

Interim Report

QUARTER
1-2021

1 JANUARY – 31 MARCH 2021

Strong result and property value over 100 billion

As a result of lower yield targets in the community property sector, Akademiska Hus has a property value of over SEK 100 billion for the first time. The company also increased its net operating income compared with the previous year and profit before changes in value and tax improved. **Read more in the Statement by the CEO on page 5.**

KEY EVENTS DURING THE QUARTER

- The Board of Directors of Akademiska Hus has appointed Caroline Arehult to serve as new Chief Executive Officer. She will succeed Kerstin Lindberg Göransson, who is leaving her position in the autumn. Caroline most recently held the position of CEO at Hemfosa. She has good insight into operations at Akademiska Hus since she has served on the company's Board of Directors for one year.
- Akademiska Hus sold its property holdings in Kristianstad and the Niagara building in Malmö to Intea Fastigheter. The underlying property value was approximately SEK 1.6 billion. Intea took possession on 15 March.
- Akademiska Hus is investing approximately SEK 529 million in a new building at the School of Business, Economics and Law in central Gothenburg. The building will enable the faculty to expand and develop its education and research programmes in the fields of law and economics. As part of the project, the entrance of one of the Västlänken underground stations will also be integrated into the new building.
- Akademiska Hus is increasing its investment in solar panels at Karlstad University by installing three new facilities, which together will generate approximately 435,000 kWh of green electricity each year. The initiative is an important step for Akademiska Hus in its effort to achieve its vision for a zero carbon footprint.
- The Natrium construction project in Gothenburg is in full swing, but it is already clear that the project will qualify for the highest possible sustainability rating in the Miljöbyggnad environmental certification system. The project will cost approximately a billion Swedish kronor. Natrium will gather large parts of the Faculty of Science at the University of Gothenburg under one roof and promote continued development within the life sciences on Medicinareberget.
- During the quarter, Akademiska Hus chose to terminate the short-term rating, P-1, from Moody's, since it is no longer considered justified to have two short-term ratings. The rating was most recently confirmed in December 2020. The S&P rating (AA, A-1+, K-1) remains unchanged.

FINANCIAL KEY FIGURES

Period January–March

- Rental revenue was SEK 1,672 million (1,538).
- Net operating income was SEK 1,227 million (1,106), which in a comparable portfolio corresponds to an increase of 1.7 per cent.
- Profit before changes in value and tax was SEK 1,084 million (970).
- Changes in property values amounted to SEK 1,433 million (171).
- Net interest expense was SEK -99 million (-92) and changes in the value of financial instruments was SEK 513 million (-217).
- Profit before tax was SEK 3,030 million (923) and profit for the period was SEK 2,580 million (731).
- Investments in redevelopment, extensions and new construction totalled SEK 827 million (719).
- The yield (excluding properties under construction and expansion reserves) was 5.1 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 help 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 93 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 signed leases at 31 March was 10.5 years (10.5 at year-end). The average remaining lease term is 6.2 years (6.5 at year-end). The financial vacancy rate

accounts for 2.4 per cent (2.4 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.

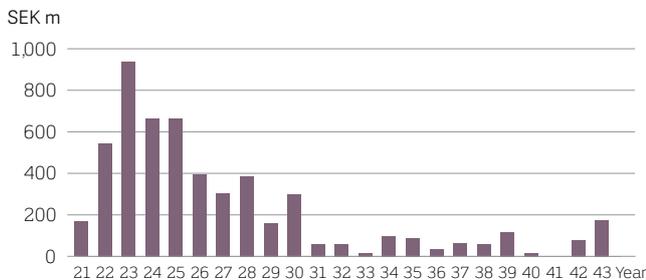
LONG-TERM FINANCING

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 of AA from Standard & Poor's since 1996. 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.

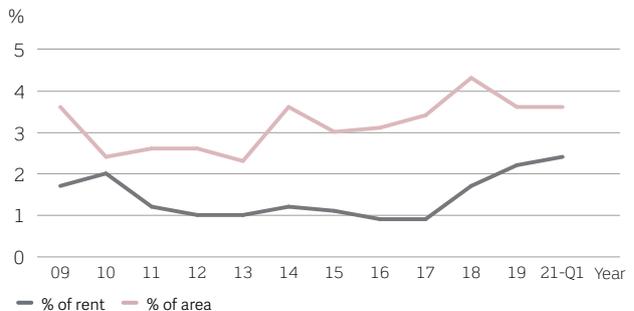


We have had a "AA" long-term rating from Standard & Poor's since 1996

MATURITY STRUCTURE ON LEASES



LEVEL OF VACANT SPACE



AKADEMISKA HUS IN BRIEF	2021	2020	Rolling 12-months	2020	2019
	Jan.–Mar.	Jan.–Mar.	April 20–Mar. 21	Full-year	Full-year
Income from property management, SEK m	1,696	1,576	6,538	6,418	6,217
Net operating income, SEK m	1,227	1,106	4,605	4,485	4,160
Profit before changes in value and taxes, SEK m	1,084	970	4,034	3,920	3,589
Financial key figures					
Equity ratio	46.6	43.2	46.6	44.5	44.5
Return on operating capital, %	*	*	10.5	9.0	10.3
Return on equity, %	*	*	14.2	11.1	12.2
Interest coverage ratio, %	*	*	810	768	679
Loan-to-value ratio, %	32.5	37.7	32.5	35.6	36.0
Yield, properties, % ¹	*	*	5.1	5.0	5.0
Yield, properties, % ²	*	*	4.8	4.7	4.6
Assessed market value, properties, SEK m	100,293	92,313	100,293	99,611	91,424

*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 for the year after reversal of unrealised changes in value and related deferred tax.
- The equity ratio should be between 35 and 45 per cent.

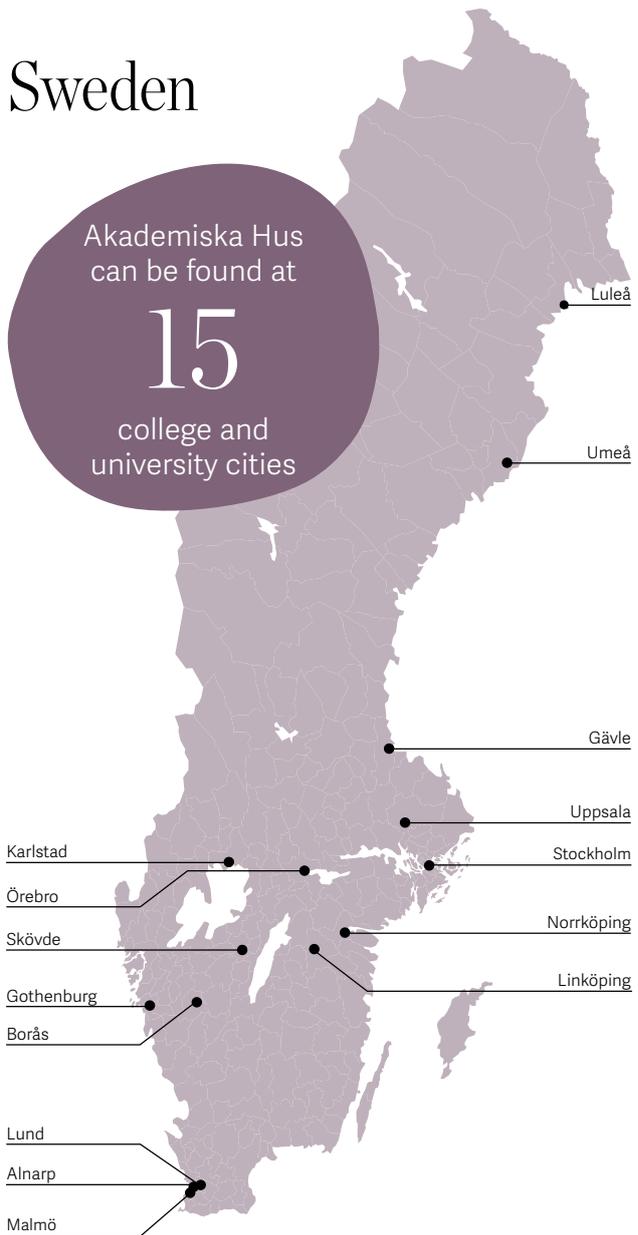
COLLEGE AND UNIVERSITY CITIES

Our vision – to strengthen Sweden as a nation of knowledge

Together with academia, industry and the community, we develop and manage sustainable and attractive knowledge environments. In this way we strengthen Sweden as a nation of knowledge and create value for both our owner and our customers.

We are the market leader in Sweden in our segment, premises for higher education and research, and our nationwide presence enables us to improve efficiency and transfer examples from one part of the country to another. The collective financial strength that our property portfolio provides creates long-term security, which benefits Swedish research and education. Value-adding knowledge environments entail both successfully developing customised premises and properties and that we constantly develop our collective deliverables and our service offering. The key to this is a close and effective dialogue with our customers.

Read more in our annual report or on our website about how we work with our customers to develop value-adding knowledge environments.



Our six largest locations

Market share, per city/town	Market value and area	Largest centres of education
Stockholm	SEK 49 billion 995,000 m²	Stockholm University Karolinska Institutet Royal Institute of Technology
Uppsala	SEK 17 billion 607,000 m²	Uppsala University Swedish University of Agricultural Sciences, Ultuna
Gothenburg	SEK 10 billion 368,000 m²	University of Gothenburg Chalmers University of Technology

Market share, per city/town	Market value and area	Largest centres of education
Lund	SEK 8 billion 359,000 m²	Lund University
Umeå	SEK 4 billion 239,000 m²	Umeå University Swedish University of Agricultural Sciences, Umeå
Linköping	SEK 4 billion 234,000 m²	Linköping University

● Akademiska Hus ● Other

Source: Share 2020, Swedish National Financial Management Authority

OUR CLIMATE CHANGE INITIATIVES

Climate neutrality targets affect all operations

As one of Sweden's largest property owners, we have a responsibility to reduce our own climate footprint and to contribute to the industry's transition to fossil-independent and sustainable solutions. We view collaboration with our customers as crucial to fully achieving climate neutrality.

Energy- and resource-efficient building practices and reducing the energy needs of our buildings are fundamental to achieving climate neutrality. Within management, we have a strong focus on energy efficiency and each year we make a large number of investments in energy-saving technologies, while optimising operations. In addition, we strive to ensure that the energy we purchase is fossil-free and to gradually increase the share of the renewable energy we produce ourselves.

Climate-neutral construction poses many challenges, regardless of whether projects include new construction, renovations or tenant adaptations. An increased focus on climate issues

from early stages and a shift in business models to prioritise climate-efficient solutions are measures that we see as generating valuable synergies. By increasing the attractiveness and efficiency of existing buildings, we can shift from a situation where new construction is usually viewed as a first choice to one where renovation is seen as a viable, sustainable and future-proof option. Recycling and reusing are prioritised issues to increase resource efficiency and reduce climate impact and our ambition moving forward is that all projects will have recycling targets.

The climate challenge is urgent and the transition must begin now. We are therefore focusing on achieving an actual reduction in our climate impact, including by reviewing projects already underway to actively re-evaluate and decide on measures to reduce our climate impact. As part of our efforts to achieve our climate targets, new procurement requirements for contractors and consultants will be established to indicate a strong demand for climate-efficient materials and solutions, as well as to facilitate implementation of the technology and expertise that is necessary to accelerate the reduction of our actual emissions.

REMODEL INSTEAD OF NEW CONSTRUCTION THROUGH CIRCULARITY

To achieve the thorough climate transformation that society needs, the construction industry must fundamentally change. We need to carefully evaluate what needs serve as the foundation for a new construction project and consider whether there are any other options. Achieving such a development requires new business models and systems that benefit resource-efficient measures, along with wise distribution of costs and risks among different participants in the value chain. A good example of this approach is the Hydra student housing project in Uppsala, where we converted a former laboratory building into student housing. The building, which was built in the 1930s, has now been remodelled based on new needs and is also the first project to be built according to the new Akademiska Hus concept for undergraduate and graduate student housing – Academic Living. Another example is the construction project at the School of Business, Economics and Law in Gothenburg, where we used a structured approach to plan for increased circularity and through a collaborative effort, we succeeded in using materials from the dismantling of other construction projects.



CEO KERSTIN LINDBERG GÖRANSSON COMMENTS:

Stable situation despite the pandemic

Activity on our campuses is still restricted, but with current forecasts for vaccination rates, we can now begin to hope for a cautious return to a more normal life in the autumn. Questions regarding what the campus of the future should look like in order to continue to be attractive are highly relevant and most agree that the rapid shift towards distance education and digital working methods will have long-term effects, although it is uncertain in what ways and to what extent they will last. A number of collaborative efforts are therefore underway with various centres of education, in part based on the increased focus on the climate issue, but also on how premises and spaces should be used and on how future education environments should be designed. We have also conducted a series of digital seminars on these issues, which are available for viewing on our website.

Strong result and property value of over 100 billion

We see that lower yield targets in the community property sector are contributing to higher valuations. In the Swedish property market, segments with reliable cash flows such as housing and community properties are still performing well, but we also see an increased demand for logistics properties, which is surely a result of the pandemic. At year-end our assessed market value was SEK 99.6 billion. During the first quarter we invested approximately SEK 800 million, but we also sold our property holdings in Kristianstad and the Niagara building in Malmö.

In addition, the change in fair value for the quarter is SEK 1.4 billion, which means that overall, our property value has exceeded SEK 100 billion for the first time.

The effects we have seen regarding loss of rental revenue due to the pandemic are still very limited. Net operating income for the period increased somewhat compared with the same period last year and totalled SEK 1,227 million (1,106) and earnings before changes in value and tax improved somewhat to SEK 1,084 million (970).

Continued good liquidity and new investments

Although the pandemic is still ongoing, the tangible presence of the central banks in financial markets has contributed to continued stabilisation. Our company's liquidity also continues to be robust and demand for our bonds has been strong. During the quarter we issued SEK 1.7 billion in the Swedish bond market.

In February, an investment decision was taken to build a new building for the School of Business, Economics and Law at the University of Gothenburg for SEK 529 million. A few weeks later, a digital ground-breaking ceremony was held for the project, which includes an entrance of the new Västlänken station and has a strong focus on recycling and circularity, as part of an older building was demolished to make way for the new building. The School of Business, Economics and Law in Gothenburg is one of several major projects underway and planned for the next few years in central Gothenburg. Long-term planning is required in order for the University of Gothenburg (GU) to continue to be an attractive city university that contributes to

the development of Gothenburg as a knowledge city. We have therefore formulated, in collaboration with GU and Higab, another major property owner for GU, a development plan for the physical development, which is available on our website.

Development that strengthens campuses

The digitalisation of campuses and buildings continues at a rapid pace. In order to benefit from the insights and knowledge of others, but also to share our experience and data from the properties, we joined a Vinnova-funded project at Chalmers, Digital Twin Cities, in which 31 Swedish and international partners will develop the concept of digital twins for future sustainable urban development. This is an exciting step in our digital journey!

Exciting things are happening in many parts of the country. We have increased our investment in co-working in Umeå and the newly opened A Working Lab Universum is already expanding with an additional 500 square metres in the middle of the Umeå Campus, with occupancy just in time for the start of the semester this autumn. We also signed a collaboration agreement with Umeå University to further strengthen our mutually beneficial cooperation. The aim is to achieve an even more sustainable campus where people thrive and perform well and where, for example, green environments and inclusive meeting places will become even more important to develop in the future.

Sustainable investments

Our investments in solar panels are important for our vision for a zero-carbon footprint to become reality. The latest initiative entails three new facilities at Karlstad University that will produce 435,000 kWh of electricity per year and we are currently producing a total of approximately 6 million kWh of renewable energy annually across the country.

The Natrium construction project on Medicinareberget in Gothenburg, which will cost in the billions, is fully underway. The project has already received the highest possible sustainability rating, Gold, in the Miljöbyggnad certification system, despite the challenges of a flexible floor plan and advanced laboratory environments.

As we cope with the unusual circumstances and still successfully deliver quality premises on a daily basis, our many projects and development initiatives currently underway will position us well to continue to contribute to attractive, sustainable and future-oriented campuses that strengthen Swedish centres of education well into the future.



Kerstin
Lindberg Göransson

Chief Executive Officer

BUSINESS INTELLIGENCE AND MARKET ANALYSIS:

Continued stable property market

TRENDS

Progress concerning vaccinations has helped to boost optimism during the first quarter of the year, but the differences between countries are great. The UK and the US have made relatively good progress, while vaccination rates in the eurozone and Sweden has lagged behind. A third wave has swept across Europe, accompanied by continued or re-imposed lockdowns, thereby hampering the economic recovery. In the US, a USD 1,900 billion fiscal stimulus package has been agreed, and President Biden has also presented a major infrastructure proposal for the next few years. As a result of the stimulus measures and progress with vaccinations, growth forecasts in the US have been substantially revised upwards, though concerns regarding overheating of the US economy have also been raised.

The Swedish economy has demonstrated resilience to the effects of the pandemic but is hampered by continued restrictions, which hit certain parts of the service sector hardest. In conjunction with the upwardly revised GDP forecasts in the rest of the world, the Swedish growth outlook has also improved. The National Institute of Economic Research estimates that the Swedish economy will grow by 3.7 per cent in 2021.

FINANCIAL MARKETS

Improved growth prospects in the US have led to rising bond yields and expectations that the US Federal Reserve (the Fed) will raise interest rates earlier than originally planned. European and Swedish interest rates have also risen, although not as much as in the US, where a ten-year government bond rose by approximately 80 basis points during the quarter. The Fed has taken the rate hike in stride, attributing the rising interest rates to the desirable improvement in economic prospects. In contrast, the European Central Bank (ECB) sees greater risks in continued rising interest rates that could hamper the recovery of the European economy. They have signalled that they are monitoring bond yield trends and that measures may be taken if the rise is too sharp. Meanwhile, the Swedish central bank (the Riksbank) does not express any concern about rising interest rates, and in Sweden, as in the US, inflation will be permitted to exceed the 2 per cent target following a long period of inflation rates below the target.

PROPERTY MARKET

The property market is off to a strong start in the first quarter of the year, driven by improved growth prospects in pace with progress on the vaccination front. Demand for residential, logistics and community properties continues to be high with improved prospects, while commercial office space is trading at unchanged levels compared with the year-end. Transaction volumes for the first quarter totalled SEK 43.9 billion, which is SEK 2.5 billion or 6 per cent higher than the first quarter of 2020. Housing accounted for 26 per cent of the volume, followed by logistics/industry at 23 per cent and community

property at 15 per cent. Office space accounted for only 11 per cent, which is unusually low since offices and housing are usually the most traded segments. The advance of logistics/industry can be attributed in part to increased e-commerce during the pandemic, as well as a single large transaction of approximately SEK 5 billion, while office building owners cautiously await a better market after the pandemic subsides.

Rent levels for modern offices in Stockholm, Gothenburg, and Malmö remain unchanged compared with previous quarters, suggesting a stabilisation of the rental market. However, an increase in remote working during the pandemic continues to prompt companies in office-intensive industries to review their future needs for premises. This trend mainly affects older holdings and office properties in secondary locations. Flexible leases and office solutions, such as a mix of private offices and shared spaces, are increasingly being offered in major cities and regional centres.

COMMUNITY PROPERTIES

The market for community properties continues to be strong and demand has increased during the quarter, especially in growing major cities and regional centres. As the population in Sweden continues to grow, the need for public sector investment remains strong, thereby placing considerable pressure on the project market. Several transactions during the quarter indicate lower yield requirements for properties focused on healthcare and social services, education and the justice system. Investors prefer properties with a longer remaining lease term and where tenants are expected to renew their leases.

The coronavirus pandemic, along with increased government investments in education, has resulted in a greater influx of students to colleges and universities. The spring programmes expect a record number of applicants and admissions, up by 12 and 10 per cent, respectively, compared with spring 2020. When registration for this year's summer courses closed on 15 March, there were 46 per cent more applicants compared with last year. More openings for students have historically meant an increase in the need for premises, but this trend is also influenced by the trend towards digitalisation, which has entailed an increase in distance education, as well as streamlining of premises. It is therefore still unclear whether the overall need for premises of the centres of education will change in the future. We are continually developing our education environments in collaboration with our customers so as to offer modern full-scale campuses with undergraduate and graduate student housing, a high level of service, good communications and an integrated business community.

Consolidated income statement

CONSOLIDATED INCOME STATEMENT, SUMMARY, SEK M	2021 Jan.–Mar.	2020 Jan.–Mar.	Rolling 12-months April 2020– March 2021	2020 Full-year
Rental revenue	1,672	1,538	6,398	6,264
Other property management income	24	38	140	155
Total property management income	1,696	1,576	6,538	6,418
Operating costs	-294	-251	-894	-850
Maintenance costs	-62	-75	-432	-445
Property administration	-99	-102	-400	-403
Other property management expenses	-14	-42	-208	-236
Total costs from property management	-469	-470	-1,933	-1,933
NET OPERATING INCOME	1,227	1,106	4,605	4,485
Central administration costs	-15	-17	-58	-60
Development costs	-7	-6	-41	-40
Interest income	6	12	42	48
Interest expense	-105	-104	-430	-429
Site leasehold fees	-21	-22	-84	-84
PROFIT BEFORE CHANGES IN VALUE AND TAXES	1,084	970	4,034	3,920
Change in value, properties	1,433	171	4,403	3,141
Change in value, financial instruments	513	-217	539	-192
PROFIT BEFORE TAX	3,030	923	8,976	6,869
Tax	-451	-192	-1,687	-1,429
PROFIT FOR THE PERIOD	2,580	731	7,289	5,440
Of which attributable to the shareholder in the Parent Company	2,580	731	7,289	5,440

Consolidated statement of comprehensive income

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, SUMMARY, SEK M	2021 Jan.–Mar.	2020 Jan.–Mar.	Rolling 12-months April 2020– March 2021	2020 Full-year
Profit for the period	2,580	731	7,289	5,440
Reclassifiable items				
Profit/loss from cash flow hedges	8	—	8	—
Tax attributable to cash flow hedges	-1	—	-1	—
Cash flow hedges, dissolved against profit and loss	—	—	—	—
Non-reclassifiable items				
Revaluation of defined benefit pensions	—	—	-4	-3
Tax attributable to pensions	—	—	1	1
TOTAL, OTHER COMPREHENSIVE INCOME FOR THE PERIOD	7	0	4	-2
COMPREHENSIVE INCOME FOR THE PERIOD	2,587	731	7,293	5,438
Of which attributable to the shareholder in the Parent Company	2,587	731	7,293	5,438

Comment: Operating profit

FIRST QUARTER

Profit for the period before changes in value and tax was SEK 1,084 million (970). The improved performance is attributable to an increase in net operating income of SEK 121 million compared with the previous year, which is an effect of increased earnings and unchanged expenses. In a comparable portfolio net operating income increased by 1.7 per cent.

Change in the value of properties was SEK 1,433 million (171), an increase of SEK 1,262 million compared with the previous year. The average yield requirement was 4.93 per cent (5.00). The yield targets were not adjusted in the first quarter of 2020 due to the uncertainties related to the pandemic. This explains the large difference regarding the change in value between the periods.

The impact of the pandemic on earnings during the period has been limited. Revenue was affected to a limited extent by rent reductions and lower parking revenue due to free parking in Uppsala and Stockholm.

INCOME FROM PROPERTY MANAGEMENT

Rental revenue increased by SEK 134 million compared with the previous year and totalled SEK 1,672 million (1,538).

Completion of new buildings in 2020 and 2021 with an impact on the period contributed to an increase in revenue of approximately SEK 18 million, and is mainly attributable to the Ångström Building 1 in Uppsala and Albano Building 3. In addition, the acquisition of Albanova in December 2020 had a positive impact on revenue for the quarter of SEK 26 million.

Revenue from tenant adaptations increased by SEK 50 million, which is attributable to a new assessment as of the second quarter of 2020. In addition, beginning in 2021, parking revenue is recognised in rental revenue, which has a positive impact on rental revenue of SEK 16 million. Higher media billing, an effect of increased energy consumption and rising electricity prices also had a positive impact on rental revenue of SEK 23 million.

In a comparable portfolio, contractual rental revenue increased by 2.3 per cent compared with the same period the previous year.

Other property management income fell by SEK 14 million and amounted to SEK 24 million (38), mainly because parking revenue was reclassified as rental revenue beginning in 2021.

LEASING LEVEL

The financial vacancy rate accounts for 2.4 per cent (2.4) of our total rental revenue, which corresponds with SEK 159 million (155 for 2020). Several discussions are underway with potential tenants.

Vacant space in terms of area at the end of the period amounted to 121,000 square metres, corresponding to 3.6 per cent (3.6) of our total rentable area of 3.4 million square metres. Rentable floor space during the first quarter declined by 34,000 square metres due to the sale of our holdings in Kristianstad and Malmö.

OPERATING AND MAINTENANCE COSTS

Expenses for operation and maintenance increased by SEK 30 million and totalled SEK 356 million (326).

Operating costs include supervision and service, as well as media provision, and amounted to SEK 294 million (251).

Operating costs include media provision of SEK 196 million (164), equivalent to SEK 168/m² (168) for the past twelve months, and supervision and service amount to SEK 98 million (87).

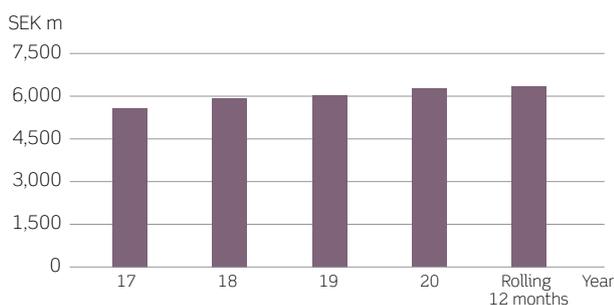
The increased media costs mainly relate to higher consumption of district heating, though this consumption reflects what would be considered a normal year, as well as increased electricity prices. The same quarter in 2020 was warmer than a normal year.

Supervision and service increased by SEK 11 million due to increased costs for snow removal in conjunction with the extreme weather in northern Sweden at the beginning of the year.

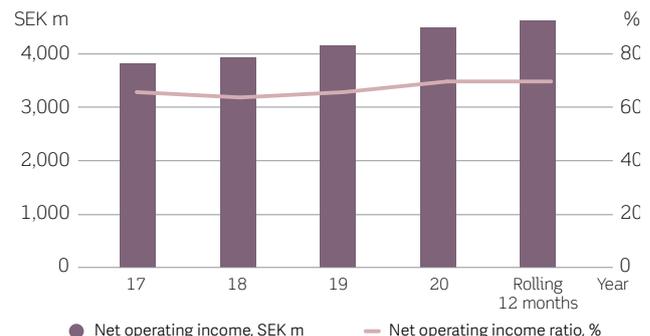
Maintenance costs fell by SEK 13 million and amounted to SEK 62 million (75). The lower maintenance costs are attributable to lower remedial maintenance.

Other property management expenses declined by SEK 28 million and totalled SEK 14 million (42) as a result of lower investigation costs, as well as non-recurring costs in 2020.

STABLE RENTAL REVENUE



STABLE NET OPERATING INCOME AND RISING NET OPERATING INCOME RATIO



ADMINISTRATION COSTS

Total administration costs decreased by SEK 5 million and amounted to SEK 114 million (119). Development costs amounted to SEK 7 million (6).

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 99 million (92) for the quarter. This corresponds to an interest rate of 1.37 per cent (1.41), which includes capitalised interest expense of SEK 18 million (23) for projects in progress. See table describing the composition of net interest income and expense on page 21.

TOTAL FINANCING COST INCLUDING CHANGES IN VALUE

	2021-01-01– 2021-03-31	2020-01-01– 2020-03-31	2020-01-01– 2020-12-31
Interest cost for loans, including charges, %	1.19	1.25	1.31
Interest swaps, net interest, %	0.18	0.16	0.17
Net interest income/expense, %	1.37	1.41	1.48
Changes in value, financial derivatives, %	-6.28	1.63	0.59
Total financing cost, %	-4.91	3.05	2.07

CHANGES IN VALUE, FINANCIAL INSTRUMENTS

Changes in value in the derivative portfolio amounted to SEK 513 million (-217), which can primarily be attributed to sharply rising market interest rates and a steeper yield curve during the quarter, combined with a gradual lengthening of interest rate duration. The derivative portfolio largely consists of interest rate derivatives (mainly interest rate swaps and interest rate futures) that are primarily entered into with the aim of extending the fixed interest period in the liability portfolio, where approximately half of financing currently relies on floating interest rates. Approximately one third of Akademiska Hus' interest risk exposure derives from interest derivatives, 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.

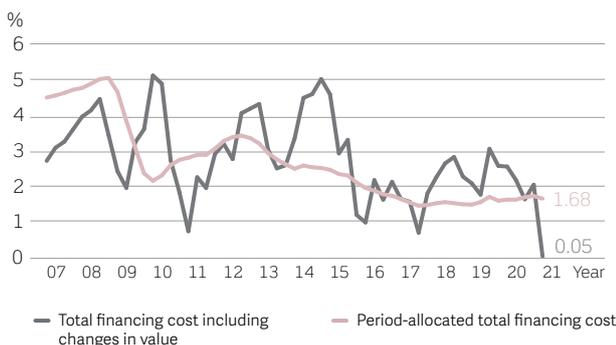
COMPARATIVE CALCULATION, TOTAL FINANCING COST

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 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.

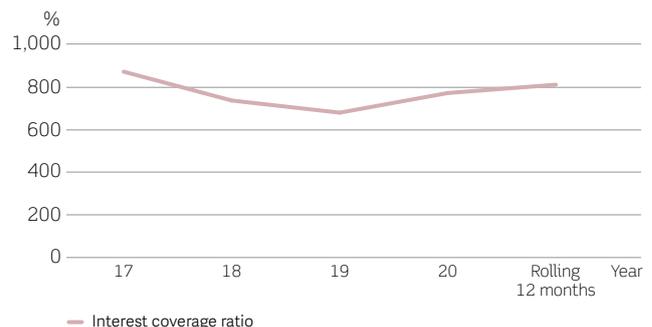
To clarify the underlying financing cost, a comparative calculation is carried out in which the cash flows of realised interest rate derivatives are also attributed (allocated) to the underlying maturity of each instrument. This allocation for the past twelve-month period corresponds with an interest expense of 0.22 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 1.68 per cent as at 31 March. The calculation shows that the long fixed interest period has resulted in 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 810 per cent (737), see diagram below.

COMPARATIVE CALCULATION TOTAL FINANCING COST, ROLLING 12-MONTH BASIS



INTEREST COVERAGE RATIO CONTINUES AT HIGH LEVEL



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 2021 the change in value of properties with an impact on profit was SEK 1,433 million, an increase of SEK 1,262 million compared with the same period in 2020. The increase related to the change in value due to changed yield targets in relation to the comparative period of SEK 1,219 million is largely attributable to a favourable market trend, since the uncertainty in the market caused by the pandemic has declined. During the first quarter, yield requirements and the cost of capital were lowered because of the favourable trend in the market for community properties. Other change in value as of 31 March 2021 is SEK 221, representing an increase of SEK 50 million in relation to the comparative period. This increase is primarily attributable to improved cash flow in the the Gothenburg region. Overall, this results in an increase in the total change in market value of SEK 1,440 million in relation to year-end. The average yield requirement was 4.93 per cent (5.00).

To estimate the impact of Covid-19 on change in value, an analysis of rental losses was carried out. The results show a marginal loss of revenue and thus no impact on the long-term property value. The limited effect can generally be attributed to the fact that Akademiska Hus' property portfolio primarily consists of community properties or other publicly funded operations; this segment includes approximately 93 per cent of the company's aggregate holdings. The identified rental losses are mainly attributable to a smaller proportion of other customers within the remainder of the portfolio.

Consolidated statement of financial position

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, SUMMARY, SEK M	2021-03-31	2020-03-31	2020-12-31
ASSETS			
Non-current assets			
Capitalised expenditure	3	4	3
Properties	100,293	92,313	99,611
Site leasehold rights	2,736	2,736	2,736
Equipment, fixtures and fittings	39	20	34
Derivatives	3,269	6,036	4,277
Other non-current receivables	535	531	548
Total non-current assets	106,875	101,641	107,209
Current assets			
Current receivables			
Derivatives	93	901	534
Other current receivables	1,635	1,591	1,557
Total current receivables	1,728	2,492	2,091
Cash and cash equivalents			
Cash and cash equivalents	4,862	5,766	3,677
Total cash and cash equivalents	4,862	5,766	3,677
Total current assets	6,590	8,259	5,768
TOTAL ASSETS	113,465	109,900	112,976
EQUITY AND LIABILITIES			
Equity	52,879	47,491	50,292
LIABILITIES			
Non-current liabilities			
Loans	32,635	30,332	31,603
Derivatives	1,283	2,320	2,210
Deferred tax	13,932	12,680	13,842
Non-current liabilities, site leasehold rights	2,736	2,736	2,736
Other non-current liabilities	925	775	924
Total non-current liabilities	51,511	48,843	51,315
Current liabilities			
Loans	3,656	6,153	5,487
Derivatives	35	39	147
Other current liabilities	5,384	7,373	5,734
Total current liabilities	9,075	13,566	11,369
Total liabilities	60,586	62,409	62,684
TOTAL EQUITY AND LIABILITIES	113,465	109,900	112,976

Comment: Statement of financial position

PROPERTIES

As of the end of the first quarter, the fair value of Akademiska Hus' property holdings totalled SEK 100,293 million, an increase of SEK 682 million and 0.7 per cent compared with the year-end. Fair value includes the completed portions of projects in progress. The unrealised change in value amounted to SEK 1,440 million (171). Remaining changes relate to investments in properties for the year of SEK 827 million (719) and sales of SEK 1,585 million (0). During the first quarter of 2021 the Niagara Building 2 and the property Näsby 34:24 were sold to Intea Fastigheter.

In the first quarter of 2021, the ongoing pandemic continued to have a limited effect on community properties in general, a segment that accounts for the majority of the Akademiska Hus property portfolio. Impact on property value has thus been marginal. The assessment is that it is not necessary to take an impairment charge related to the effects of the Covid-19 pandemic at this time.

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 target and cost of capital. The average yield requirement was 4.93 per cent, compared

with 5.00 per cent as at 31 March 2020. Akademiska Hus engages external rating agencies to verify the yield requirement and fixed costs on a quarterly basis to ensure that market rates are applied in the internal valuation.

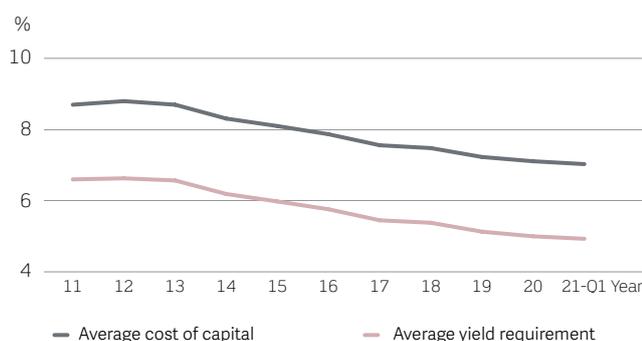
Each year 25–30 per cent of the property portfolio is also valued by external valuation professionals. External valuations are used as a benchmark for the internal valuation, thereby confirming its reliability that we are within the interval stated below.

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 +/- 5,015 million to SEK 10,029 million in the Akademiska Hus portfolio.

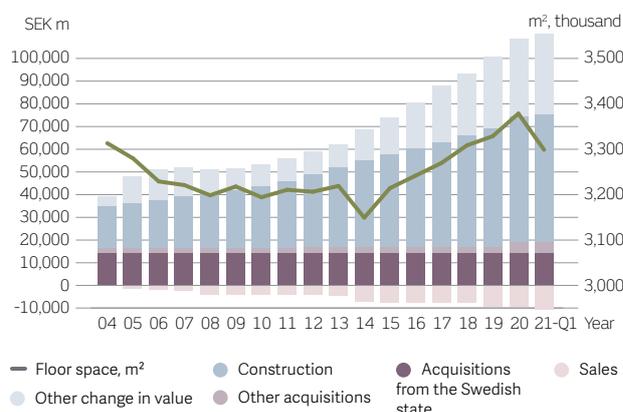
PROPERTIES 31 MARCH 2021 (incl. new construction in progress and capitalised interest expense)

CHANGE IN PROPERTY HOLDINGS, SEK M	2021-03-31	2020-03-31	2020-12-31
Opening fair value	99,611	91,424	91,424
+ Investment in new construction, extensions and redevelopment	827	719	2,872
+ Acquisitions	—	—	2,179
- Sales	-1,585	—	-2
+/- Change in fair value	1,440	171	3,138
Of which change in value due to a change in the cost of capital and yield requirement	1,219	—	1,828
Of which other change in value	221	171	1,310
CLOSING FAIR VALUE	100,293	92,313	99,611

YIELD REQUIREMENTS AND COST OF CAPITAL



PROPERTY PORTFOLIO'S ACCUMULATED VALUE GROWTH AND NUMBER OF SQUARE METRES FLOOR SPACE, M²



FINANCING

The trend for credit spreads has been stable during the quarter and remains at a low level as a result of the large purchases of securities by the central banks. Demand for Akademiska Hus' bonds has been robust during the quarter and three issuances for a total of SEK 1,700 million were completed in the Swedish bond market. The maturities have been 3–4 years and 12 years.

Committed credit facilities in bank amounted to SEK 6,000 million. All of these credit facilities were unutilised as at 31 March. The bond issuances, committed credit facilities, stable rental payments and property sales during the quarter contributed to continued robust liquidity for Akademiska Hus.

The net liability portfolio at 31 March totalled SEK 32,641 million, corresponding to a decrease of SEK 2,826 million during the quarter, which is attributable to a larger cash balance and in part to the revaluation effects of the gross loan debt in accordance with hedge accounting (see notes 21 and 22 in the 2020 annual report). The equity ratio at 31 March was 46.6 per cent (43.2).

At the beginning of 2017 Akademiska Hus supplemented its rating with Standard & Poor's (AA, A-1+, K-1) with a short-term rating (P-1) from Moody's, which was most recently confirmed in December 2020. The rating was also assigned to the ECP programme in order to support short-term financing. After four years of good cooperation, Akademiska Hus chose to terminate the rating at Moody's, during the quarter, since it is no longer considered to be justified to have two short-term ratings. The Standard & Poor's rating remains unchanged.

NET LOAN LIABILITY

SEK m	31 Mar. 2021	31 Mar. 2020	31 Dec. 2020
Gross loan debt	-36,291	-36,486	-37,091
Collateral for derivatives, net	-1,914	-4,481	-2,439
Cash and cash equivalents	4,862	5,766	3,677
Other current receivables	702	381	385
Total net loan liability	-32,641	-34,819	-35,468

FIXED INTEREST PERIOD AND MATURITY

Akademiska Hus has a long average period for tied-up capital, which at 31 March was 10 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. Given the low interest rate environment, combined with improved growth prospects, the risk in the fixed income market has been assessed as asymmetric, with a greater risk of sharply rising interest rates than sharply falling rates. This has led to an extension of interest rate duration during the quarter. As before, debt management will focus on allocating the portfolio's interest rate risk to the most effective periods on the yield curve. As at 31 March the interest rate duration in the total portfolio was 8.1 years.

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.

FIXED INTEREST PERIOD AND MATURITY

	Fixed interest, years, Mar. 2021	Fixed interest, years, Dec. 2020	Maturity, years, Mar. 2021	Maturity, years, Dec. 2020
Basic portfolio	5.5	4.4	7.8	7.8
Long-term portfolio	19.7	19.9	19.7	19.9
Total portfolio	8.1	7.1	10.0	9.9

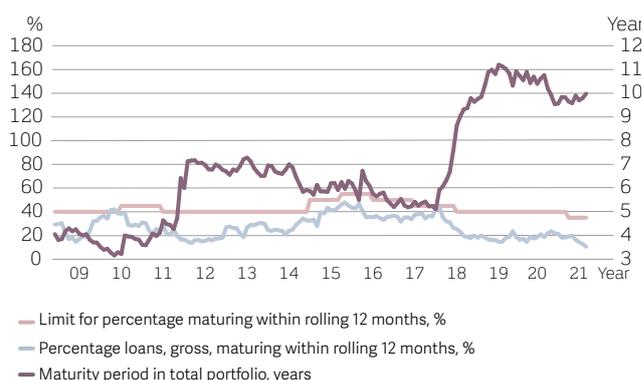
Year	Fixed interest, SEK m	Maturity, SEK m
2021	12,884	3,587
2022–2026	10,497	13,411
2027–2031	5,040	4,521
2032–2036	525	1,101
2037–2041	3,976	4,580
2042–2046	730	5,131
2047–2051	505	1,827
TOTAL	34,157	34,157

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 14,400 million, of which approximately SEK 5,600 million has already been invested in projects in progress. No major projects were commissioned during the first quarter of 2021.

Our project portfolio includes several student housing projects and more will be added moving forward. The approved and planned projects include three student housing projects with a combined budget of approximately SEK 450 million.

PROJECT PORTFOLIO

SEK m	2021-03-31	2020-12-31
Approved projects	10,200	9,400
Planned projects	4,200	4,500
APPROVED AND PLANNED PROJECTS	14,400	13,900
of which already invested in projects in progress	-5,600	-4,900
REMAINDER OF APPROVED AND PLANNED PROJECTS	8,800	9,000

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	2,864	87	100,000	2022-Q2	Stockholm University
Natrium	Gothenburg	Laboratory	1,803	21	28,000	2023-Q2	University of Gothenburg
Ångström Phase 4	Uppsala	Laboratory	1,185	47	30,000	2022-Q4	Uppsala University
Forum Medicum	Lund	Education	821	16	13,800	2023-Q2	Lund University
Handelshögskolan	Gothenburg	Education	529	17	9,200	2025-Q2	University of Gothenburg
LTH Maskinteknik	Lund	Education	499	37	19,000	2022-Q2	Lund University
KI Residence	Stockholm	Residential	434	90	15,500	2021-Q3	Karolinska Institutet
A-, B-, and E-building Luleå	Luleå	Education	320	0	—	2024-Q1	Luleå University of Technology
Retzius	Stockholm	Laboratory	179	38	—	2022-Q1	Akademiska Hus
C-Building Luleå	Luleå	Education	122	7	—	2022-Q1	Luleå University of Technology
Astrid Fagreus Lab	Stockholm	Laboratory	103	8	—	2023-Q1	Karolinska Institutet
Projects under SEK 100 million			1,341				
TOTAL			10,200				



STOCKHOLM – ALBANO CAMPUS

The Albano Campus will be a scientific hub connecting the university capital of Stockholm, forming a sustainable campus with education environments for students and researchers. Approximately 1,000 student housing units and premises for commercial services will also be built here.

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 1 January 2020	2,135	2,135	—	-99	42,589	46,760
Total comprehensive income, Jan.–March 2020	—	—	—	—	731	731
EQUITY, 31 MARCH 2020	2,135	2,135	0	-99	43,320	47,491
Dividends ¹	—	—	—	—	-1,905	-1,905
Total comprehensive income, April–Dec. 2020	—	—	—	-3	5,440	5,438
EQUITY, 31 DEC. 2020	2,135	2,135	—	-102	46,124	50,292
Total comprehensive income, Jan.–March 2021	—	—	7	—	2,580	2,587
EQUITY, 31 MARCH 2021	2,135	2,135	7	-102	48,704	52,879

1) Dividend of SEK 1,905,000,000 was authorised by the Annual General Meeting on 28 April 2020.

Consolidated statement of cash flows

CONSOLIDATED STATEMENT OF CASH FLOWS, SUMMARY, SEK M	2021 Jan.–Mar.	2020 Jan.–Mar.	2020 Full-year
CURRENT OPERATIONS			
Profit before tax	3,030	923	6,869
Adjustment for items not included in the cash flow	-2,192	-12	-2,966
Tax paid	-109	-103	-315
CASH FLOW FROM CURRENT OPERATIONS BEFORE CHANGES IN WORKING CAPITAL	729	808	3,588
CASH FLOW FROM CHANGES IN WORKING CAPITAL¹			
Increase (+)/decrease (-) in current receivables	-58	87	6
Increase (+)/decrease (-) in current liabilities	-25	87	805
CASH FLOW FROM CURRENT OPERATIONS	646	982	4,399
INVESTING ACTIVITIES			
Investment in properties	-737	-696	-2,770
Sale of properties	1,460	—	4
Investment in other non-current assets	-9	-2	-25
Acquisition of shares in Group companies	—	—	-802
Increase (+)/decrease (-) in non-current receivables	13	-27	-46
CASH FLOW FROM INVESTING ACTIVITIES	727	-725	-3,639
FINANCING ACTIVITIES			
Raising of interest-bearing loans, excluding refinancing	3,298	5,360	15,327
Repayment of loan	-3,550	-5,925	-13,148
Amortisation of loan related to acquisition	—	—	-1,075
Interest paid	-72	-64	-430
Realised derivatives and CSA	136	1,801	-189
Dividend paid	—	—	-1,905
CASH FLOW FROM FINANCING ACTIVITIES	-188	1,172	-1,420
CASH FLOW FOR THE PERIOD	1,185	1,429	-660
Opening cash and cash equivalents	3,677	4,337	4,337
Closing cash and cash equivalents	4,862	5,766	3,677

Comment: Statement of cash flows

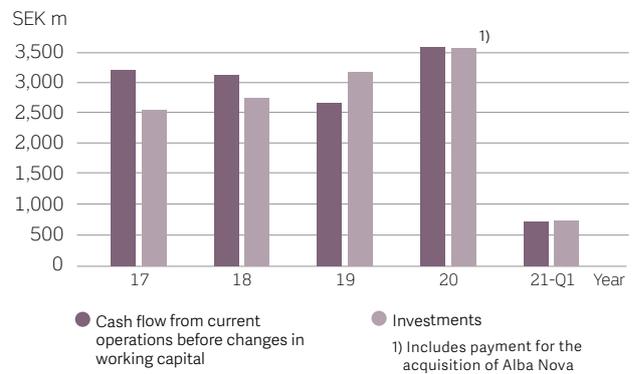
Cash flow from current operations before changes in working capital totalled SEK 729 million (808). The impact of investments in properties on cash flow was SEK 737 million (696). Cash flow from investing activities increased by SEK 1,452 million compared with the corresponding period in 2020, which can be attributed to the property sales of Niagara 2 and Näsby 34:24 in Kristianstad, which brought in SEK 1,460 million.

Cash flow relating to financing activities amounted to SEK -188 million (1,172). During the period cash flow from financing activities decreased compared with previous years, largely due to a decrease in the inflow of CSA collateral as a result of lower receivables in relation to derivative counterparties.

CASH FLOW AND INVESTMENTS

Total cash flow from current operations before change in working capital during the period 2017 to March 2021 was SEK 13,347 million. Investments during the same period totalled SEK 12,798 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 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 pandemic has led to testing of new, digital working methods, which fundamentally impacts Akademiska Hus and our customers. One effect of the pandemic may be that in the future, education may be conducted in a different way. This may entail a reduction in the need for premises at centres of education in the long term. This could lead to a decline in demand for the premises that Akademiska Hus provides, which could entail an increased risk of higher vacancies and lower rental revenue.

The Covid-19 pandemic initially 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. Measures from central banks have helped to improve access to liquidity in financial markets. Interest in bonds from Akademiska Hus has been strong, and the completed issuances, committed credit facilities and rental payments, as well as property sales during the quarter contributed to con-

tinued good liquidity. The impact of the Covid-19 pandemic is considered to be limited.

Akademiska Hus' exposure to counterparty risk arises from investment of excess liquidity and from trading with financial instruments. Exposure to counterparty risk is managed by imposing a limit based on ownership circumstances, ratings and the term of the commitment. Counterparty exposure when trading in financial derivative instruments is managed through Credit Support Annex (CSA) agreements. With CSA agreements, collateral corresponding to the undervalue in derivative contracts is exchanged mutually between the derivative counterparties and Akademiska Hus, thereby substantially reducing counterparty risk exposure. The Covid-19 pandemic has not affected handling of counterparty risk at this time and the impact on counterparty risk exposure is considered to be limited. Credit risk for the company's accounts receivable is still considered to be low since our customers are primarily colleges and universities, which are largely financed by the Swedish state. The Covid-19 pandemic has not affected our assessment of this risk.

Despite global concerns regarding the effects of Covid-19, Akademiska Hus has managed well during the crisis. We therefore see no risk that the company's ability to survive as a going concern has been affected. Read more about the material risks that Akademiska Hus faces on pages 43–46 of the 2020 Annual Report.

SENSITIVITY ANALYSIS, PROPERTY VALUE 31/03/2021

	Increase by one percentage point			Decrease by one percentage point		
	Impact on net operating income, SEK m	Impact on change in value and assessed fair value, SEK m ¹⁾	Impact on fair value, percentage points	Impact on net operating income, SEK m	Impact on change in value and assessed fair value, SEK m ¹⁾	Impact on fair value, percentage points
Rental revenue	64	377	0.4	-64	-377	-0.4
Vacant space	-61	-799	-0.8	61	799	0.8
Operating costs	-9	-104	-0.1	9	104	0.1
of which media provision	-5	-52	-0.1	5	52	0.1
Cost of capital		-5,667	-5.7		6,250	6.2
Yield target		-8,309	-8.3		12,894	12.9

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

Parent Company income statement

PARENT COMPANY INCOME STATEMENT, SUMMARY, SEK M	2021 Jan.–Mar.	2020 Jan.–Mar.	2020 Full year
Income from property management	1,696	1,576	6,414
Property management expenses	-487	-489	-2,004
NET OPERATING INCOME	1,209	1,087	4,410
Central administration costs	-15	-17	-60
Development costs	-7	-6	-40
Depreciation and impairment as well as reversed impairment in property management	-479	-339	-1,594
PROFIT BEFORE FINANCIAL ITEMS	708	725	2,717
Result, shares in subsidiaries	1,132	—	24
Interest income	6	12	48
Interest expense	-123	-127	-531
Change in value, financial instruments	513	-217	-192
Appropriations	—	—	448
PROFIT BEFORE TAX	2,236	393	2,514
Tax	-457	-83	-530
PROFIT FOR THE PERIOD	1,779	310	1,983

Parent Company statement of comprehensive income

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME, SUMMARY, SEK M	2021 Jan.–Mar.	2020 Jan.–Mar.	2020 Full-year
Profit for the period	1,779	310	1,983
Reclassifiable items			
Profit/loss from cash flow hedges	—	—	—
Tax attributable to cash flow hedges	8	—	—
Cash flow hedges, reclassified to the income statement	-1	—	—
TOTAL, OTHER COMPREHENSIVE INCOME FOR THE PERIOD	7	0	0
COMPREHENSIVE INCOME FOR THE PERIOD	1,786	310	1,983

Parent Company statement of financial position

PARENT COMPANY STATEMENT OF FINANCIAL POSITION, SUMMARY, SEK M

	31 March 2021	31 March 2020	31 Dec. 2020
ASSETS			
Non-current assets			
Capitalised expenditure	3	4	3
Properties	48,307	45,677	46,507
Equipment, fixtures and fittings	39	20	34
Shares in Group companies	1,958	1	826
Derivatives	3,269	6,036	4,277
Other non-current receivables	535	531	548
Total non-current assets	54,110	52,270	52,194
Current assets			
Receivables from subsidiary	—	—	1,022
Derivatives	93	901	534
Other current receivables	1,624	1,591	1,547
Cash and bank balances	4,862	5,766	3,676
Total current assets	6,578	8,259	6,780
TOTAL ASSETS	60,689	60,528	58,974
EQUITY AND LIABILITIES			
Equity	8,856	7,302	7,070
Untaxed reserves	3,933	4,380	3,933
LIABILITIES			
Non-current liabilities			
Loans	32,635	30,332	31,603
Derivatives	1,283	2,320	2,210
Deferred tax	2,396	2,201	2,252
Other non-current liabilities	560	424	558
Total non-current liabilities	36,873	35,277	36,623
Current liabilities			
Loans	3,656	6,153	5,487
Derivatives	35	40	147
Other current liabilities	7,337	7,376	5,713
Total current liabilities	11,027	13,569	11,347
Total liabilities	47,900	48,845	47,970
TOTAL EQUITY AND LIABILITIES	60,689	60,528	58,974

Parent Company

Akademiska Hus AB is the Parent Company in the Akademiska Hus Group and is wholly owned by the Swedish state. Operations include 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 revenue for the period amounted to SEK 1,696 million (1,576). Of this amount, revenue from subsidiaries accounted for SEK 0 million (0). Profit before financial items was SEK 708 million (725). Profit after tax was SEK 1,779 million (310).

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 9 million (2) and in properties to SEK 809 million (696).

EQUITY

Equity totalled SEK 7,077 million compared with SEK 7,070 million at year-end. The Board proposed that the Annual General Meeting resolve on a dividend of SEK 1,003.28 (892.27) per share, a total of SEK 2,142 million.

EVENTS AFTER THE END OF THE REPORTING PERIOD

A sales agreement has been signed with Hemsö regarding the property Uppsala, Kronåsen 1:15. The property comprises 68,700 square metres of land and twenty buildings totalling 36,600 square metres. The purchase price of the sale is calculated based on a property value of SEK 714 million. The buyer takes possession on June 1, 2021. The property is sold via a share transfer from the wholly owned subsidiary Akademiska Hus Holding AB.

In other respects 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 CEO 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 2021

Kerstin Lindberg Göransson
Chief Executive Officer

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 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 assets and all derivatives should be valued at fair value whilst other financial assets and financial liabilities are valued at the accrued acquisition value. 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.

Since 1 January 2021, the company applies hedge accounting for its electricity derivatives. The hedge accounting is a cash flow hedge, which means that changes in the fair value of the derivative are recognised in other comprehensive income on an ongoing basis rather than in net financial income.

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 20.6 per cent tax rate in relation to average equity (OB+CB)/2.

Return on operating capital

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

Loan-to-value ratio

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

Yield

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

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

Net operating income ratio

Net operating income in relation to property management income.

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

Net interest income and expense, breakdown, SEK m

	2021 Jan.–Mar.	2020 Jan.–Mar.	2020 Full-year
Net interest income/expense, net loans and financial assets	-88	-93	-386
Net interest derivatives	-15	-12	-53
Other interest costs	-14	-9	-44
Capitalised interest expense, projects	18	23	102
Total net interest income/expense	-99	-92	-381
Change in value, independent financial derivatives			
-unrealised	622	-333	-122
-realised	-153	-43	-52
Changes in value, fair value hedges	45	158	-18
Total changes in value	513	-217	-192
Site leasehold fees	-21	-22	-84
Reported net interest income and expense	393	-331	-657

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. 2021	31 Mar. 2020	31 Dec. 2020
Gross loan debt	-36,291	-36,486	-37,091
Collateral for derivatives, net	-1,914	-4,481	-2,439
Cash and cash equivalents	4,862	5,766	3,677
Other current receivables	702	381	385
Total net loan liability	-32,641	-34,819	-35,468
Average interest-bearing capital (full-year basis)	29,397	30,658	32,021

Operating capital

Equity plus interest-bearing net loan liability.

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.

Equity ratio

Equity in relation to total assets 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.

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, 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.

Development costs

Development costs relate to costs for innovation and operational development, as well as associated staff costs. These company-wide strategic costs are aimed at developing operations for the company and/or the customer. They are not directly linked to the current property portfolio and are usually one-off posts.

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 2021	14 July 2021
Interim Report January–Sept. 2021	27 Oct. 2021
Year-end report 2021	February 2022
Annual Report 2021	March 2022

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