliver the highest possible customer value through resource efficiency and good cost management. At the same time, Akademiska Hus strives to minimise environmental impact through sustainable construction processes and carefully considered material choices. We decided to certify all new construction projects to the Gold level of the Miljöbyggnad certification system and to ensure that all major renovation projects will qualify for at least the Silver level. New construction and major renovation student housing projects must qualify, at a minimum, for a Silver rating in the Miljöbyggnad environmental certification system. Building sustainably also involves safety and reducing the risk of accidents at our

construction sites. We work proactively for safer workplaces and are one of the orchestrators of the industry-wide organisation "Håll Nollan" initiative.

CONTINUED HIGH INVESTMENT RATE



The diagram shows annual investments in projects from 2010 to the first quarter of 2020. Akademiska Hus has had an investment rate of approximately SEK 2.5 billion per year. The company has invested approximately SEK 53 billion in new construction as well as in redevelopment and extensions since 1993.



PREMIERE FOR SELF-DRIVING BUSES IN LINKÖPING

Ride the future is a research project aimed at determining how electric and self-driving mini-buses can complement existing public transport options, thereby improving the competitiveness of public transport compared with privately owned cars, while making it easier for more people to travel using public transportation.

The partners collaborating on this project will study how two different self-driving vehicles interact with each other by testing two different technologies and evaluating them in various situations – a premiere in Sweden.

The self-driving buses are part of a regional development project conducted as a collaborative effort in which Akademiska Hus is one of the participants, along with Linköping Municipality, Linköping University, RISE, Linköping Science Park, Transdev Sweden, VTI and the Östgötatrafiken bus line.

TOMORROW'S KNOWLEDGE ENVIRONMENTS

With a long-term perspective, we develop knowledge environments that can be further developed to meet both current and future needs. Together with the administration, employees and students of the centre of education, we explore how the physical environment can be developed to create buildings and outdoor environments that are attractive and flexible. We follow a structured approach with a focus on the long-term and sustainability. Working with our customers to translate our common knowledge into clearly defined campus development plans is the key to success.

Campus with many functions

The campus is a venue for research and learning, as well as for encounters with the business community and society at large. Creating places for this, building student housing and ensuring an attractive selection of services in collaboration with other stakeholders is becoming increasingly important for the centres of education. 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 increasingly integrated into and around the campus. Our method of developing campuses includes not only questions and visions about new buildings. It also involves how we maximise spaces between buildings and how we create a total vision that makes the campus a place where people enjoy life and thrive.

OUR VALUE PROPOSITION

We currently manage approximately 3.3 million square metres with the ambition that our 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, which is why our service offering is constantly evolving.

Qualitative management close to customers

High quality in maintenance services, responsible energy consumption based on our ambitious climate targets and open communication with both customers and suppliers are crucial for increasing business benefits and value for our customers and tenants. Skills development and new digital tools for dialogue with our customers are two examples of how we work to develop our core delivery.

Co-working and lab for learning

A Working Lab is Akademiska Hus' national concept for co-working, makerspace, Learning Lab and other flexible meeting places. It is our concept for developing campus-based environments where it is easy for students, researchers, the business community and other members of the community to meet under new flexible conditions. The concept is under development in collaboration with those who occupy our premises, with the building itself as a test bed. Here companies and businesses can rent space for the time they need and gain access to services and physical environments based on their specific needs.

Development of learning environments

Digitalisation greatly influences the design and use of new learning environments. A gradual, increasing integration is underway at Swedish centres of education between physical studies, work environments, virtual classrooms and social platforms. We are seeing an increased demand for learning environments that support educational methods based on more student-active learning, which has different spatial and digital requirements than more traditional lecture halls. We have therefore initiated several development projects with different centres of education on converting existing, traditional lecture halls and study environments into flexible and needs-adapted learning environments.

More student housing

Together with our customers we plan sustainable campuses that meet local needs for undergraduate and graduate student housing. We do so through our guidelines for student housing which were formulated in 2019 and our vision to create innovative homes for a sustainable quality of life. Akademiska Hus is involved in the production of 11,000 undergraduate and graduate student housing units by 2026. Access to undergraduate and graduate student housing is important for the individual, but also for the attractiveness of each centre of learning and for Sweden as a nation of knowledge.

RESOURCE-EFFICIENT OPERATIONS

The climate is changing around the world and global warming is a fact. We base our sustainability initiatives on the ten principles of the Global Compact, with a focus on value creation built on the UN Global Sustainable Development Goals. We have adopted ambitious climate targets that clearly signal the direction of the work moving forward in order to eliminate our climate footprint. For example, we have the goal of reducing the amount of delivered energy by 50 per cent by 2025, using 2000 as the comparison year.

OUR VISION FOR ZERO CARBON FOOTPRINT

To achieve a completely climate-neutral operation by 2045, with intermediate targets for our internal operations and our property operations already in 2025, our entire business needs to be fundamentally restructured. These three ambitious goals require us to leverage existing technology through proactive decisions, while demanding and promoting new solutions. We must work together with other players in the industry and all choices and solutions must be made with a focus on the climate.

In summary, the Company will reach the following targets:

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

Consolidated income statement

Consolidated income statement, summary, SEK m	2020 Jan.–Mar.	2019 Jan.–Mar.	Rolling 12 months Apr. 2019– Mar. 2020	2019 Full-year
Rental revenue	1,538	1,533	6,055	6,050
Other property management income	38	40	165	166
Total property management income	1,576	1,574	6,219	6,217
Operating costs	-251	-271	-871	-891
Maintenance costs	-75	-93	-602	-619
Property administration	-102	-99	-408	-405
Other property management expenses	-42	-29	-169	-156
Total costs from property management	-470	-491	-2,050	-2,071
NET OPERATING INCOME	1,106	1,083	4,169	4,146
Central administration costs	-17	-20	-67	-70
Development costs	-6	-4	-27	-25
Interest income	12	18	37	43
Interest expense	-104	-91	-433	-420
Site leasehold fees	-22	-21	-85	-84
PROFIT BEFORE CHANGES IN VALUE AND TAXES	970	965	3,594	3,589
Change in value, properties	171	1,049	2,993	3,872
Change in value, financial instruments	-217	-197	-523	-503
PROFIT BEFORE TAX	923	1,817	6,064	6,957
Tax	-192	-379	-1,112	-1,300
PROFIT FOR THE PERIOD	731	1,437	4,951	5,658
Of which attributable to the shareholder in the Parent Company	731	1,437	4,951	5,658

Consolidated statement of comprehensive income

Consolidated statement of comprehensive income, summary, SEK m	2020 Jan.–Mar.	2019 Jan.–Mar.	Rolling 12 months Apr. 2019– Mar. 2020	2019 Full-year
Profit for the period	731	1,437	4,951	5,658
Reclassifiable items				
Profit/loss from cash flow hedges	—	—	—	—
Tax attributable to cash flow hedges	—	—	—	—
Cash flow hedges, dissolved against profit and loss	—	—	—	—
Non-reclassifiable items				
Revaluation of defined benefit pensions	—	—	-84	-84
Tax attributable to pensions	—	—	17	17
TOTAL, OTHER COMPREHENSIVE INCOME FOR THE PERIOD	0	0	-67	-67
COMPREHENSIVE INCOME FOR THE PERIOD	731	1,437	4,884	5,591
Of which attributable to the shareholder in the Parent Company	731	1,437	4,884	5,591

Comment: Operating profit

FIRST QUARTER

Profit for the period before changes in value and tax was SEK 970 million (965). The improved performance is attributable to an increase in net operating income of SEK 23 million compared with the previous year, mainly attributable to reduced costs for operation and maintenance. In a comparable portfolio net operating income increased by 0.5 per cent. Net interest income decreased by SEK 20 million compared with the previous year, which offsets the effect of the improved net operating income.

Change in the value of properties was SEK 171 million (1,049), a decrease of SEK 878 million compared to the corresponding period in 2019. The large difference is due to adjusted discount rate and return requirements that was adjusted last year. For the current year no amendments has been made because it is too early to draw any conclusions about how Covid-19 will affect valuation of community properties in Sweden. In general, Covid-19 had limited impact on profit during the first quarter.

RENTAL REVENUE

Rental revenue increased by SEK 5 million compared to the same period the previous year and totalled SEK 1,538 million (1,533). Completion of new buildings in 2019 with an impact on the period contributed to an increase in revenue of approximately 30 SEK million, primarily regarding Studenthuset (Student building) in Linköping and the Humanisten building in Gothenburg. The increase is offset by the decline in rental revenue related to two major sales in Stockholm at the end of 2019 (SEK -13 million) and a reduction in income related to tenant adaptations (SEK -13 million).

In a comparable portfolio, rental revenue increased by 0.8 per cent compared to the corresponding period the previous year.

Other property management income is essentially unchanged compared with the same period the previous year and totalled SEK 38 million (40).

LEASING LEVEL

The financial vacancy rate for the first quarter accounts for 2.3 per cent (2.2 at the end of 2019) of our total rental revenue, corresponding to SEK 39 million (38). The majority of vacant space is at Karolinska Institutet and arose when Biomedicum

was commissioned in the spring of 2018. At the end of the first quarter, 30 per cent of these vacancies are rented and several discussions are underway with potential tenants.

Vacant space in terms of area at the end of the first quarter amounted to 120,000 square metres, which is 3.6 per cent (3.6 at the end of 2019) of our total rentable area of 3.3 million square metres. Rentable floor space has increased by 20,000 square metres compared with year-end 2019.

OPERATING AND MAINTENANCE COSTS

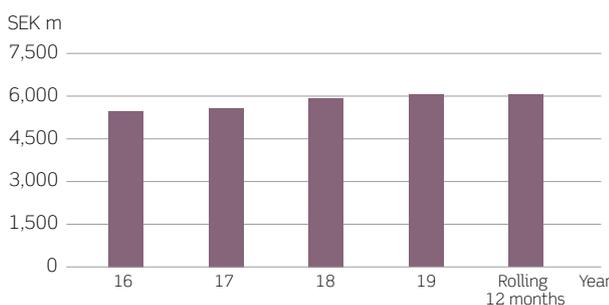
Expenses for operation and maintenance decreased by SEK 38 million and amounted to SEK 326 million (364). The lower costs are due to the fact that we have chosen to capitalize certain expenses as a result of new assessment regarding useful life. The comparative periods have not been amended. Maintenance costs declined by SEK 17 million compared to the same period the previous year and totalled SEK 75 million (92). The reduction can mainly be attributed to project maintenance which we have chosen to capitalise beginning in 2020.

Operating costs involve supervision and service, as well as media provision. Operating costs of SEK 251 million (271) include media provision of SEK 164 million (184), equivalent to SEK 168/m² over the past 12 months. The lower operating costs are attributable in their entirety to lower media costs due to the mild winter and low energy prices.

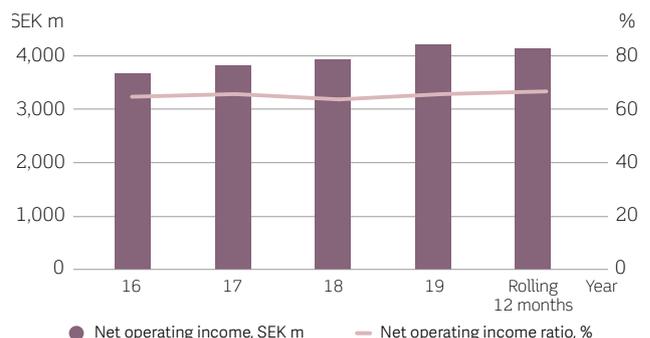
ADMINISTRATION COSTS

Costs for property administration amounted to SEK 102 million (99). The increase is primarily attributable to the full-year effect of hiring in 2019 as a result of strategic decisions concerning, for example, project organisation. Central administration declined by SEK 3 million to SEK 17 million (20). Beginning in 2020, development costs will be recognised separately in the income statement. These costs amounted to SEK 6 million (4) and pertain to costs for innovation and operational development. The costs are company-wide and of strategic matter with the aim of developing the company's and/or the customers' business. They are not directly linked to the current property portfolio and are normally one time costs. The comparative periods, including key ratios, have been amended.

STABLE RENTAL REVENUE



STABLE NET OPERATING INCOME AND RISING NET OPERATING INCOME RATIO



NET INTEREST INCOME/EXPENSE

Net interest income, which primarily consists of interest on loans and net interest income from the interest rate swap portfolio, amounted to SEK 92 million (73) for the quarter, corresponding to an interest rate of 1.41 per cent (1.17). The increase is mainly attributable to the higher cost of loans with floating interest rates due to the increase in STIBOR. Capitalised interest expense for projects in progress, which was not included in net interest income, totalled SEK 23 million (20) during the first quarter. See table describing the composition of net interest income and expense on page 20.

TOTAL FINANCING COST INCLUDING CHANGES IN VALUE

	1 Jan. 2020– 31 Mar. 2020	1 Jan. 2019– 31 Mar. 2019	1 Jan. 2019– 31 Dec. 2019
Interest cost for loans, including charges, %	1.25	1.05	1.07
Interest swaps, net interest, %	0.16	0.12	0.14
Net interest income/expense, %	1.41	1.17	1.21
Changes in value, financial derivatives, %	1.63	1.95	1.39
Total financing cost, %	3.05	3.12	2.60

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 where a selection of the holdings was externally valued. As of 31 March 2020 the change in value of properties with an impact on profit was SEK 171 million, a decrease of SEK 878 million compared to the same period in 2019. This decrease in relation to the comparative period can mainly be attributed to the cost of capital and yield requirement was left unchanged. This is because it is too early to draw any conclusions about how Covid-19 will affect the valuation of community properties in Sweden. The remaining portion can be explained by a modest development in other change in value, attributable to projects in progress, renegotiated leases and other factors affecting value. The average yield requirement was 5.13 per cent (5.35).

The largest changes in value can be seen primarily in the Greater Stockholm Region and the Gothenburg Region, largely due to the continued positive rental trend in these metropolitan regions.

CHANGES IN VALUE, FINANCIAL INSTRUMENTS

Changes in value in the derivative portfolio amounted to SEK -217 million (-197), which can be attributed to the substantially lower market interest rates and flatter yield curve as a result of the increased uncertainty in financial markets during the quar-

ter. The derivative portfolio largely consists of interest rate swaps that are mainly entered into with the aim of extending the fixed interest period in the liability portfolio, where about 60 per cent of financing currently relies on floating interest rates. One third of Akademiska Hus' interest risk exposure derives from interest rate swaps, which means that 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 for rising interest rates and steeper yield curve. 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, which includes interest rate derivatives. Changes in market interest rates generate changes in the fair value of the interest rate derivatives. A portion of interest rate derivatives is realised on an ongoing basis (monthly or quarterly), even if the maturity of the underlying instrument is long-term.

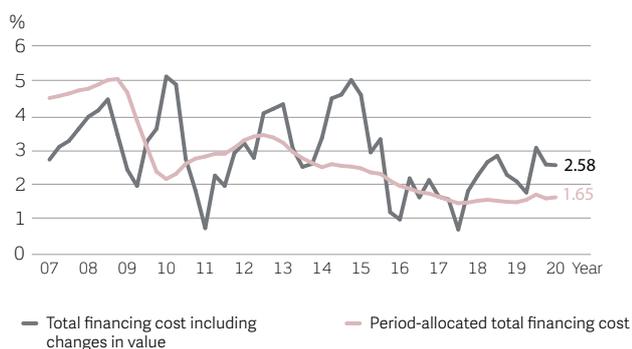
To clarify the underlying financing cost, a comparative calculation is carried out in which the cash flows of realised interest rate derivatives are also attributed (allocated) to the underlying maturity of each instrument. This allocation for the past twelve-month period corresponds with an interest expense of 0.38 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 1.65 per cent as of 31 March. The calculation shows 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 671 per cent (737), see diagram below.

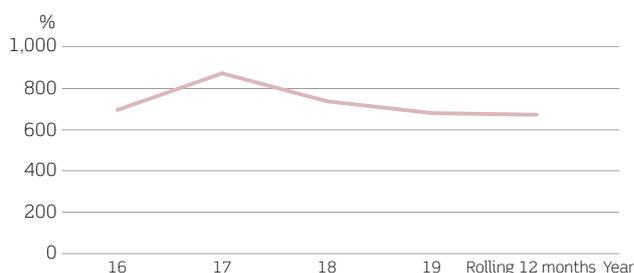
TAX

In 2020, the corporate tax rate is 21.4 per cent. It will be lowered to 20.6 per cent in 2021. The current tax for the year of SEK 88 million has been calculated at a rate of 21.4 per cent. Deferred taxes will be revalued based on the tax rate applicable at the time when the deferred tax is expected to be settled. Consequently, the deferred tax liability has been calculated at a rate of 20.6 per cent

COMPARATIVE CALCULATION TOTAL FINANCING COST, ROLLING 12-MONTH BASIS



INTEREST COVERAGE RATIO



Consolidated statement of financial position

Consolidated statement of financial position, summary, SEK m	31 March 2020	31 March 2019	31 Dec. 2019
ASSETS			
Non-current assets			
Capitalised expenditure	4	—	4
Properties	92,313	87,388	91,424
Site leasehold rights	2,736	2,736	2,736
Equipment, fixtures and fittings	20	22	21
Derivatives	6,036	3,063	4,304
Other non-current receivables	531	430	504
Total non-current assets	101,641	93,639	98,993
Current assets			
<i>Current receivables</i>			
Derivatives	901	64	14
Other current receivables	1,591	2,006	1,642
Total current receivables	2,492	2,070	1,656
<i>Cash and cash equivalents</i>			
Cash and cash equivalents	5,766	4,951	4,337
Total cash and cash equivalents	5,766	4,951	4,337
Total current assets	8,259	7,022	5,993
TOTAL ASSETS	109,900	100,661	104,986
EQUITY AND LIABILITIES			
Equity	47,491	44,269	46,760
LIABILITIES			
<i>Non-current liabilities</i>			
Loans	30,332	29,171	30,016
Derivatives	2,320	1,443	1,660
Deferred tax	12,680	11,885	12,576
Non-current liabilities, site leasehold rights	2,736	2,736	2,736
Other non-current liabilities	775	608	773
Total non-current liabilities	48,843	45,843	47,762
<i>Current liabilities</i>			
Loans	6,153	5,963	4,932
Derivatives	39	21	134
Other current liabilities	7,373	4,564	5,938
Total current liabilities	13,566	10,548	10,464
Total liabilities	62,409	56,392	58,226
TOTAL EQUITY AND LIABILITIES	109,900	100,661	104,986

Comment: Statement of financial position

PROPERTIES

As of the end of the first quarter, the fair value of Akademiska Hus' property holdings totalled SEK 92,313 million, an increase of SEK 889 million or 1.0 per cent compared to year end. Fair value includes the completed portions of projects in progress. The unrealised change in value amounted to SEK 171 million (1,049). Remaining changes relate to investments in properties for the year of SEK 719 million (829) and sales of SEK 0 million (-355).

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 5.13 per cent and is therefore left unchanged compared to year end. This is because

it is too early to draw any conclusions about how the effects of Covid-19 will affect valuation of community properties in Sweden. 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.

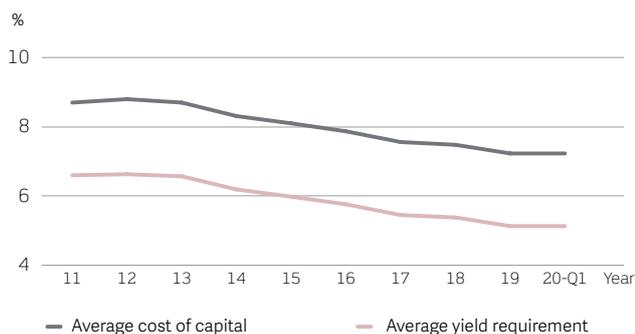
Each year 25-30 per cent of the property portfolio is also valued by external valuation professionals. External valuations are used as a benchmark for the internal valuation, thereby confirming its reliability that we are within the interval stated below.

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 +/- 4,616 million to SEK 9,232 million in the Akademiska Hus portfolio.

PROPERTIES 31 MARCH 2020 (incl. new construction in progress and capitalised interest expense)

Change in property holdings, SEK m	31 March 2020	31 March 2019	31 Dec. 2019
Opening fair value	91,424	85,865	85,865
+ Investment in new construction, extensions and redevelopment	719	829	3,266
+ Acquisitions	—	—	—
- Sales	—	-355	-1,572
+/- Change in fair value	171	1,049	3,865
Of which change in value due to a change in the cost of capital and yield requirement	—	406	2,727
Of which other change in value	171	644	1,138
CLOSING FAIR VALUE	92,313	87,388	91,424

YIELD REQUIREMENTS AND COST OF CAPITAL



CHANGE IN VALUE BY GEOGRAPHIC AREA

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

Geographic area	Change in value, %	Contribution to change in value, percentage points
South	1.0	0.2
Mid-Sweden	1.1	0.6
North	0.7	0.2
Total		1.0

FINANCING

Drastic slowdown in the economy has made financing more difficult to access. Investor interest has declined in response to growing uncertainty about the financial position of companies and significantly increased volatility in financial markets. As a result, credit spreads have widened.

Akademiska Hus has still had very good liquidity during the quarter with limited need for financing. A bond of SEK 200 million with a short time to maturity was repurchased. In addition, two bonds were issued on the Swedish market. The volume was SEK 700 million, divided between a 3-year and a 23-year bond. During the quarter, a credit facility of SEK 500 million was also renegotiated from a maturity of 12 months to a maturity of 2 years, with an option for a one-year extension on two occasions. Committed credit facilities in the bank totalled SEK 5,500 million. All credit facilities were unutilised as at 31 March.

The net liability portfolio at 31 March totalled SEK 34,819 million, corresponding to an increase of SEK 1,917 million during the quarter. This is largely attributable to an increased inflow of CSA collateral as a result of higher receivables in relation to derivative counterparties and to revaluation effects in accordance with hedge accounting (for more information, see notes 20 and 21 in the 2019 annual report). The equity ratio at the end of the period was 43.2 per cent (44.0).

NET LOAN LIABILITY

SEK m	31 Mar. 2020	31 Mar. 2019	31 Dec. 2019
Gross loan debt	-36,486	-35,135	-34,948
Collateral for derivatives, net	-4,481	-1,702	-2,568
Cash and cash equivalents	5,766	4,951	4,337
Other current receivables	381	390	277
Total net loan liability	-34,819	-31,495	-32,902

FIXED INTEREST PERIOD AND MATURITY

The long-term bond issuances of recent years have helped to achieve a long period for tied-up capital, which at 31 March was 10.8 years. Bonds denominated in foreign currency are swapped for SEK with floating interest rates and therefore do not entail a corresponding extension of maturity. Interest rate risk in the

debt portfolio is instead primarily managed using interest rate derivatives. 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. In recent times, the added cost of long-term fixed interest has fallen substantially. This has led to an extension of interest rate duration in the liability portfolio, which as at 31 March was 7.5 years. As previously, debt management will focus on allocating the portfolio's interest rate risk to the most effective periods.

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.

FIXED INTEREST PERIOD AND MATURITY, YEARS

	Fixed interest, years, Mar. 2020	Fixed interest, years, Dec. 2019	Maturity, years, Mar. 2020	Maturity, years, Dec. 2019
Basic portfolio	4.3	3.6	8.6	8.5
Long-term portfolio	20.7	20.9	20.7	20.9
Index-linked bond portfolio	5.2	5.4	5.2	5.4
Total portfolio	7.5	6.8	10.8	10.7

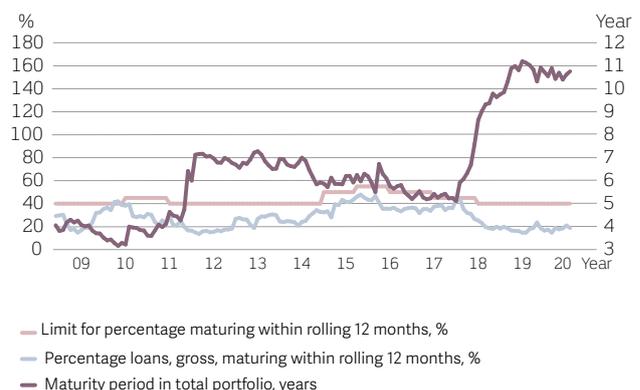
Year	Fixed interest, SEK m	Maturity, SEK m
2020	10,605	4,423
2021-2025	12,156	11,068
2026-2030	3,500	3,854
2031-2035	200	776
2036-2040	2,301	2,918
2041-2045	2,730	6,925
2046-2050	505	2,033
TOTAL	31,997	31,997

The table above shows the nominal amounts.

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. The projects are largely located in Stockholm and Gothenburg, where there are several large new construction and renovation projects.

Our approved and planned projects amounted to SEK 13,400 million, of which approximately SEK 5,300 million has already been invested in projects in progress. No major projects were completed during the quarter.

Of the approved projects in progress, the two largest are Albano (SEK 3,300 million), with completion expected 2020–2022, and the Natrium building (SEK 1,800 million).

We have several student housing projects in our project portfolio and more will be added moving forward. Approved projects include three student housing projects for a total of SEK 800 million.

PROJECT PORTFOLIO

SEK m	31 Mar. 2020	31 Dec. 2019
Approved projects	9,500	9,100
Planned projects	3,900	4,300
APPROVED AND PLANNED PROJECTS	13,400	13,400
of which already invested in projects in progress	-5,300	-4,600
REMAINDER OF APPROVED AND PLANNED PROJECTS	8,100	8,800

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

Project name	Location	Type of premises	Investment limits SEK m	Percentage accrued, %	Additional floor space, m ²	Expected completion	Customer
Albano	Stockholm	Education	3,302	66	100,000	2022-Q2	Stockholm University
Natrium	Gothenburg	Laboratory	1,803	8	28,000	2023-Q2	University of Gothenburg
Ångström Phase 4	Uppsala	Laboratory	1,185	42	30,000	2022-Q4	Uppsala University
LTH Maskinteknik	Lund	Education	499	8	19,000	2022-Q2	Lund University
KI Residence	Stockholm	Residential	434	71	15,500	2020-Q2	Karolinska Institutet
Medical Biology Centre	Umeå	Laboratory	306	75	1,800	2020-Q2	Umeå University
Hydra student housing	Uppsala	Residential	193	52	4,600	2020-Q3	Akademiska Hus
Polstjärnan student housing	Luleå	Residential	183	92	6,000	2020-Q2	Akademiska Hus
Retzius	Stockholm	Laboratory	179	0	–	2020-Q4	Akademiska Hus
ITC IT upper secondary school	Uppsala	Education	156	58	–	2020-Q3	IT Gymnasiet Sverige AB
Projects under SEK 100 million			1,260				
TOTAL			9,500				

Changes in group equity

Changes in group equity in brief, SEK m	Attributable to the Parent Company's shareholder					
	Share capital	Other contributed capital	Hedge reserve	Actuarial profit and loss	Profit for the year brought forward	Total equity
EQUITY, 01/01/2019	2,135	2,135	—	-32	38,594	42,832
Total comprehensive income, Jan.–March 2019	—	—	—	—	1,437	1,437
EQUITY, 31/03/2019	2,135	2,135	0	-32	40,031	44,269
Dividends ¹					-1,663	-1,663
Total comprehensive income, April–Dec. 2019	—	—	—	-67	4,221	4,154
EQUITY, 31 DEC. 2019	2,135	2,135	0	-99	42,589	46,760
Total comprehensive income, Jan.–March 2020	—	—	—	—	731	731
EQUITY, 31/03/2020	2,135	2,135	0	-99	43,320	47,491

1) Dividend of SEK 1,663,000,000 was authorised by the Annual General Meeting on 29 April 2019.

Consolidated statement of cash flows

Consolidated statement of cash flows, summary, SEK m	2020 Jan.–Mar.	2019 Jan.–Mar.	2019 Full-year
CURRENT OPERATIONS			
Profit before tax	923	1,817	6,957
Adjustment for items not included in the cash flow	-12	-821	-3,926
Tax paid	-103	-102	-350
CASH FLOW FROM CURRENT OPERATIONS BEFORE CHANGES IN WORKING CAPITAL	808	894	2,681
CASH FLOW FROM CHANGES IN WORKING CAPITAL¹			
Increase (-)/decrease (+) in current receivables	87	158	507
Increase (+)/decrease (-) in current liabilities	87	-24	330
CASH FLOW FROM CURRENT OPERATIONS	982	1,028	3,519
INVESTING ACTIVITIES			
Investment in properties	-696	-809	-3,180
Sale of properties	—	355	1,579
Investment in other non-current assets	-2	—	-10
Increase (-)/decrease (+) in non-current receivables	-27	1	-74
CASH FLOW FROM INVESTING ACTIVITIES	-725	-453	-1,685
FINANCING ACTIVITIES			
Raising of interest-bearing loans, excluding refinancing	5,360	3,623	14,518
Repayment of loan	-5,925	-3,251	-15,200
Interest paid	-64	-52	-387
Realised derivatives and CSA	1,801	752	1,931
Dividend paid	—	—	-1,663
CASH FLOW FROM FINANCING ACTIVITIES	1,172	1,072	-801
CASH FLOW FOR THE PERIOD	1,429	1,647	1,033
Opening cash and cash equivalents	4,337	3,304	3,304
Closing cash and cash equivalents	5,766	4,951	4,337

Comment: Statement of cash flows

Cash flow from current operations before changes in working capital totalled SEK 808 million (894). The impact of investments in properties on cash flow was SEK 696 million (809).

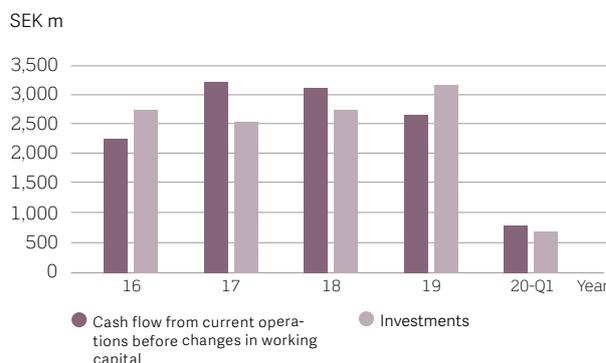
Cash flow relating to financing activities amounted to SEK 1,172 million (1,072). The improved cash flow is largely due to a decrease in net amortisation and an increased inflow of CSA collateral as a result of higher receivables in relation to derivative counterparties. Net amortisation increased compared to the previous year.

Total cash flow for the year was SEK 1,429 million (1,647).

CASH FLOW AND INVESTMENTS

Total cash flow from current operations before change in working capital during the period 2016 to March 2020 was SEK 12,112 million. Investments during the same period totalled SEK 11,948 million. The diagram shows that cash flow from current operations is reinvested 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 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 global Covid-19 pandemic has entailed rising volatility in financial markets. There is a risk that it will become more difficult and/or associated with higher costs for Akademiska Hus to obtain financing.

Akademiska Hus' exposure to counterparty risk arises from investment of excess liquidity and from trading with financial

instruments. The Covid-19 pandemic has not affected handling of counterparty risk at this time. See page 49 in the annual report for additional information.

The pandemic has led to testing of new, digital work methods, which may ultimately result in a reduction in the need for premises at centres of education in the long term. There is a risk that demand for the premises that Akademiska Hus provides will decline, which could entail an increased risk of higher vacancies and lower rental revenue.

Credit risk for the company's accounts receivable is still considered to be low since our customers are primarily colleges and universities, which are financed by the Swedish state. The Covid-19 pandemic has not affected our assessment of this risk. Read more about significant risks in the annual report for 2019, pages 47-50

SENSITIVITY ANALYSIS, PROPERTY VALUE 31 MARCH 2020

Change	Impact on net operating income, SEK m	Impact on change in value, SEK m	Impact on fair value, SEK m ¹⁾	Impact on fair value, percentage points
Rental revenue, +/- one per cent	61	423	423	0.5
Vacant space, +/- one percentage point	59	-757	-757	-0.8
Operating costs, +/- one per cent	9	-90	-90	-0.1
of which media provision	6	-45	-45	0.0
Cost of capital, + one percentage point		-5,428	-5,428	-5.9
Cost of capital, - one percentage point		5,983	5,983	6.5
Yield target, + one percentage point		-7,609	-7,609	-8.2
Yield target, - one percentage point		11,566	11,566	12.5

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

Parent Company income statement

Parent Company income statement, summary, SEK m	2020 Jan.–Mar.	2019 Jan.–Mar.	2019 Full-year
Income from property management	1,576	1,684	6,313
Property management expenses	-489	-509	-2,131
NET OPERATING INCOME	1,087	1,175	4,182
Central administration costs	-17	-20	-70
Development costs	-6	-4	-25
Depreciation and impairment as well as reversed impairment in property management	-339	-360	-1,580
PROFIT BEFORE FINANCIAL ITEMS	725	790	2,506
Dividends from shares in subsidiaries	—	—	819
Interest income	12	18	43
Interest expense	-127	-111	-506
Change in value, financial instruments	-217	-197	-503
Appropriations	—	—	-37
PROFIT BEFORE TAX	393	500	2,322
Tax	-83	-108	-344
PROFIT FOR THE PERIOD	310	392	1,978

Parent Company statement of comprehensive income

Parent Company statement of comprehensive income, summary, SEK m	2020 Jan.–Mar.	2019 Jan.–Mar.	2019 Full-year
Profit for the period	310	392	1,978
Reclassifiable items			
Profit/loss from cash flow hedges	—	—	—
Tax attributable to cash flow hedges	—	—	—
Cash flow hedges, reclassified to the income statement	—	—	—
TOTAL, OTHER COMPREHENSIVE INCOME FOR THE PERIOD	0	0	0
COMPREHENSIVE INCOME FOR THE PERIOD	310	392	1,978

Parent Company statement of financial position

Parent Company statement of financial position, summary, SEK m	31 Mar. 2020	31 Mar. 2019	31 Dec. 2019
ASSETS			
Non-current assets			
Capitalised expenditure	4	—	4
Properties	45,677	44,579	45,318
Equipment, fixtures and fittings	20	22	21
Shares in Group companies	1	1	1
Derivatives	6,036	3,063	4,304
Other non-current receivables	531	430	504
Total non-current assets	52,270	48,094	50,152
Current assets			
Receivables from subsidiary	—	—	819
Derivatives	901	64	14
Other current receivables	1,591	2,006	1,642
Cash and bank balances	5,766	4,951	3,518
Total current assets	8,259	7,021	5,993
TOTAL ASSETS	60,528	55,116	56,144
EQUITY AND LIABILITIES			
Equity	7,302	7,069	6,992
Untaxed reserves	4,380	4,344	4,380
LIABILITIES			
Non-current liabilities			
Loans	30,332	29,171	30,016
Derivatives	2,320	1,443	1,660
Deferred tax	2,201	2,182	2,206
Other non-current liabilities	424	356	422
Total non-current liabilities	35,277	33,152	34,305
Current liabilities			
Loans	6,153	5,963	4,932
Derivatives	40	21	134
Other current liabilities	7,376	4,567	5,401
Total current liabilities	13,569	10,551	10,467
Total liabilities	48,845	43,703	44,772
TOTAL EQUITY AND LIABILITIES	60,528	55,116	56,144

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 1,576 million (1,684). Of this amount, revenue from subsidiaries accounted for SEK 0 million (0). Profit before financial items was SEK 725 million (790). Profit after tax was SEK 310 million (392).

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

Investments in machinery and equipment amounted to SEK 2 million (0) and in properties to SEK 696 million (809).

EQUITY

Equity totalled SEK 7,302 million compared with SEK 7,069 million at year-end. The Board proposed that the Annual General Meeting resolve on a dividend of SEK 892.27 (778.92) per share, a total of SEK 1,905 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, 28 April 2020

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 and loss.

As of the first quarter of 2020 Akademiska Hus does not report any operating segments in accordance with IFRS, as the Group is considered to be one operating segment. The assessment is based on how the Group is managed by the highest executive decision makers. All operations, including assets, are geographically located in Sweden

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.

In 2019 Akademiska Hus chose to reverse the effect of IFRS 16 when calculating the alternative performance measures. As comparison figures now are available, the reversal will no longer be carried out.

Equity ratio

Equity in relation to total assets at the end of the period.

Interest coverage ratio

Net operating income with the addition of central administration costs and development costs in relation to net financial income/expense, 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.

Loan-to-value ratio

Net loan liability in relation to the closing value of properties.

Net interest income and expense, breakdown, SEK m

	2020 Jan.–Mar.	2019 Jan.–Mar.	2019 Full-year
Net interest income/expense, net loans and financial assets	-93	-80	-342
Net interest derivatives	-12	-9	-46
Other interest costs	-9	-3	-74
Capitalised interest expense, projects	23	20	86
Total net interest income /expense	-92	-73	-376
Change in value, independent financial derivatives			
-unrealised	-333	-256	-263
-realised	-43	-11	-339
Changes in value, fair value hedges	158	69	98
Total changes in value	-217	-197	-503
Site leasehold fees	-22	-21	-84
Reported net interest income and expense	-331	-291	-964

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.

SEK m	31 Mar. 2020	31 Mar. 2019	31 Dec. 2019
Gross loan debt	-36,486	-35,134	-34,948
Collateral for derivatives, net	-4,481	-1,702	-2,568
Cash and cash equivalents	5,766	4,951	4,337
Other current receivables	381	390	277
Total net loan liability	-34,819	-31,495	-32,902
Average interest-bearing capital (full-year basis)	-30,658	-29,776	-32,805

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.

Operating capital

Equity plus interest-bearing net debt.

Return on equity

Profit before tax after 21.4 per cent tax rate in relation to average equity (OB+CB)/2.

Return on operating capital

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

Yield

Net operating income in relation to the average assessed property value (OB+CB)/2.

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

Definitions/Glossary

Comparable portfolio

Property holdings excluding properties that have been acquired and sold or have been classified as projects during the period or the comparison period.

FLOOR SPACE, M²

Rentable floor space in square metres.

FLOOR SPACE, M², GFS

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

Maintenance costs

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

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 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.

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.

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 2020	10 July 2020
Interim Report January–September 2020	22 October 2020
Year-end report 2020	February 2021
Annual Report 2020	March 2021

CONTACT PERSONS

Kerstin Lindberg Göransson, President
 Telephone: +46 708 91 61 10
 E-mail: kerstin.lindberggoransson@akademiskahus.se

Catarina Fritz, CFO
 Telephone: +46 703 42 94 69
 E-mail: catarina.fritz@akademiskahus.se

ADDRESS: GROUP OFFICE

Akademiska Hus AB
 Sven Hultins plats 5
 Box 483, SE-401 27 Gothenburg, Sweden
 Telephone: +46 10 557 24 00
 URL: www.akademiskahus.se
 e-mail: info@akademiskahus.se
 Reg. no.: 556459-9156