

## Property value increased and strong performance continued

Akademiska Hus increased its net operating income compared with the previous year and profit before changes in value and tax improved. During the year the estimated property value has increased to approximately SEK 107 billion, primarily as a result of lower yield requirements.

**Read more in the Statement by the CEO on page 6.**

### FINANCIAL KEY FIGURES

#### January–September

- Rental revenue was SEK 4,898 million (4,677).
- Net operating income was SEK 3,610 million (3,477), which in a comparable portfolio corresponds to an increase of 1.7 per cent.
- Profit before changes in value and tax was SEK 3,210 million (3,053).
- Changes in property values amounted to SEK 8,009 million (1,588).
- Net interest income amounted to SEK -262 million (-289) and changes in the value of financial instruments amounted to SEK 506 million (-254).
- Profit before tax was SEK 11,725 million (4,388) and profit for the period was SEK 9,738 million (3,474).
- Investments in redevelopment, extensions and new construction totalled SEK 1,937 million (2,241).
- Properties worth SEK 2,293 million (5) were sold during the year. The capital gain amounted to SEK 29 million (3).
- The yield (excluding properties under construction) was 4.9 per cent (5.1) over the past 12 months.

### KEY EVENTS DURING THE QUARTER

- On 1 September, Caroline Arehult took office as the new Chief Executive Officer. She most recently held the role of the CEO of Hemfosa and has good insight into the operations of Akademiska Hus as she previously worked on the company's Board of Directors for a year. Caroline succeeds Kerstin Lindberg Göransson, who announced at the end of last year that she wanted to resign from her position after ten years as CEO.
- Akademiska Hus is investing SEK 120 million in an extensive remodelling project to modernise the KTH Chemistry building in Stockholm, which was built in 1921. The renovation will provide a more creative and flexible environment for undergraduates, graduate students and businesses. It will also make it possible to build a new common lab to promote knowledge sharing between different departments and research groups.
- Six new solar arrays were commissioned on the Solna Campus, which will generate 360,000 kWh of environmentally friendly electricity every year. The initiative is an important component for Akademiska Hus in its effort to achieve its vision for a zero carbon footprint. In total, Akademiska Hus is investing approximately SEK 7 million in the arrays, which have been installed on the roofs of buildings such as the Berzelius Laboratory, A Working Lab Innomedicum and the Widerströmska building.

- Through a collaboration agreement, Akademiska Hus and Lund University are taking an initial step towards jointly starting the Lund University Living Lab – a test bed for research on housing and social sustainability. The research will be conducted as an integral aspect of the new Cassiopeia student housing project that Akademiska Hus is planning to build in Lund.
- The newly built KI Residence Solna student housing was ready for occupancy just in time for the start of the semester. The housing project includes 322 space and energy-smart apartments with room for more than 400 undergraduate and graduate students. The three A-shaped buildings are a short walk from Karolinska Institutet's main buildings, in the middle of central Stockholm, and mainly consist of one-room apartments, but also two-room and four-room apartments.



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 30 September was 10.3 years (10.5 at year-end). The average remaining lease term is 6.1 years (6.5 at year-end). The financial vacancy rate accounts for 2.2 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 3.9 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.

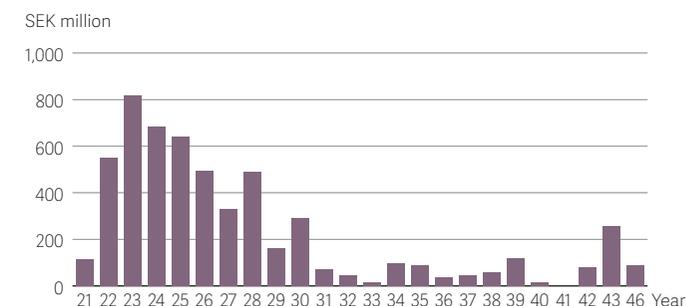
## LONG-TERM FINANCING

Cash flow from current operations is for the most part re-invested 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.

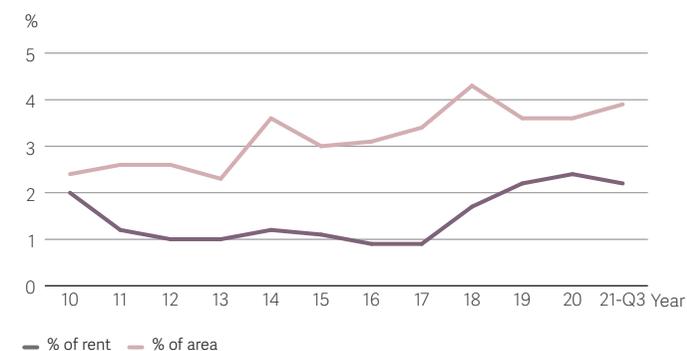
# AA

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

## MATURITY STRUCTURE ON LEASES



## LOW LEVEL OF VACANT SPACE





AKADEMISKA HUS IN BRIEF	2021 July–Sept.	2020 July–Sept.	2021 Jan.–Sept.	2020 Jan.–Sept.	Rolling 12 months Oct. 20–Sept. 21	2020 Full year	2019 Full year
Income from property management, SEK m	1,632	1,588	4,978	4,776	6,620	6,418	6,217
Net operating income, SEK m	1,176	1,162	3,610	3,477	4,618	4,485	4,160
Profit before changes in value and taxes, SEK m:	1,048	999	3,210	3,053	4,077	3,920	3,589
<b>Financial key figures</b>							
Equity ratio	48.4	43.2	48.4	43.2	48.4	44.5	44.5
Return on operating capital, %	*	*	*	*	16.3	9.0	10.3
Return on equity, %	*	*	*	*	21.9	11.1	12.2
Interest coverage ratio, %	*	*	*	*	900	768	679
Loan-to-value ratio, %	31.2	37.2	31.2	37.2	31.2	35.6	36.0
Yield, properties, % <sup>1</sup>	*	*	*	*	4.9	5.0	5.0
Yield, properties, % <sup>2</sup>	*	*	*	*	4.6	4.7	4.6
Assessed market value, properties, SEK m	107,264	95,248	107,264	95,248	107,264	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 TARGETS:

- Return on operating capital shall be at least 6.0 per cent over a business cycle.
- The ordinary dividend shall 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 shall be between 35 and 45 per cent.

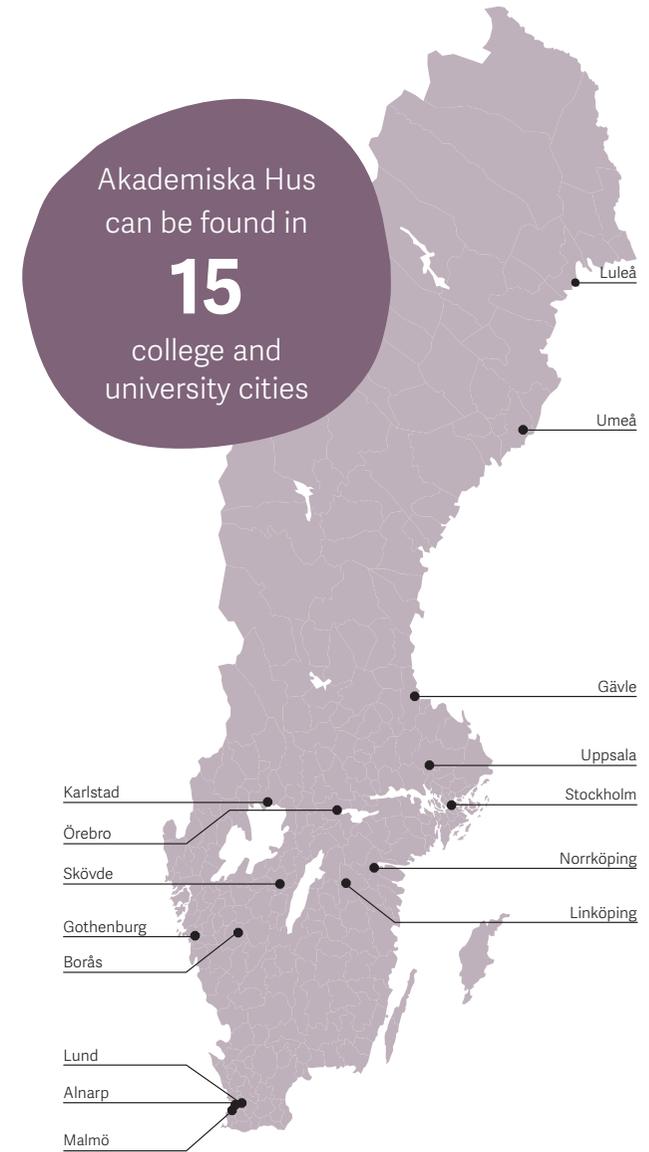
# Our vision – to strengthen Sweden as a nation of knowledge

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 <b>52</b> billion <b>1,040,000</b> m <sup>2</sup>	Stockholm University Karolinska Institutet Royal Institute of Technology
Uppsala	SEK <b>17</b> billion <b>578,000</b> m <sup>2</sup>	Uppsala University Swedish University of Agricultural Sciences, Ultuna
Gothenburg	SEK <b>11</b> billion <b>368,000</b> m <sup>2</sup>	University of Gothenburg Chalmers University of Technology

Market share, per city/town	Market value and area	Largest centres of education
Lund	SEK <b>8</b> billion <b>360,000</b> m <sup>2</sup>	Lund University
Umeå	SEK <b>5</b> billion <b>239,000</b> m <sup>2</sup>	Umeå University Swedish University of Agricultural Sciences, Umeå
Linköping	SEK <b>4</b> billion <b>235,000</b> m <sup>2</sup>	Linköping University

● Akademiska Hus ● Other

Source: Share 2020, Swedish National Financial Management Authority

# 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-free and sustainable solutions. We view collaboration with our customers as crucial to fully achieving climate neutrality.

Building practices that are energy and resource efficient are fundamental to achieve climate neutral operations, as well as reducing the energy requirements of our existing buildings. Within property 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 aim to ensure that the energy we purchase is fossil-free and gradually increase the share of renewable energy we produce ourselves.

Climate-neutral construction poses many challenges, regardless of whether projects involve new construction, renovations or tenant adaptations. An increased focus on climate issues from early stages and a shift in business models that prioritise solutions that are climate efficient 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 option for the future. Recycling is a prioritised issue to increase resource efficiency and reduce climate impact and our ambition moving forward is that all projects will have recycling and reusing targets.

The climate challenge is urgent and the transition must begin now. We are therefore continuing to focus on achieving an actual reduction of 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 materials and solutions that are climate efficient, 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 alternative options. Achieving such a development requires new business models 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.

# The world is opening up

Campuses around the world are opening up again, and Sweden is no exception. There are many of us who are pleased about the possibility of meeting physically again and our knowledge environments can finally regain the role as the dynamic research and education venues they are intended to be. The important international mobility between universities, both in terms of undergraduate and graduate students, can thereby increase again. As campuses open up, we are continuing to discuss with the centres of education how the needs for physical environments will be affected. It is important that we gain new insights and that we together reflect on which behavioural changes we believe will be lasting.

The ever higher vaccination rate in many countries has also meant that the strength of the global recovery has been surprisingly positive. This recovery can be traced to factors such as restrictions that have been eased around the world, in parallel with the continued presence of the central banks in the financial markets. Focus is now being aimed at how the vaccination rate will continue to develop worldwide and when the central banks will choose to reduce the monetary policy stimulus measures.

## Stable in community properties

We see that the property market in Sweden remains strong, with a record-high transaction volume and reduced yield requirements in several segments, including community properties. We have therefore adjusted our assumptions regarding yield targets downward in the quarterly valuation. To date this year, we have invested approximately SEK 1.9 billion in new construction and redevelopment, while at the same time disposing of properties for just under SEK 2.3 billion. Taken in total, this means that our estimated property value now amounts to approximately SEK 107 billion.

The increase in rental revenue is mainly attributable to the completion of new buildings in 2020 and 2021 together with the acquisition of Albanova in December 2020. Net operating income for the period increased somewhat com-

pared with the previous year and totalled SEK 3,610 million (3,477). Profit before changes in value and tax improved somewhat, SEK 3,210 million (3,053).

## Climate challenge more relevant than ever

An important insight that we share with our customers is that digitalisation and technical development are enablers to manage the challenges we are facing, especially in terms of the climate issue. Possibilities include improving design efficiency through data-driven insights, reducing our new construction in favour of converting existing premises to meet new needs and working even more systematically with recycling and innovative climate-smart material choices. Challenges are best resolved with collaboration and a good example is the Future Campus Challenge initiative, where we together with KTH Innovation invite students and employees to compete for the best idea to develop the KTH campus.

## Students move in

Even if student housing is generally a very small part of our operations, it is an important component for an attractive campus. The latest addition is our KI Residence Solna project, with 322 units of newly built undergraduate and graduate student housing right next to Karolinska Institutet that were ready for occupancy just in time for the start of the semester. In order to continue developing the student housing of the future, we recently signed a collaboration agreement with Lund University to jointly start the Lund University Living Lab – a test bed for research on housing and social sustainability. This exciting project will take place as an integral component of the new student housing we are planning to build in Lund.

## New as the CEO

After more than a month in office as the new CEO of Akademiska Hus, I can confirm that it is an excellent company I am taking over. There is an incredible commitment



and a pride in our mission, to strengthen Sweden as a nation of knowledge. Like so many other workplaces, I notice how delighted everyone is to be able to return to the office and finally meet “for real”. It creates a great deal of positive energy that I hope we can take with us throughout the autumn as we continue our important mission.

Caroline Arehult  
Chief Executive Officer

# Continued stable property market

## TRENDS

The global recovery is continuing and has even exceeded expectations in some countries. GDP in the US and Sweden recovered during the year to higher levels than before the pandemic, while Europe's recovery is slightly behind. A large part of the population in the western world is vaccinated, enabling the easing of restrictions, which has contributed to improved economic outlooks, where the service sector is also expected to be able to contribute more in the future. The progress with vaccinations is, however, unevenly distributed around the world, which constitutes a risk of new virus mutations and potential negative impact on the recovery.

During the spring and summer, inflation rose more than expected, especially in the US. The inflation impulses are deemed to be temporary, but combined with the ongoing economic recovery, some questions have nonetheless been raised regarding the stimulatory crisis policy that central banks are still pursuing.

## FINANCIAL MARKETS

Central banks have continued to impact financial markets during the year, and ever greater focus is now being directed at how and when central banks will choose to reduce the monetary policy stimulus measures. The higher inflation, albeit temporary, and the ongoing recovery in the US labour market have led the US Federal Reserve (the Fed) to announce a phase-out of its bond-buying programme, probably beginning later this year. The Fed had previously said that the programme would be concluded before interest rates can be raised. At its September meeting the Fed made the assessment that the bond-buying programme should be completely concluded by mid-2022. Consequently, interest-rate hikes may occur sooner than was expected. The Swedish central bank is standing by its decision to discontinue its bond-buying programme at year-end. After that, it will, however, maintain the size of its statement of its balance sheet during 2022, which means that bond maturities

will be reinvested. However, it has no interest-rate hikes in sight within the forecast horizon, which extends to Q3-2024. For the European Central Bank (ECB), the pandemic emergency purchase programme (PEPP) will expire in March 2022. Like the Fed, the ECB deems that the bond-buying programme will end before interest rates can be raised. However, there is some uncertainty regarding when the bond buying as a whole will be wrapped up. Besides the PEPP, the ECB also has another bond-buying programme that runs in parallel and currently has no explicit end date. This indicates that the ECB will keep the policy rate at -0.50 per cent for a long time.

## PROPERTY MARKET

The property market as a whole benefits from the improved economy, the extensive supply of capital and the return to fewer restrictions and increased mobility. Demand for property remains strong among both domestic and foreign participants, where residential, logistics and community properties are the hottest segments and have seen further reductions in yield requirements.

The transaction market has shown record-breaking strength in the first three quarters of the year. Aggregate transaction volume for the year as of 30 September amounted to SEK 234.3 million (106.2), which is SEK 128.1 million (121%) higher than in the same period last year. The transaction volume is the highest volume measured for a single year in Sweden. Housing is the largest segment at 37 per cent of the volume, followed by office properties at 20 per cent and community properties at 13 per cent. The transaction market is characterised by the multitude of large strategic transactions.

Regarding the rental market for modern offices in Stockholm, Gothenburg and Malmö CBD, we see unchanged levels since the turn of the year. Tenants still have somewhat of a wait-and-see attitude while awaiting the results regarding office utilisation once restrictions have been lifted.

Nevertheless, more new leases have been signed than in 2020, but the lease term tends to be shorter.

## COMMUNITY PROPERTIES

The market for community properties has remained strong during the third quarter of the year. Demand for stable, secure cash flows is extensive and has by far exceeded the supply on the market. The gap between supply and demand for community properties has resulted in transactions at even lower yield levels than in the past. The Covid-19 pandemic, along with increased government investments in education, has resulted in a greater influx of students to colleges and universities. The number of students admitted to programmes this autumn is a record-high 309,000 students, an increase of 2,000 students over autumn 2020, which was also a record at the time.

# Consolidated income statement

Consolidated income statement, summary, SEK m	2021 July–Sept.	2020 July–Sept.	2021 Jan.–Sept.	2020 Jan.–Sept.	Rolling 12 months Oct. 20–Sept. 21	2020 Full year
Rental revenue	1,612	1,561	4,898	4,677	6,485	6,264
Other property management income	20	28	80	99	135	155
<b>Total property management income</b>	<b>1,632</b>	<b>1,588</b>	<b>4,978</b>	<b>4,776</b>	<b>6,620</b>	<b>6,418</b>
Operating costs	-195	-185	-690	-615	-925	-850
Maintenance costs	-128	-122	-273	-291	-427	-445
Property administration	-93	-85	-307	-287	-422	-403
Other property management expenses	-40	-34	-98	-106	-228	-236
<b>Total costs from property management</b>	<b>-456</b>	<b>-426</b>	<b>-1,368</b>	<b>-1,299</b>	<b>-2,002</b>	<b>-1,933</b>
<b>NET OPERATING INCOME</b>	<b>1,176</b>	<b>1,162</b>	<b>3,610</b>	<b>3,477</b>	<b>4,618</b>	<b>4,485</b>
Central administration costs	-12	-13	-45	-44	-61	-60
Development costs	-11	-7	-30	-25	-45	-40
Interest income	11	13	22	39	31	48
Interest expense	-95	-133	-284	-328	-385	-429
Site leasehold fees	-21	-23	-63	-66	-81	-84
<b>PROFIT BEFORE CHANGES IN VALUE AND TAXES</b>	<b>1,048</b>	<b>999</b>	<b>3,210</b>	<b>3,053</b>	<b>4,077</b>	<b>3,920</b>
Change in value, properties	2,092	1,016	8,009	1,588	9,562	3,141
Change in value, financial instruments	128	-117	506	-254	568	-192
<b>PROFIT BEFORE TAX</b>	<b>3,268</b>	<b>1,898</b>	<b>11,725</b>	<b>4,388</b>	<b>14,207</b>	<b>6,869</b>
Tax	-532	-394	-1,987	-913	-2,504	-1,429
<b>PROFIT FOR THE PERIOD</b>	<b>2,736</b>	<b>1,504</b>	<b>9,738</b>	<b>3,474</b>	<b>11,703</b>	<b>5,440</b>
Of which attributable to the shareholder in the Parent Company	2,736	1,504	9,738	3,474	11,703	5,440

Consolidated statement of comprehensive income, summary, SEK m	2021 July–Sept.	2020 July–Sept.	2021 Jan.–Sept.	2020 Jan.–Sept.	Rolling 12 months Oct. 20–Sept. 21	2020 Full year
Profit for the period	2,736	1,504	9,738	3,474	11,703	5,440
Reclassifiable items						
Profit/loss from cash flow hedges	50	—	76	—	76	—
Tax attributable to cash flow hedges	-6	—	-9	—	-9	—
Non-reclassifiable items						
Revaluation of defined benefit pensions	—	—	—	—	-3	-3
Tax attributable to pensions	—	—	—	—	1	1
<b>TOTAL, OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>44</b>	<b>0</b>	<b>67</b>	<b>0</b>	<b>65</b>	<b>-2</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>2,780</b>	<b>1,504</b>	<b>9,805</b>	<b>3,474</b>	<b>11,768</b>	<b>5,438</b>
Of which attributable to the shareholder in the Parent Company	2,780	1,504	9,805	3,474	11,768	5,438

# Comment: Operating profit

## THIRD QUARTER

Profit for the quarter before changes in value and taxes increased by SEK 49 million compared to the same period previous year and amounted to SEK 1,048 million (999). Net operating income rose slightly and amounted to SEK 1,176 million (1,162). Changes in the value of properties are higher than for the corresponding quarter the previous year and totalled SEK 2,092 million (1,016).

## PROFIT FOR THE PERIOD

Profit for the period before changes in value and tax was SEK 3,210 million (3,053). The improved performance is attributable to an increase in net operating income of SEK 133 million compared with the previous year. In a comparable portfolio, net operating income increased by 1.7 per cent. Change in the fair value of properties was SEK 8,009 million (1,588), an increase of SEK 6,421 million compared with the previous year. The average yield requirement was 4.6 per cent (5.1). The impact on profit can largely be attributed to the reduced yield targets of 6,574 million as a positive market trend and an increased demand for community properties. Other change in fair value corresponds to SEK 1,406 million.

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.

## RENTAL REVENUE

Rental revenue increased by SEK 221 million compared with the previous year and totalled SEK 4,898 million (4,677). Completion of new buildings in 2020 and 2021 with an impact on the period contributed to an increase in revenue of approximately SEK 66 million, and is mainly attributable to the Ångström Building 1 in Uppsala and Albano. In addition, the acquisition of Albanova in December 2020 had a positive impact on rental revenue for the period of SEK 79

million. Sales in earlier quarters had a negative impact on rental revenue of SEK 65 million.

Revenue from tenant adaptations increased by SEK 33 million, which is attributable to a new assessment as of the second quarter of 2020, while an increase in charges for media also had a positive impact on revenue of SEK 35 million. Other effects of approximately SEK 70 million relate to upward indexation, renegotiations and reclassification of parking revenue to rental revenue. In a comparable portfolio, contractual rental revenue increased by 1.6 per cent compared with the same period the previous year.

Other property management income decreased by SEK 19 million and amounted to SEK 80 million (99) and is mainly due to the reclassification of parking revenue.

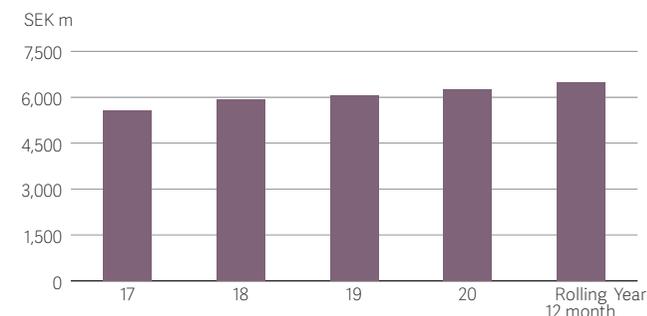
## LEASING LEVEL

The financial vacancy rate accounts for 2.2 per cent (2.4 at year-end) of our total rental revenue, which corresponds with SEK 149 million on an annual basis (155 for 2020). Discussions with potential tenants are underway at several centres of education, mainly the Solna and Frescati campuses. Vacant space in terms of area at the end of the period amounted to 130,000 square metres, corresponding to 3.9 per cent (3.6) of our total rentable area of approximately 3.4 million square metres. Rentable area decreased during the period by a net 16,000 square metres, primarily as a result of acquisitions and sales in earlier quarters.

## OPERATING AND MAINTENANCE COSTS

Expenses for operation and maintenance increased by SEK 57 million and totalled SEK 963 million (906). Operating costs involve supervision and service, as well as media provision, and amounted to SEK 690 million (615). Operating costs include media of SEK 426 million (382), and supervision and service amounting to SEK 264 million (238). The cost for purchased media corresponds to SEK 175/m<sup>2</sup> (158) over the past 12 months. The increased costs for purchased

## STABLE RENTAL REVENUE



## STABLE NET OPERATING INCOME AND RISING NET OPERATING INCOME RATIO



media are mainly attributable to higher consumption of district heating compared with the corresponding period last year. However, consumption for the year is in line with a normal year, and electricity prices have also increased. Supervision and service increased by SEK 26 million where the majority of the increase relates 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 18 million and amounted to SEK 273 million (291). The lower maintenance costs are mainly attributable to lower remedial maintenance.

### ADMINISTRATION COSTS

Total administration costs increased by SEK 21 million and amounted to SEK 352 million (331). The increase is mainly attributable to higher staff costs, primarily due to contractual salary increases. Development costs amounted to SEK 30 million (25).

### 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 262 million (289) for the period. This corresponds to an interest rate of 1.19 per cent (1.49), which includes capitalised interest expense for projects in progress of SEK 52 million (78). The lower net interest income is attributable to the low interest rates. See table describing the composition of net interest income and expense on page 24.

### TOTAL FINANCING COST INCLUDING CHANGES IN VALUE

	2021 Jan.–Sept.	2020 Jan.–Sept.	2020 Full year
Interest cost for loans, including charges, %	1.12	1.33	1.31
Interest swaps, net interest, %	0.07	0.16	0.17
<b>Net interest income/expense, %</b>	<b>1.19</b>	<b>1.49</b>	<b>1.48</b>
Changes in value, financial derivatives, %	-2.05	1.01	0.59
<b>Total financing cost, %</b>	<b>-0.86</b>	<b>2.50</b>	<b>2.07</b>

### CHANGES IN VALUE, FINANCIAL INSTRUMENTS

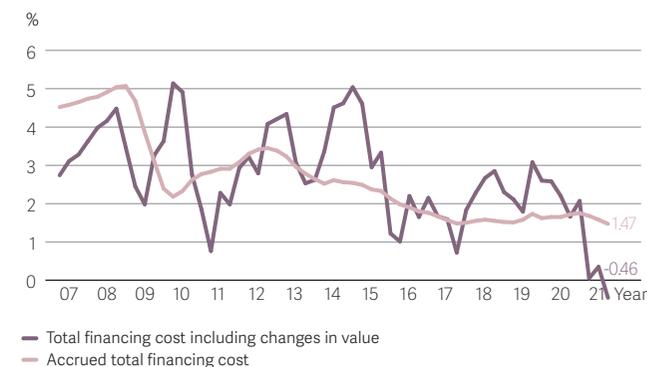
Changes in value in the derivative portfolio amounted to SEK 506 million (-254). This is mainly attributable to rising market interest rates and a steeper yield curve, which, combined with the gradual extension of interest rate duration during the year, entailed positive changes in value. The derivative 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 rate 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 fair value will be significant.

### COMPARATIVE CALCULATION, TOTAL FINANCING COST

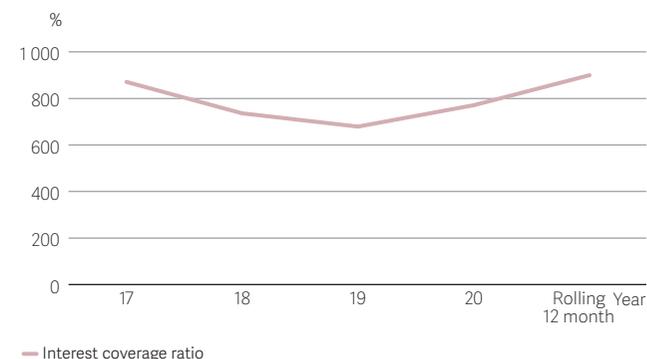
In recent years, Akademiska Hus has had a relatively long fixed interest period in the total liability portfolio, which includes interest rate derivatives. Changes in market interest rates generate changes in the fair value of the interest rate derivatives. A portion of interest rate derivatives is realised 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 0.22 per cent. The diagram on the right 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 1.47 per cent as at 30 September. The calculation shows that the long fixed interest period has resulted in stable financing costs.

### COMPARATIVE CALCULATION TOTAL FINANCING COST, ROLLING 12-MONTH BASIS



### INTEREST COVERAGE RATIO CONTINUES AT HIGH LEVEL



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 900 per cent (735), see diagram on the previous side.

### 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. For the period, the change in value of properties with an impact on profit was SEK 8,009 million, an increase of SEK 6,421 million compared with the same period in 2020. Most of the change can be attributed to a reduction in the yield requirement because of a favourable market trend since we have seen increased demand for residential and community properties among both domestic and international participators, which has put downward pressure on yield requirements. The market for community properties has developed positively and yield requirements and cost of capital were lowered. Other change in fair value for the period is SEK 1,406 million, representing a decrease of SEK 179 million in relation to the comparative period. Other change in fair value is mainly attributable to the larger cities in the portfolio, which developed strongly in the first three quarters of the year. Overall, this results in an increase in the total change in market value of SEK 7,980 million compared with year-end. The average yield requirement was 4.6 per cent (5.1).

To estimate the impact of Covid-19 on change in value, an analysis of rental losses during the second quarter was carried out. The results show a marginal loss of revenue and thus have had 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 comprises 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	30 Sept. 2021	30 Sept. 2020	31 Dec. 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Capitalised expenditure	5	3	3
Properties	107,264	95,248	99,611
Site leasehold rights	2,736	2,736	2,736
Equipment, fixtures and fittings	35	20	34
Derivatives	3,176	5,360	4,277
Other non-current receivables	493	511	548
<b>Total non-current assets</b>	<b>113,709</b>	<b>103,877</b>	<b>107,209</b>
<b>Current assets</b>			
Current receivables			
Derivatives	116	689	534
Other current receivables	1,372	1,838	1,557
<b>Total current receivables</b>	<b>1,488</b>	<b>2,528</b>	<b>2,091</b>
<b>Cash and cash equivalents</b>			
Cash and cash equivalents	4,665	5,387	3,677
<b>Total cash and cash equivalents</b>	<b>4,665</b>	<b>5,387</b>	<b>3,677</b>
<b>Total current assets</b>	<b>6,153</b>	<b>7,915</b>	<b>5,768</b>
<b>TOTAL ASSETS</b>	<b>119,862</b>	<b>111,792</b>	<b>112,976</b>

Consolidated statement of financial position, summary, SEK m	30 Sept. 2021	30 Sept. 2020	31 Dec. 2020
<b>EQUITY AND LIABILITIES</b>			
Equity	57,955	48,329	50,292
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans	31,749	31,873	31,603
Derivatives	1,263	2,378	2,210
Deferred tax	15,193	13,177	13,842
Long-term debt finance lease	2,736	2,736	2,736
Other non-current liabilities	946	808	924
<b>Total non-current liabilities</b>	<b>51,887</b>	<b>50,972</b>	<b>51,315</b>
<b>Current liabilities</b>			
Loans	4,681	5,655	5,487
Derivatives	20	49	147
Other current liabilities	5,319	6,787	5,734
<b>Total current liabilities</b>	<b>10,020</b>	<b>12,491</b>	<b>11,369</b>
<b>Total liabilities</b>	<b>61,907</b>	<b>63,463</b>	<b>62,684</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>119,862</b>	<b>111,792</b>	<b>112,976</b>

# Comment: Statement of financial position

## PROPERTIES

As of the end of the third quarter, the fair value of Akademiska Hus' property holdings totalled SEK 107,264 million, an increase of SEK 7,653 million and 7.7 per cent compared with year-end. Fair value includes the completed portions of projects in progress. The unrealised change in fair value amounted to SEK 7,980 million (1,585). Remaining changes relate to investments in properties during the year of SEK 1,937 million (2,241) and sales of SEK 2,293 million (5), of which realised changes in value amounted to SEK 29 million (3).

In the first two quarters of 2021, the Niagara Building 2 and the property Näsby 34:24 were sold to Intea Fastigheter and the property Kronåsen 1:15 was sold to Hemsö. In the third quarter of 2021, the property market as a whole benefited from the improved economy, the extensive supply of capital and the return to fewer restrictions and increased mobility. The community properties segment, which constitutes the absolute majority of Akademiska Hus' property portfolio, continued to develop strongly and the pandemic's impact on the property value has thus been marginal. The assessment is that it is not necessary to make an impairment charge related to the effects of the Covid-19 pandemic at this time.

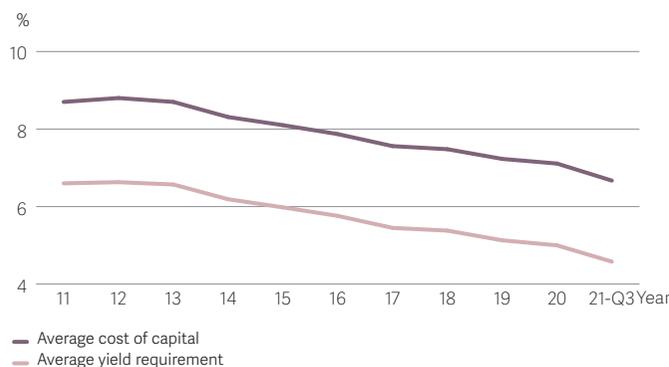
The fair value was calculated by means of an internal property valuation covering all the Company's properties. The value is affected by property-specific conditions such as net operating income, rent levels, vacancy levels, lease term and property type, as well as by market-related yield target and cost of capital. The average yield requirement was 4.6 per cent (5.1) for the period.

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 to the right. All property valuation includes assessments that are associated with a certain degree of uncer-

## PROPERTIES 30 SEPTEMBER 2021 (incl. new construction in progress and capitalised interest costs)

Change in property holdings, SEK m	30 Sept. 2021	30 Sept. 2020	31 Dec. 2020
Opening fair value	99,611	91,424	91,424
+ Investment in new construction, extensions and redevelopment	1,937	2,241	2,872
+ Acquisitions	—	—	2,179
- Sales	-2,264	-2	-2
<b>+/- Change in fair value</b>	<b>7,980</b>	<b>1,585</b>	<b>3,138</b>
Of which change in value due to a change in the cost of capital and yield requirement	6,574	—	1,828
Of which other change in value	1,406	1,585	1,310
<b>CLOSING FAIR VALUE</b>	<b>107,264</b>	<b>95,248</b>	<b>99,611</b>

## YIELD REQUIREMENTS AND COST OF CAPITAL



## PROPERTY PORTFOLIO'S ACCUMULATED VALUE GROWTH AND NUMBER OF SQUARE METRES FLOOR SPACE, M<sup>2</sup> GFA AND UFA



tainty. A normal uncertainty range in conjunction with a property valuation is +/- five to ten per cent, which would be equivalent to approximately SEK +/- 5,363 million to SEK 10,726 million in the Akademiska Hus portfolio.

## FINANCING

Credit spreads were kept at a low level during the quarter as a result of the central banks' large securities purchases and the continued recovery of the economy. Committed credit facilities in banks were unchanged and amounted to SEK 6,000 million. All of these credit facilities were unutilised as at 30 September. The credit facilities and stable rent payments in the quarter and property sale earlier in the year has contributed to good liquidity in Akademiska Hus. This have entailed a very limited need for financing, and accordingly no bonds were issued during the quarter. Short-term funding under the ECP programme was retained during the quarter.

The net liability portfolio totalled SEK 33,437 million as at 30 September, corresponding to a decrease of SEK 2,031 million since year-end. The equity ratio is 48.4 per cent (43.2).

## NET LOAN LIABILITY

SEK m	30 Sept. 2021	30 Sept. 2020	31 Dec. 2020
Gross loan debt	-36,429	-37,528	-37,091
Collateral for derivatives, net	-1,860	-3,657	-2,439
Cash and cash equivalents	4,665	5,387	3,677
Other current receivables	187	375	385
<b>Total net loan liability</b>	<b>-33,437</b>	<b>-35,422</b>	<b>-35,468</b>

## FIXED INTEREST PERIOD AND MATURITY

Akademiska Hus has a long average maturity, which at 30 September was 9.5 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 values long-term fixed interest periods and maturities at higher risk premiums. The objective of debt management is therefore to balance the additional costs of long-term fixed interest periods and maturities, and thus limit uncertainty, against savings of

more short-term fixed interest periods and maturities, where greater uncertainty is accepted. The risk in the fixed income market has been deemed to be asymmetrical with a greater risk of sharply rising interest rates than sharply falling interest rates. This caused an extension of interest rate duration earlier in the year, which was retained during the third 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 30 September, the interest rate duration in the total portfolio was 8.0 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, Sept. 2021	Fixed interest, years, Dec. 2020	Maturity, years, Sept. 2021	Maturity, years, December 2020
Basic portfolio	5.7	4.4	7.2	7.8
Long-term portfolio	20.2	19.9	20.2	19.9
<b>Total portfolio</b>	<b>8.0</b>	<b>7.1</b>	<b>9.5</b>	<b>9.9</b>

Year	Fixed interest, SEK m	Maturity, SEK m
2021	13,818	2,771
2022-2026	10,471	14,493
2027-2031	4,390	4,520
2032-2036	525	1,101
2037-2041	3,976	4,573
2042-2046	730	5,131
2047-2051	505	1,827
<b>TOTAL</b>	<b>34,415</b>	<b>34,415</b>

The table above shows the nominal amounts.

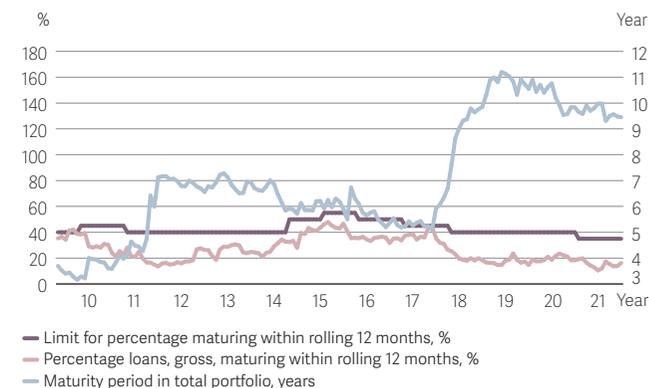
## SUMMARY OF FINANCIAL RISKS AND MANDATE

Financial risks	Mandate	Outcome 30 Sept. 2021
<b>Refinancing risk</b>		
portion of debt maturing within 12 months	Max 35% of total portfolio	16.3%
<b>Interest risk</b>		
average fixed interest period, basic portfolio	3-6 years	5.7
proportion long-term portfolio	Max 20% of total portfolio	15.6%
proportion index-linked bond portfolio	Max 5% of total portfolio	1.6%
<b>Counterparty risk</b>	Limit system and CSA agreements with derivative transactions	Satisfied
<b>Foreign currency risk</b>	No currency exposure with foreign financing is allowed	Satisfied

## FIXED INTEREST PERIOD IN TOTAL PORTFOLIO



## AVERAGE MATURITY AND PERCENTAGE MATURING



## PROJECTS

The project portfolio includes future investments over the next few years. The projects are mainly located in Stockholm and Gothenburg, where there are several large new construction and renovation projects. Our approved and planned projects amounted to SEK 16,300 million, of which approximately SEK 6,100 million has already been invested in projects in progress. Planned projects have increased by approximately SEK 1,800 million since year-end as a result of two new student housing projects in Umeå and Lund and one large project in Umeå. The KI Residence project with undergraduate and graduate student housing in Stockholm was completed in the third quarter. The approved and planned projects now include four student housing projects with a combined budget of approximately SEK 2,300 million.

## PROJECT PORTFOLIO

SEK m	30 Sept. 2021	31 Dec. 2020
Approved projects	10,000	9,400
Planned projects	6,300	4,500
<b>APPROVED AND PLANNED PROJECTS</b>	<b>16,300</b>	<b>13,900</b>
of which already invested in projects in progress	-6,100	-4,900
<b>REMAINDER OF APPROVED AND PLANNED PROJECTS</b>	<b>10,200</b>	<b>9,000</b>

### The different investments are categorised as:

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

### GOTHENBURG – SCHOOL OF BUSINESS, ECONOMICS AND LAW

Akademiska Hus is constructing a new building at the School of Business, Economics and Law in Gothenburg. The building is scheduled for completion in 2025 and will then enable the faculty to expand and develop its education and research programmes in the fields of law and economics. As a part of the project, the recycling of materials with a high climate impact is in focus.



## APPROVED PROJECTS

Project name	Location	Type of premises	Investment limits, SEK m	Percentage accrued, %	Miljöbyggnad certification	Additional floor space, m <sup>2</sup> , GFA	Expected completion	Customer
Albano	Stockholm	Education	2,864	92	Silver	100,000	2022-Q2	Stockholm University
Natrium	Gothenburg	Laboratory	1,803	30	Gold	28,000	2023-Q2	University of Gothenburg
Ångström Phase 4	Uppsala	Laboratory	1,185	56	Silver	30,000	2022-Q4	Uppsala University
Forum Medicum	Lund	Education	821	33	Gold	13,800	2023-Q2	Lund University
School of Business, Economics and Law	Gothenburg	Education	529	15	—	9,200	2025-Q2	University of Gothenburg
LTH Maskinteknik	Lund	Education	499	65	—	19,000	2023-Q1	Lund University
A-, B-, and E-building Luleå	Luleå	Education	320	3	—	—	2024-Q1	Luleå University of Technology
Retzius	Stockholm	Laboratory	139	38	—	—	2022-Q1	Akademiska Hus
C-Building Luleå	Luleå	Education	122	78	—	—	2022-Q1	Luleå University of Technology
Astrid Fagreus Lab	Stockholm	Laboratory	103	30	—	—	2023-Q3	Karolinska Institutet
Språkskrapan	Gothenburg	Residential	103	8	—	—	2023-Q1	University of Gothenburg
Projects under SEK 100 million			1,512					
<b>Total</b>			<b>10,000</b>					

## Changes in group equity

Changes in group equity in brief, SEK m	Attributable to the Parent Company's shareholder					Total equity
	Share capital	Other contributed capital	Hedge reserve	Actuarial profit and loss	Profit for the year brought forward	
<b>EQUITY, 1 JAN. 2020</b>	<b>2,135</b>	<b>2,135</b>	<b>0</b>	<b>-99</b>	<b>42,589</b>	<b>46,760</b>
Dividends <sup>1</sup>	—	—	—	—	-1,905	-1,905
Total comprehensive income, Jan.–Sept. 2020	—	—	—	—	3,474	3,474
<b>EQUITY, 30 SEPT. 2020</b>	<b>2,135</b>	<b>2,135</b>	<b>0</b>	<b>-99</b>	<b>44,158</b>	<b>48,329</b>
Total comprehensive income, Oct.–Dec. 2020	—	—	—	-3	1,966	1,963
<b>EQUITY, 31 DEC. 2020</b>	<b>2,135</b>	<b>2,135</b>	<b>0</b>	<b>-102</b>	<b>46,124</b>	<b>50,292</b>
Dividends <sup>2</sup>	—	—	—	—	-2,142	-2,142
Total comprehensive income, Jan.–Sept. 2021	—	—	67	—	9,738	9,805
<b>EQUITY, 30 SEPTEMBER 2021</b>	<b>2,135</b>	<b>2,135</b>	<b>67</b>	<b>-102</b>	<b>53,720</b>	<b>57,955</b>

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

2) Dividend of SEK 2,142,000,000 was authorised by the Annual General Meeting on 28 April 2021.

## Consolidated statement of cash flows

Consolidated statement of cash flows, summary, SEK m	2021 Jan.–Sept.	2020 Jan.–Sept.	2020 Full year
<b>CURRENT OPERATIONS</b>			
Profit before tax	11,725	4,388	6,869
Adjustment for items not included in cash flow	-8,714	-1,449	-2,966
Tax paid	-341	-309	-315
<b>CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL</b>	<b>2,670</b>	<b>2,630</b>	<b>3,588</b>
<b>CASH FLOW FROM CHANGES IN WORKING CAPITAL</b>			
Increase (+)/decrease (-) in current receivables	200	-187	6
Increase (+)/decrease (-) in current liabilities	120	490	805
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>2,990</b>	<b>2,933</b>	<b>4,399</b>
<b>INVESTING ACTIVITIES</b>			
Investment in properties	-1,835	-2,162	-2,770
Sale of properties	2,166	4	4
Investment in other non-current assets	-14	-7	-25
Acquisition of shares in Group companies	—	—	-802
Increase (+)/decrease (-) in non-current receivables	54	-6	-46
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>371</b>	<b>-2,171</b>	<b>-3,639</b>
<b>FINANCING ACTIVITIES</b>			
Raising of interest-bearing loans, excluding refinancing	7,731	13,410	15,327
Repayment of loan	-7,751	-11,975	-13,148
Amortisation of loan related to acquisition	—	—	-1,075
Interest paid	-266	-289	-430
Realised derivatives and CSA	55	1,047	-189
Dividend paid	-2,142	-1,905	-1,905
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-2,373</b>	<b>288</b>	<b>-1,420</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>988</b>	<b>1,050</b>	<b>-660</b>
Opening cash and cash equivalents	3,677	4,337	4,337
Closing cash and cash equivalents	4,665	5,387	3,677

# Comment: Statement of cash flows

Cash flow from operating activities before changes in working capital totalled SEK 2,670 million (2,630). The impact of investments in properties on cash flow was SEK 1,835 million (2,162).

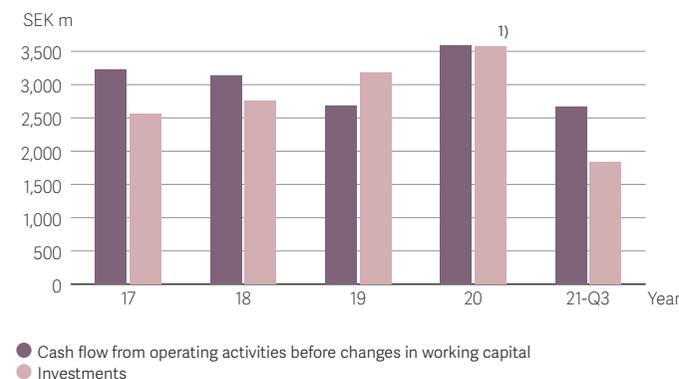
Cash flow relating to investing activities amounted to SEK 371 million (-2,171), mainly due to the property sales of Niagara 2 and Näsby 34:24 in Kristianstad and Kronåsen 1:15, which generated SEK 2,166 million.

Cash flow relating to financing activities amounted to SEK -2,373 million (288). The change mainly relates to a decline in net borrowing, compared with the same period previous year. Total cash flow for the year amounted to SEK 988 million (1,050).

## CASH FLOW AND INVESTMENTS

Total cash flow from operating activities before change in working capital during the period 2017 to Sept. 2021 was SEK 15,288 million. Investments during the same period totalled SEK 13,896 million. The diagram shows that cash flow from operating activities is reinvested largely in new construction as well as in redevelopment and extensions of existing holdings.

### STABLE CASH FLOW FROM OPERATING ACTIVITIES



● Cash flow from operating activities before changes in working capital  
● Investments

1) Includes payment for the acquisition of Alba Nova

# 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 on-going 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.

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 mainly financed by the Swedish state. The Covid-19 pandemic has not affected our assessment of this risk.

The Covid-19 pandemic initially entailed rising volatility in financial markets and reduced functionality, which entails a risk that it will become more difficult or associated with higher costs for Akademiska Hus to obtain financing. Strong measures from the central bank have contributed to stabilisation. Akademiska Hus has had an extremely limited need for funding during the quarter, for which reasons no bond

issuances were carried out. Committed credit facilities in banks and stable rental payments contributed to continued good liquidity during the third quarter. The impact of the pandemic is considered to be limited.

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 30 SEP. 2021

Change	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 <sup>1</sup>	Impact on fair value, percentage points	Impact on net operating income, SEK m	Impact on change in value and assessed fair value, SEK m <sup>1</sup>	Impact on fair value, percentage points
Rental revenue	65	487	0.5	-65	-487	-0.5
Vacant space	-60	-918	-0.9	60	918	0.9
Operating costs	-9	-111	-0.1	9	111	0.1
of which media provision	-6	-55	-0.1	6	55	0.1
Cost of capital		-6,818	-6.4		7,583	7.1
Yield target		-10,099	-9.4		16,214	15.1

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

# Parent Company income statement

Parent Company income statement, summary, SEK m	2021 July-Sept.	2020 July-Sept.	2021 Jan.-Sept.	2020 Jan.-Sept.	2020 Full year
Income from property management	1,632	1,588	4,978	4,781	6,414
Property management expenses	-474	-446	-1,541	-1,350	-2,004
<b>NET OPERATING INCOME</b>	<b>1,158</b>	<b>1,142</b>	<b>3,437</b>	<b>3,431</b>	<b>4,410</b>
Central administration costs	-11	-13	-45	-44	-60
Development costs	-10	-7	-31	-25	-40
Depreciation and impairment as well as reversed impairment in property management	-372	-367	-1,153	-1,126	-1,594
<b>PROFIT BEFORE FINANCIAL ITEMS</b>	<b>765</b>	<b>755</b>	<b>2,208</b>	<b>2,236</b>	<b>2,717</b>
Result, shares in subsidiaries	-1,132	—	—	—	24
Interest income	11	13	22	39	48
Interest expense	-112	-161	-335	-406	-531
Change in value, financial instruments	128	-117	506	-254	-192
Appropriations	—	—	—	—	448
<b>PROFIT BEFORE TAX</b>	<b>-340</b>	<b>490</b>	<b>2,401</b>	<b>1,615</b>	<b>2,514</b>
Tax	56	-104	-505	-342	-530
<b>PROFIT FOR THE PERIOD</b>	<b>-284</b>	<b>386</b>	<b>1,896</b>	<b>1,273</b>	<b>1,983</b>

Parent Company statement of comprehensive income, summary, SEK m	2021 July-Sept.	2020 July-Sept.	2021 Jan.-Sept.	2020 Jan.-Sept.	2020 Full year
Profit for the period	-284	386	1,896	1,273	1,983
Reclassifiable items					
Profit/loss from cash flow hedges	50	—	76	—	—
Tax attributable to cash flow hedges	-6	—	-9	—	—
Cash flow hedges, reclassified to the income statement	—	—	—	—	—
<b>TOTAL, OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>44</b>	<b>0</b>	<b>67</b>	<b>0</b>	<b>0</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-240</b>	<b>386</b>	<b>1,963</b>	<b>1,273</b>	<b>1,983</b>

# Parent Company statement of financial position

Parent Company statement of financial position, summary, SEK m	30 Sept. 2021	30 Sept. 2020	31 Dec. 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Capitalised expenditure	5	3	3
Properties	48,410	46,364	46,507
Equipment, fixtures and fittings	34	20	34
Shares in Group companies	1	1	826
Derivatives	3,176	5,360	4,277
Other non-current receivables	494	511	548
<b>Total non-current assets</b>	<b>52,120</b>	<b>52,258</b>	<b>52,194</b>
<b>Current assets</b>			
Receivables from subsidiary	—	—	1,022
Derivatives	116	689	534
Other current receivables	1,372	1,839	1,547
Cash and bank balances	4,665	5,387	3,676
<b>Total current assets</b>	<b>6,153</b>	<b>7,915</b>	<b>6,780</b>
<b>TOTAL ASSETS</b>	<b>58,273</b>	<b>60,172</b>	<b>58,974</b>

Parent Company statement of financial position, summary, SEK m	30 Sept. 2021	30 Sept. 2020	31 Dec. 2020
<b>EQUITY AND LIABILITIES</b>			
Equity	6,891	6,360	7,070
Untaxed reserves	3,933	4,380	3,933
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans	31,749	31,873	31,603
Derivatives	1,263	2,378	2,210
Deferred tax	2,473	2,235	2,252
Other non-current liabilities	571	451	558
<b>Total non-current liabilities</b>	<b>36,056</b>	<b>36,937</b>	<b>36,623</b>
<b>Current liabilities</b>			
Loans	4,681	5,655	5,487
Derivatives	20	49	147
Other current liabilities	6,692	6,790	5,713
<b>Total current liabilities</b>	<b>11,393</b>	<b>12,494</b>	<b>11,347</b>
<b>Total liabilities</b>	<b>47,449</b>	<b>49,431</b>	<b>47,970</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>58,273</b>	<b>60,172</b>	<b>58,974</b>

# Parent Company

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Akademiska Hus AB is the Parent Company in the Akademiska Hus Group and is wholly owned by the Swedish state. Operations mainly comprise 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 4,978 million (4,778). Of this amount, revenue from subsidiaries accounted for SEK 0 million (0). During the period, properties were sold for SEK 841 million (5), which entailed a capital loss of SEK -127 million (2). Profit before financial items was SEK 2,208 million (2,236). Profit after tax was SEK 1,896 million (1,273).

## DEPRECIATION

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

## INVESTMENTS

Investment in machinery and equipment amounted to SEK 14 million (7) and in properties to SEK 1,885 million (2,162).

## EQUITY

Equity totalled SEK 6,891 million compared with SEK 7,070 million at year-end. In May 2021 a dividend of SEK 2,142 million was paid to the shareholder.

## 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.

# Signing of the Report

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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, 27 October 2021

Caroline Arehult  
*Chief Executive Officer*

# Auditor's report

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Akademiska Hus AB, reg. no. 556459-9156

## INTRODUCTION

We have reviewed the condensed interim financial information (interim report) of Akademiska Hus AB as of 30 September 2021 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Gothenburg, 27 October 2021  
Öhrlings PricewaterhouseCoopers AB

Helena Ehrenborg  
*Authorized Public Accountant*

# 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, as well as 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 initially recognised at cost, corresponding to the fair value of the instrument plus transaction costs for all financial instruments, other than 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. Hedge accounting is a cash flow hedge, which means that changes in the market value of the derivative are recognised in other comprehensive income as incurred 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 evaluation 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 fair 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 retains 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.–Sept.	2020 Jan.–Sept.	2020 Full year
Net interest income/expense, net loans and financial assets	-253	-292	-386
Net interest derivatives	-18	-37	-53
Other interest costs	-42	-37	-44
Capitalised interest costs, projects	52	78	102
<b>Total net interest income/expense</b>	<b>-262</b>	<b>-289</b>	<b>-381</b>
Change in value, independent financial derivatives			
-unrealised	643	-261	-122
-realised	-183	-35	-52
Changes in value, fair value hedges	46	42	-18
<b>Total changes in value</b>	<b>506</b>	<b>-254</b>	<b>-192</b>
Site leasehold fees	-63	-66	-84
<b>Reported net interest income and expense</b>	<b>182</b>	<b>-608</b>	<b>-657</b>

## Net investments

Closing balance minus the opening balance for non-current assets plus depreciation and impairment losses less 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	30 Sept. 2021	30 Sept. 2020	31 Dec. 2020
Gross loan debt	-36,429	-37,528	-37,091
Collateral for derivatives, net	-1,860	-3,657	-2,439
Cash and cash equivalents	4,665	5,387	3,677
Other current receivables	187	375	385
<b>Total net loan liability</b>	<b>-33,437</b>	<b>-35,422</b>	<b>-35,468</b>
<b>Average interest-bearing capital (full-year basis)</b>	<b>-30,317</b>	<b>-31,702</b>	<b>-32,021</b>

**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 accruals of profits realised 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

## 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.

## 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.

## FLOOR SPACE, m<sup>2</sup>, UFA

Rentable usable floor space in square metres.

## FLOOR SPACE, m<sup>2</sup>, GFA

Rentable floor space in square metres.

## FLOOR SPACE, m<sup>2</sup>, 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

Year-end report 2021	February 2022
Annual Report 2021	March 2022

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