

Strong property market strengthens earnings

Akademiska Hus reports a strong performance in 2021 compared with the previous year. As a result of lower yield targets in the community property sector, Akademiska Hus increased its assessed property value by 12.8 per cent, corresponding to just over SEK 112 billion at year-end.

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

FINANCIAL KEY FIGURES

January–December

- Rental revenue was SEK 6,568 million (6,264).
- Net operating income totalled SEK 4,707 million (4,485).
- Profit before changes in value and tax was SEK 4,136 million (3,920).
- Changes in property values amounted to SEK 12,481 million (3,141).
- Net interest income amounted to SEK -368 million (-381) and changes in the value of financial instruments amounted to SEK 380 million (-192).
- Profit before tax was SEK 16,997 million (6,869) and profit for the period was SEK 13,790 million (5,440).
- Investments in redevelopment, extensions and new construction totalled SEK 2,524 million (2,872).
- 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 4.7 per cent (5.0) over the past 12 months.
- The Board of Directors proposes a dividend of SEK 2,484 million (2,142) to the 2022 Annual General Meeting.

KEY EVENTS DURING THE QUARTER

- Akademiska Hus has adopted a new climate target and a new climate and energy strategy to escalate and formalise its contribution in the transition to a climate-efficient society. According to the new target, the company will gradually reduce its climate impact from the entire value chain to achieve climate neutrality in 2035.
- Akademiska Hus is investing SEK 272 million in a new building on the Umeå Campus. The building, which is currently called Building K, will meet the needs of Umeå University for premises for teaching, examinations and offices. With its strategic and central location in the middle of the campus, Building K will be the future hub of the campus. Construction start is planned for August 2022, with completion expected in the spring of 2024.
- The expansion of the Ångström Laboratory at Uppsala University is now completed. A creative interdisciplinary research and education environment has been created here that meets the demands of the future that are placed on a leading international university. The project includes a total of 30,000 square metres and an investment of SEK 1.1 billion, which is the largest initiative that Uppsala University and Akademiska Hus have ever undertaken together.
- Akademiska Hus is launching a record-breaking renewable energy initiative at Lund University. Several new solar

panel arrays will be installed, including the company's largest ever with a capacity of 450,000 kWh of green electricity every year. Together with previous installations on campus, annual production will reach just over 2 million kWh. The Lund Campus will then also be the campus with the largest solar power production in the country.

- Akademiska Hus is changing its organisational structure beginning on 1 April 2022. As a result, three people from Executive Management are leaving the company. Catarina Fritz, CFO and Vice President, is also stepping down from her position. She will be replaced by Peter Anderson, who will begin as CFO by July 2022 at the latest.

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 December 2021 was 10.4 years (10.5). The average remaining lease term is 6.2 years (6.5). The financial vacancy rate accounts for 2.2 per cent (2.4) of our total rental revenue. The vacancy rate regarding rentable space excluding properties that will be demolished is 3.4 per cent (3.6). One reason for the relatively low vacancy rate is that new projects generally are not initiated until contracts are signed.

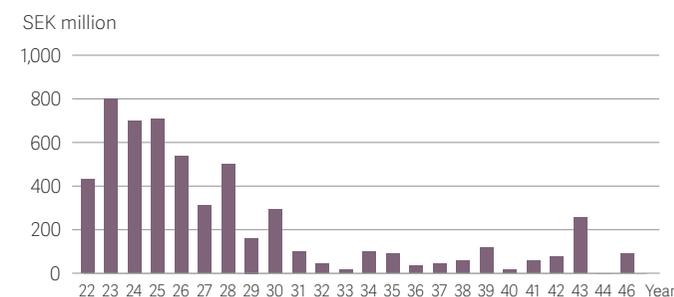
LONG-TERM FINANCING

Cash flow from current operations is reinvested for the most part in new construction as well as in new construction, redevelopment and extensions of existing holdings. The debt portfolio is financed via public financing programmes 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, credit-friendly tenants and stable, predictable cash flows, as well as our market position as the leader in knowledge environments for Swedish colleges and universities.

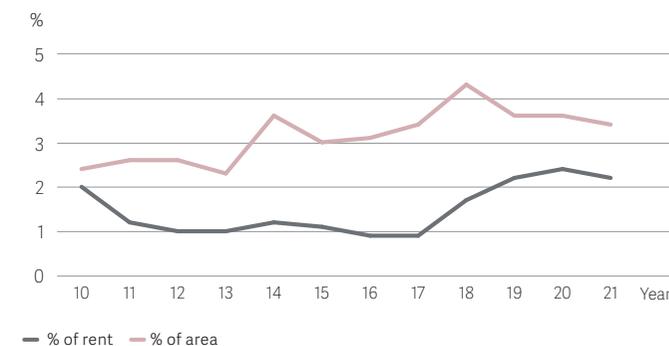
AA

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 Oct.–Dec.	2020 Oct.–Dec.	2021 Full year	2020 Full year	2019 Full year
Income from property management, SEK m	1,701	1,642	6,679	6,418	6,217
Net operating income, SEK m	1,097	997	4,707	4,485	4,160
Profit before changes in value and taxes, SEK m	925	857	4,136	3,920	3,589
Values as at 31 Dec. 2021					
Equity ratio	49.6	44.5	49.6	44.5	44.5
Return on operating capital, %	*	*	18.7	9.0	10.3
Return on equity, %	*	*	24.0	11.1	12.2
Interest coverage ratio, %	*	*	896	768	679
Loan-to-value ratio, %	29.8	35.6	29.8	35.6	36.0
Yield, properties, % ¹	*	*	4.7	5.0	5.0
Yield, properties, % ²	*	*	4.4	4.7	4.6
Assessed market value, properties, SEK m	112,323	99,611	112,323	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 should be between 35 and 45 per cent over a business cycle.

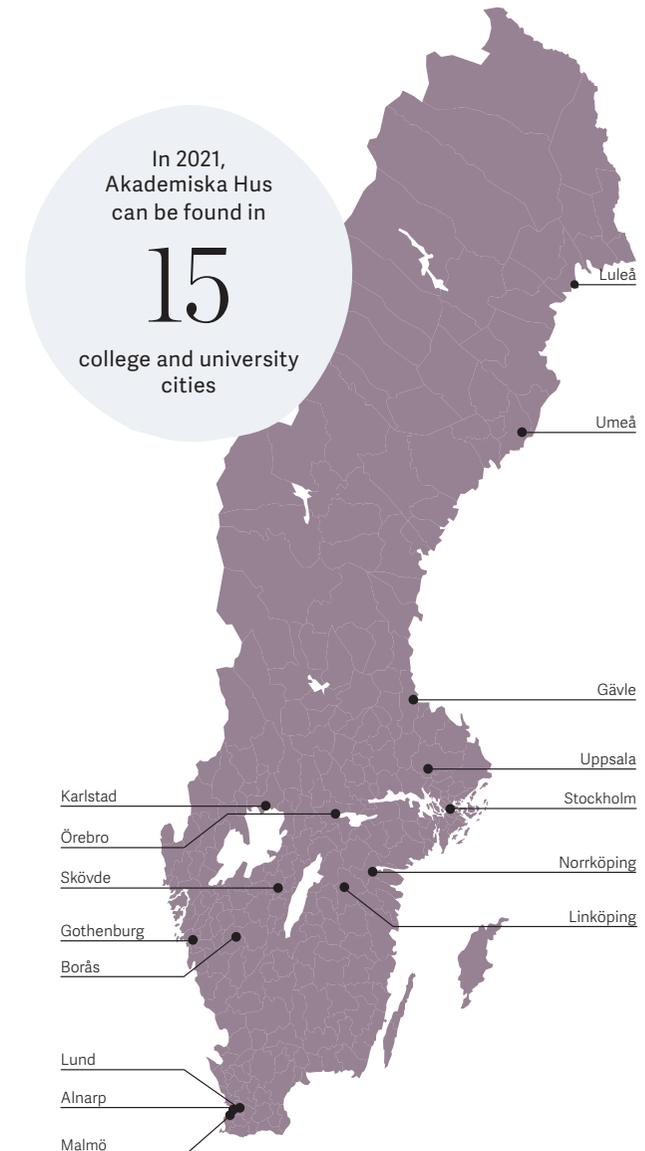
Our vision – to strengthen Sweden as a nation of knowledge

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 environ-

ments 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	Market share, per city/town	Market value and area	Largest centres of education
	SEK 55 billion 1,040,000 m ²	Stockholm University Karolinska Institutet Royal Institute of Technology		SEK 9 billion 360,000 m ²	Lund University
	SEK 18 billion 578,000 m ²	Uppsala University Swedish University of Agricultural Sciences, Ultuna		SEK 5 billion 239,000 m ²	Umeå University Swedish University of Agricultural Sciences, Umeå
	SEK 12 billion 368,000 m ²	University of Gothenburg Chalmers University of Technology		SEK 5 billion 235,000 m ²	Linköping University

● Akademiska Hus ● Other

Source: Andel 2021, Swedish National Financial Management Authority

Our new target – a climate neutral operation by 2035

Akademiska Hus will gradually reduce the climate impact from the entire value chain to demonstrate climate neutrality by 2035. We will do so by switching to climate-efficient processes and solutions at all levels. Collaboration, with our customers and in the industry as a whole, is absolutely crucial to be able to achieve the target.

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. In order to achieve climate neutrality by 2035, we need to challenge our own operations at every level. We will place great emphasis on meeting the current and future needs of our customers by prioritising sustainable and long-term designs that strengthen the campus identity. Alternative solutions will be tested early in the process in order to steer away from new construction and towards a more efficient use of the existing property portfolio. We will ensure that new additions are long-term, robust and circular, and where the life cycle of both the building's structure and its components is taken into account. An increased focus on climate impact during the early phases of the planning process, combined with business models that prioritise climate-efficient solutions are measures that we see as generating new synergies in the transition, which will benefit all parties.

Climate-neutral construction poses many challenges, regardless of whether projects involve new construction, renovations or tenant adaptations. In cases involving new construction and renovations, we aim to reduce climate impact through efficient use of facilities, optimised physical design, construction and systems with optimised materials, reduced quantities of construction and demolition waste, and by actively recycling and using materials with a low climate impact.

Regardless of whether the project involves new construction or renovations, a major focus on both energy and resource efficiency is crucial for being able to achieve climate neutrality. In property management, we have well established procedures for achieving greater energy efficiency through large investments in energy-saving technology, as well as a

daily focus on optimising operations. We are gradually increasing the proportion of in-house produced renewable energy through solar installations all over Sweden and we aim to ensure that the energy used in the properties should be fossil-free.

As part of our effort to achieve our climate target, we are developing our procurement requirements to clarify demand and the need for both climate expertise and climate-efficient materials and technologies, which together are crucial for accelerating the reduction of actual emissions caused by the business.



OUR RECYCLING RESULTS IN EXTENSIVE CLIMATE BENEFITS

Recycling is an important element for Akademiska Hus in the transition to a climate-neutral operation and since 2019, we have intensified our efforts through participation in the development projects "Återbruk Väst" and "CCBuild". Two of Akademiska Hus' construction projects are part of a recycling pilot project and were carried out in conjunction with the demolition and new construction of a building at the School of Business, Economics and Law, as well as the Språkskrapan building in the Näckrosen neighbourhood in downtown Gothenburg. When Akademiska Hus and the IVL Swedish Environmental Research Institute calculated the effects of recycling, it was clear that the climate benefit is greater than 100 tonnes of carbon dioxide equivalents. In addition, the IVL estimates the economic value of the recycled products at close to SEK 1 million.

The products and materials that have been recycled and reused include bricks, paving stones, facade stones, stone flooring, wood, interior doors, glass sections, washbasins, fittings, fixtures and ventilation ducts. But trees, shrubs and perennials have also been removed and placed in a recycling park while waiting to be replanted.

Based on the experiences from the pilot projects, an internal project is now underway to scale up recycling within Akademiska Hus. The vision is for recycling to become a natural aspect of our working methods in both property management and construction projects.

Stable operations despite continued uncertainty in the world around us

Summarising 2021, which continues to be marked by the pandemic, is no easy task. In the autumn we thought the situation had begun to improve, but at the end of the year, cases rose and stricter restrictions were imposed in Sweden and around the world. For our customers – Sweden's higher education institutions – it has been a challenging period, since a large part of teaching and activities have taken place digitally and remotely, although in the autumn some activities returned to campus life.

The record-breaking pace of digitalisation has resulted in demands for developing new teaching practices, tools and solutions for hybrid teaching. It is difficult to know at the present time what effects and insights will endure, since the analysis is currently in full swing, but it will undoubtedly affect the long-term requirements for designing premises in terms of function and flexibility. Throughout the year, we engaged in close and constructive dialogue with our customers in an effort to understand how we should develop our offering moving forward.

Collaborative development

Currently, an array of test bed, innovation and development projects are underway, ranging from learning environments of the future to energy solutions, recycling in projects and data-driven efficiency improvements for premises. The two new test beds for learning environments of the future in Umeå and Örebro are two exciting examples where we learn about the possibilities of different learning environments. We have also continued our initiative to digitalise our property holdings through measures such as creating digital twins.

These initiatives, which are carried out in close collaboration with the higher education institutions and other participants in the innovation system, are also based on challenges other than those accompanying the pandemic. For example, the climate issue is more relevant than ever and we have now adopted a new climate and energy strategy to escalate our already ambitious efforts within this field in order to be even better equipped to contribute to the

transition to a more sustainable society. We have set an even more ambitious target where we shall be climate neutral in our operations, including the climate-challenging construction project business, by 2035.

In order to succeed with our climate-related initiatives we must closely collaborate with our customers. During the year, we signed two new strategic collaboration agreements, with the University of Gothenburg and Umeå University, respectively, which means that we now have this type of agreement with almost all of our core customers.

More renewable

We also continued our solar cell initiative and have built several new large solar panel arrays, including in Stockholm, Lund and Uppsala. We now have a total of almost 90 solar panel arrays that generate over 8.2 million kWh of sustainable energy annually for Swedish centres of education.

Property values continue to rise

The property market has continued to develop at a strong pace during the fourth quarter of the year, with continued reduced yield requirements and cost of capital, as well as a record high transaction volume during both the fourth quarter of the year and the full year. Community properties are among the segments that have had the largest reductions, thanks to their low vacancy risk and predictable cash flows. In light of this situation, we have adjusted our assumptions regarding yield requirements and cost of capital in our valuation. Along with investments in new construction and redevelopment, as well as other cash flow changes, this means that our assessed property value now amounts to just over SEK 112 billion.

Project operations transition

We have started construction on a number of projects, including a new building for the School of Business, Economics and Law in Gothenburg and several major renovation projects around the country. As part of our sustainability work, we will increase our focus on utilising our



existing property portfolio by seeking solutions where we primarily renovate and adapt existing buildings based on the new needs that arise.

Two of our major construction projects were completed during the year, the Ångström Laboratory in Uppsala, which is an investment of SEK 1.1 billion, and the second of three stages of the Albano Campus in Stockholm, where we are investing a total of approximately SEK 3 billion. Our liquidity remains good and in December we signed a financing agreement with the European Investment Bank for SEK 1.2 billion, a framework that is currently unutilised.

Profit for the year before changes in value and tax increased by SEK 216 million compared with the previous year and amounted to SEK 4,136 million. The improvement is mainly attributable to an increase in net operating income of SEK 222 million compared with the previous year, mainly attributable to the completion of several new buildings in 2021, as well as reduced costs for maintenance.

I am now hoping for a year in which the pandemic releases its grip and where we, together with the centres of education, can continue to develop sustainable and inspiring knowledge environments that contribute to the development of the entire society.

Caroline Arehult
Chief Executive Officer

Strong year for the property market

TRENDS

The rapid spread of the omicron virus created some uncertainty about the ongoing economic recovery as several countries again imposed restrictions to reduce the spread of the infection. Nevertheless, financial statistics such as the Purchasing Managers' Index indicate that the recovery continues to maintain a good pace, although a certain slowdown could be noted at the end of the year. For the manufacturing industry, the slightly weaker demand has, at least temporarily, eased some of the bottleneck problems that have arisen, for which reason the somewhat subdued economic activity is not considered worrisome at this time.

Inflation continues to be in the spotlight, with soaring energy prices playing a key role in the higher rate of inflation in the US, Europe and Sweden. In December, the inflation rate in Europe and Sweden reached 5.0 per cent and 4.1 per cent, respectively, at an annual rate, but it is expected to decline in 2022 since energy prices are forecast to fall. Inflation in the US was 7 per cent in December and is also expected to be more broad-based, which has led to a turnaround in the US central bank, the US Federal Reserve.

FINANCIAL MARKETS

At its December meeting, the US central bank, the US Federal Reserve (the Fed), forecast both more and earlier rate hikes ahead. The tapering of bond purchases can now be completed already in March and will be followed by three interest rate hikes in 2022, according to the central bank's forecasts. Inflationary pressures in the US are no longer thought to be driven solely by temporary factors and have also proved to be more lasting than was previously expected, which, combined with a recovery in the labour market, explains the turnaround. The ECB is ending its Pandemic Emergency Purchase Programme (PEPP) as expected in March, but at the same time will extend its bond purchases in its ordinary Asset

Purchase Programme (APP) for six months. As yet, no end date has been set for the APP, for which reason an interest rate hike is expected to be far off in the future. The Swedish central bank (the Riksbank) ended its bond purchase programme at year-end and will only reinvest maturing bonds in 2022 in order to maintain the size of the bond portfolio. Since the Swedish central bank's (the Riksbank) November meeting, an interest rate increase is indicated in the repo rate forecast, but only H2-2024.

The improved growth prospects, the rise in inflation and the turnaround among central banks have led to rising interest rates. Swedish bond yields have followed the international trend, in which the United States has been the driving force. The ongoing economic recovery and a low interest rate situation have supported stock market developments and resulted in gains of 20–30 per cent on the broad equity indices in the USA, Europe and Sweden for the full year.

PROPERTY MARKET

2021 was a strong year for the property market with declining yield requirements and a somewhat recovered office rental market after a turbulent 2020. Demand for office space from tenants has begun to increase again, and consultants note that more and more transactions in the office segment are at levels similar to those seen before the pandemic.

The segments that have had the strongest performance since the onset of the pandemic continue to be housing and community properties, with their relatively secure cash flows and low vacancy risk, along with the logistics segment, which benefits from e-commerce growth. The transaction volume in the Swedish property market set a record during the year. In 2021, the transaction volume totalled SEK 396 billion, which corresponds to an increase of 109 per cent compared with 2020, and is the highest volume ever in a single year (Newsec Kontor Marknadsrapport December 2021). Housing was the

most traded property segment during the year at 35 per cent of volume, followed by offices at 21 per cent and logistics/industry at 15 per cent. Community properties accounted for 12 per cent of volume, which is on a par with historical figures. Several major strategic transactions and acquisitions took place during the year, including Castellum's purchase of Kungsleden, Corem's purchase of Klöver, and Akelius' sale to Heimstaden.

COMMUNITY PROPERTIES

The community properties segment continues to be attractive to investors and yield requirements and the cost of capital fell during the quarter. An early consequence of the pandemic was an increase in the number of young people who chose to continue their education at colleges and universities, which led to an increase in applications. In the autumn of 2021, the number of applicants continued to grow and reached the highest level ever during the last decade. This trend is a sign that Akademiska Hus' main market – premises for higher education and research – is resilient to fluctuations in both the economy and in the property market.

Five-year summary

	2021	2020	2019	2018	2017
INCOME STATEMENTS, SEK M					
Property management income	6,679	6,418	6,217	6,117	5,806
Operating costs	-983	-850	-891	-894	-785
Maintenance costs	-418	-445	-619	-676	-615
Property administration	-430	-403	-391	-372	-309
Net operating income	4,707	4,485	4,160	3,938	3,829
Central administration costs	-67	-60	-69	-78	-67
Development costs ¹	-53	-40	-40	—	—
Net interest income/expense	-368	-381	-377	-268	-188
Profit before changes in value and taxes	4,136	3,920	3,589	3,592	3,574
Change in value, properties	12,481	3,141	3,872	2,585	4,979
Change in value, financial instruments	380	-192	-503	-360	-242
Profit before tax	16,997	6,869	6,957	5,818	8,311
Profit for the year	13,790	5,440	5,658	5,314	6,453
STATEMENT OF FINANCIAL POSITION, SEK M					
Assessed market value, properties	112,323	99,611	91,424	85,865	80,444
Other assets	12,858	13,365	13,562	7,612	10,113
Equity	62,103	50,292	46,760	42,832	39,186
Liabilities and provisions	63,079	62,684	58,226	50,645	51,371
CASH FLOW, SEK M					
Cash flow from operating activities	3,528	4,398	3,519	2,998	2,121
Cash flow from investing activities	-139	-3,639	-1,685	-2,991	-2,341
Cash flow before financing	3,389	760	1,834	7	-220
Cash flow from financing activities	-2,999	-1,420	-801	-3,183	1,330
Cash flow for the year	390	-660	1,033	-3,176	1,110
PROPERTY-RELATED KEY FIGURES					
Total yield, properties, %	18.0	8.7	9.8	8.5	12.5
of which direct yield, % ²	4.7	5.0	5.0	5.1	5.5
of which change in value, % ³	13.3	3.7	4.8	3.5	7.4
Rental revenue, SEK/m ²	1,948	1,867	1,820	1,791	1,715
Operating costs, SEK/m ²	292	253	268	270	241
Maintenance costs, SEK/m ²	124	133	186	204	189
Net operating income in relation to property management income, %	70	70	67	64	66
Net operating income, SEK/m ²	1,396	1,337	1,251	1,190	1,176

	2021	2020	2019	2018	2017
cont. PROPERTY-RELATED KEY FIGURES					
Level of vacant space, area, %	3.4	3.6	3.8	5.2	4.2
Level of vacant space, rent, %	2.2	2.4	2.2	1.7	1.0
Assessed market value, properties, SEK/m ² ⁴	31,696	27,703	25,736	24,173	22,476
Energy use, kWh/m ²	184	183	192	201	201
CO ₂ , kg/m ²	5.6	5.8	7	7	9
FINANCIAL KEY FIGURES					
Return on equity after standard tax, %	24.0	11.1	12.2	11.2	17.6
Return on operating capital, %	18.7	9.0	10.3	9.2	13.7
Return on total assets, %	14.7	6.8	7.5	6.6	10.1
Interest-bearing net loan liability, SEK m	33,439	35,468	32,900	30,416	27,976
Equity ratio, %	49.6	44.5	44.5	45.8	43.3
Interest coverage ratio, %	896	768	679	736	871
Financing cost, %	0.1	2.1	2.6	2.3	1.8
Loan-to-value ratio, %	29.8	35.6	36.0	35.4	34.3
Internal financing level, %	1,744	221.7	172.7	115	137
Ordinary dividend, SEK m	2,484	2,142	1,905	1,663	1,630
PERSONNEL					
Average number of employees	528	523	490	480	449

¹ Beginning in 2020, development costs are recognised separately. Comparative figures for 2019 have been adjusted. For definition, see page 26.

² Excluding properties under construction and expansion reserves.

³ Change in value in relation to properties, excluding new construction in progress and expansion reserves.

⁴ Excluding the value of properties under construction and expansion reserves.

Consolidated income statement

Consolidated income statement, summary, SEK m	2021 Oct.–Dec.	2020 Oct.–Dec.	2021 Full year	2020 Full year
Rental revenue	1,671	1,587	6,568	6,264
Other property management income	30	55	110	155
Total property management income	1,701	1,642	6,679	6,418
Operating costs	-293	-235	-983	-850
Maintenance costs	-145	-154	-418	-445
Property administration	-124	-115	-430	-403
Other property management expenses	-42	-140	-140	-236
Total costs from property management	-604	-645	-1,972	-1,933
NET OPERATING INCOME	1,097	997	4,707	4,485
Central administration costs	-22	-16	-67	-60
Development costs	-23	-15	-53	-40
Interest income	14	9	36	48
Interest expense	-120	-101	-404	-429
Site leasehold fees	-20	-18	-83	-84
PROFIT BEFORE CHANGES IN VALUE AND TAXES	925	857	4,136	3,920
Change in value, properties	4,472	1,553	12,481	3,141
Change in value, financial instruments	-126	62	380	-192
PROFIT BEFORE TAX	5,272	2,471	16,997	6,869
Tax	-1,219	-516	-3,207	-1,429
PROFIT FOR THE YEAR	4,052	1,955	13,790	5,440
Of which attributable to the shareholder in the Parent Company	4,052	1,955	13,790	5,440

Consolidated statement of comprehensive income, summary, SEK m	2021 Oct.–Dec.	2020 Oct.–Dec.	2021 Full year	2020 Full year
Profit for the year	4,052	1,955	13,790	5,440
Reclassifiable items				
Profit/loss from cash flow hedges	81	—	157	—
Tax attributable to cash flow hedges	1	—	-8	—
Non-reclassifiable items				
Revaluation of defined benefit pensions	16	-3	16	-3
Tax attributable to pensions	-3	1	-3	1
TOTAL, OTHER COMPREHENSIVE INCOME FOR THE YEAR	95	-2	162	-2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	4,147	1,953	13,952	5,438
Of which attributable to the shareholder in the Parent Company	4,147	1,953	13,952	5,438

Comment: Operating profit

FOURTH QUARTER

Profit for the quarter before changes in value and taxes increased by SEK 68 million compared with the corresponding quarter last year and amounted to SEK 925 million (857). Net operating income increased by SEK 100 million and amounted to SEK 1,097 million (997). Changes in the value of properties are significantly higher and totalled SEK 4,472 million (1,553).

FULL-YEAR 2021

Profit for the year before changes in value and tax was SEK 4,136 million (3,920). The improved performance is primarily attributable to an increase in net operating income of SEK 222 million compared with the previous year, which is an effect of the completion of additional new buildings, reduced other property management costs, but with a deduction for increased expenses for utilities.

Change in the value of properties was SEK 12,481 million (3,141), an increase of SEK 9,340 million compared with 2020. The change can largely be attributed to the reduced yield target of SEK 6,653 million because of a positive market trend and an increased demand for community properties. Other change in value corresponds to SEK 2,662 million. The average yield requirement was 4.47 per cent (5.00).

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 304 million compared with the previous year and totalled SEK 6,568 million (6,264). The completion of new buildings contributes approximately SEK 115 million to increased revenue, mainly attributable Albano Buildings 2 and 4, Ångström

and KI Residence. The acquisition of Alba Nova, which was completed at the end of 2020, gave an increase in rental revenue of additional SEK 81 million. The increase is offset by a decrease in rental revenue of SEK 100 million attributable to properties sold in Uppsala, Malmö and Kristianstad. Revenue was also positively impacted by SEK 59 million attributable to higher charges for utilities, mainly related to the increased price of electricity, as well as SEK 45 million related to parking revenue that had previously been recognised under other property management income. The remaining increase of SEK 100 million relates to tenant adaptations, index and rent negotiations, as well as a lower level of vacancies and rent reductions. In a comparable portfolio, contractual rental revenue increased by 3.0 per cent compared with the previous year.

LEASING LEVEL

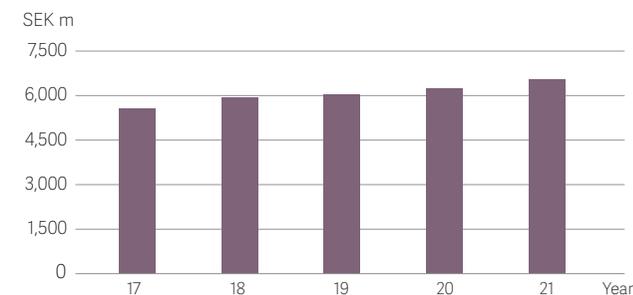
The financial vacancy rate accounts for 2.2 per cent (2.4) of our total rental revenue, which corresponds to SEK 150 million on an annual basis (156).

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 115,000 square metres, corresponding to 3.4 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 7,000 square metres, primarily as a result of sales in previous quarters.

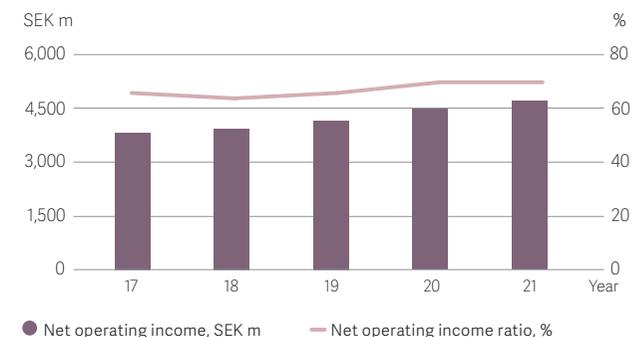
OPERATING AND MAINTENANCE COSTS

Expenses for operation and maintenance increased by SEK 106 million and totalled SEK 1,401 million (1,295). Operating costs involve supervision and service, as well as provision of utilities. Operating costs of SEK 983 million (850) include provision of utilities of SEK 638 million

STABLE RENTAL REVENUE



STABLE NET OPERATING INCOME AND RISING NET OPERATING INCOME RATIO



(531), equivalent to SEK 188/m² (160) over the past 12 months. The increase in utility costs is related to rising electricity prices, but is also attributable to increased heat consumption, which is due to the increase in activity on our campuses compared with 2020.

Maintenance costs fell by SEK 27 million compared with the previous year and totalled SEK 418 million (445).

The lower costs are mainly due to a decline in remedial maintenance compared with 2020, attributable to several major events in 2020. Other property management expenses decreased by SEK 96 million, mainly because of a provision for non-recurring costs made in 2020 attributable to Luleå University of Technology.

ADMINISTRATION COSTS

Total administration costs increased by SEK 34 million and amounted to SEK 497 million (463). The increase consists of new hires, contractual salary increases and provisions for severance pay to senior executives.

Development costs are recognised separately in the income statement and totalled SEK 53 million (40). The increase is mainly attributable to investments in digitalisation of our campuses.

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 368 million (381) for the full year. This corresponds to an interest rate of 1.28 per cent (1.48), though this includes capitalised interest expense for projects in progress of SEK 67 million (102). The lower net interest income is attributable to the low interest rates. See the table describing the composition of net interest income and expense on page 24.

TOTAL FINANCING COST INCLUDING CHANGES IN VALUE

	2021 Full year	2020 Full year
Interest cost for loans, including charges, %	1.22	1.31
Interest swaps, net interest, %	0.06	0.17
Net interest income/expense, %	1.28	1.48
Changes in value, financial derivatives, %	-1.15	0.59
Total financing cost, %	0.13	2.07

CHANGES IN VALUE, FINANCIAL INSTRUMENTS

Changes in value in the derivative portfolio amounted to SEK 380 million (-192). This is mainly attributable to rising market interest rates and a steeper yield curve, which, combined with relatively long interest rates 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. Just over 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 market 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

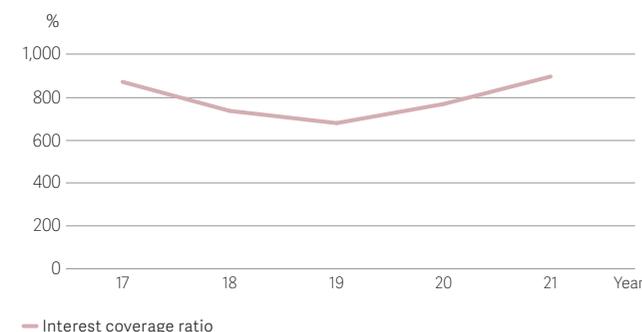
In recent years, Akademiska Hus has had a relatively long fixed interest period in the total liability portfolio, which includes interest rate derivatives. Changes in market interest rates generate changes in the value of the interest rate derivatives. A portion of interest rate derivatives is realised 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 0.23 per cent. The diagram on the upper right shows this comparative calculation of the underlying financing cost, in which interest rates are expressed as rolling 12-month interest rate (annualised).

COMPARATIVE CALCULATION TOTAL FINANCING COST, ROLLING 12-MONTH BASIS



INTEREST COVERAGE RATIO CONTINUES AT HIGH LEVEL



The accrued financing cost amounted to 1.52 per cent as at year-end. 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 896 per cent (768), see the diagram on page 11.

CHANGES IN VALUE, PROPERTIES

The market 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 December 2021 the change in value of properties with an impact on profit was SEK 12,481 million, an increase of SEK 9,340 million compared with the same period in 2020. The change can be attributed to a reduction in the yield requirement of SEK 6,653 million because of a favourable market trend and increased demand for community properties, which has put downward pressure on yield requirements during the year.

During the fourth quarter, the market for community properties developed positively and yield requirements and cost of capital were lowered. Other change in value as of 31 December 2021 is SEK 3,972, an increase of SEK 2,662 million in relation to the comparative period. Other change in value is mainly attributable to the larger cities in the portfolio, which developed strongly over the past year. Overall, this results in an increase in the total change in market value of SEK 12,453 million in relation to year-end, which corresponds to a percentage increase of 12.8 per cent.

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 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	31 Dec. 2021	31 Dec. 2020
ASSETS		
Non-current assets		
Capitalised expenditure	6	3
Properties	112,323	99,611
Site leasehold rights	2,663	2,736
Equipment, fixtures and fittings	34	34
Derivatives	3,474	4,277
Other non-current receivables	428	548
Total non-current assets	118,928	107,209
Current assets		
Current receivables		
Derivatives	152	534
Other current receivables	2,034	1,557
Total current receivables	2,186	2,091
Cash and cash equivalents		
Cash and cash equivalents	4,067	3,677
Total cash and cash equivalents	4,067	3,677
Total current assets	6,253	5,768
TOTAL ASSETS	125,181	112,976

Consolidated statement of financial position, summary, SEK m	31 Dec. 2021	31 Dec. 2020
EQUITY AND LIABILITIES		
Equity	62,103	50,292
LIABILITIES		
Non-current liabilities		
Loans	31,240	31,603
Derivatives	1,315	2,210
Deferred tax	16,180	13,842
Long-term debt finance lease	2,663	2,736
Other non-current liabilities	949	924
Total non-current liabilities	52,348	51,315
Current liabilities		
Loans	4,979	5,487
Derivatives	4	147
Other current liabilities	5,748	5,734
Total current liabilities	10,731	11,369
Total liabilities	63,079	62,684
TOTAL EQUITY AND LIABILITIES	125,181	112,976

Comment: Statement of financial position

PROPERTIES

As at year-end, the market value of Akademiska Hus' property holdings totalled SEK 112,323 million, an increase of SEK 12,712 million and 12.8 per cent compared with the previous year. The market value includes the completed portions of projects in progress. The unrealised change in value amounted to SEK 12,453 million (3,138). Remaining changes relate to investments in properties during the year of SEK 2,524 million (2,872) and sales of SEK 2,264 million (2).

During the past year, 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. During the fourth quarter of 2021, the property market as a whole performed well, with great access to capital, a return to fewer restrictions and increased mobility. The community properties segment, which constitutes the absolute majority of Akademiska Hus' property portfolio, developed strongly during the year and the impact of the pandemic on property value has therefore been marginal. The assessment is that no impairment charges related to the effects of the Covid-19 pandemic should be taken at this time.

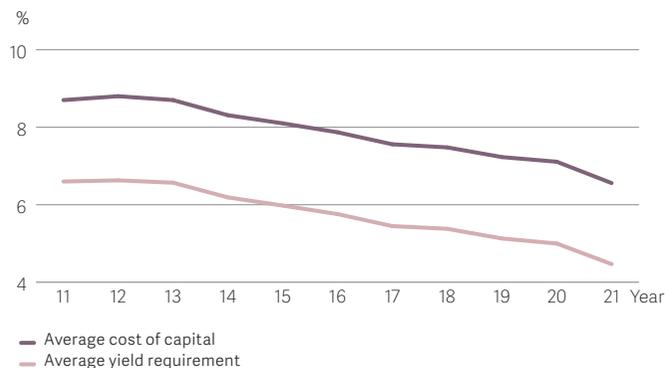
The market value was calculated by means of an internal property valuation covering all the Company's properties. The value is affected by property-specific conditions such as net operating income, rent levels, vacancy levels, lease term and property type, as well as by market-related yield target and cost of capital. The average yield requirement for the year was 4.47 per cent (5.00). 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

PROPERTIES 31 DECEMBER 2021 (incl. new construction in progress and capitalised interest costs)

Change in property holdings, SEK m	31 Dec. 2021	31 Dec. 2020
Opening assessed market value	99,611	91,424
+ Investment in new construction, extensions and redevelopment	2,524	2,872
+ Acquisitions	—	2,179
- Sales	-2,264	-2
+/- Change in market value	12,453	3,138
Of which change in value due to a change in the cost of capital and yield requirement	8,481	1,828
Of which other change in value	3,972	1,310
CLOSING ASSESSED MARKET VALUE	112,323	99,611

YIELD REQUIREMENTS AND COST OF CAPITAL



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 +/- 5,616 million to SEK 11,232 million in the Akademiska Hus portfolio.

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



FINANCING

Committed credit facilities in bank amounted to SEK 6,000 million. All credit facilities were unutilised at year-end. Because of these credit facilities, as well as stable rental payments, Akademiska Hus has a strong liquidity reserve and the need for financing has been limited during the quarter. In November, an issue was floated on the Swedish bond market with a volume of SEK 600 million and a maturity of six years.

In December, project funding was also finalised for Albano with the European Investment Bank (EIB). The funding totals SEK 1,200 million with maturity in 10 years and was unutilised at year-end. Short-term funding under the ECP programme has decreased somewhat during the quarter.

The net liability portfolio totalled SEK 33,439 million at year-end, corresponding to a decrease of SEK 2,029 million during the year. This change can mainly be attributed to net amortisation as well as an increase in cash and cash equivalents. The equity ratio is 49.6 per cent (44.5).

NET LOAN LIABILITY

SEK m	31 Dec. 2021	31 Dec. 2020
Gross loan debt	-36,220	-37,091
Collateral for derivatives, net	-2,091	-2,439
Cash and cash equivalents	4,067	3,677
Other current receivables	805	385
Total net loan liability	-33,439	-35,468

FIXED INTEREST PERIOD AND MATURITY

Akademiska Hus has a long average maturity, which was 9.5 years at year-end. Bonds denominated in foreign currency are swapped for SEK with floating interest rates and therefore do not entail a corresponding extension of interest rate duration. 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. 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 rest of the year. As previously, debt management will focus on allocating the portfolio's interest rate risk to the most effective periods on the yield curve. At year-end, the interest rate duration in the total portfolio was 7.9 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, Dec. 2021	Fixed interest, years, Dec. 2020	Maturity, years, Dec. 2021	Maturity, years, Dec. 2020
Basic portfolio	5.6	4.4	7.5	7.8
Long-term portfolio	19.2	19.9	19.2	19.9
Total portfolio	7.9	7.1	9.5	9.9

Year	Fixed interest, SEK m	Maturity, SEK m
2022	14,658	4,861
2023–2027	11,737	13,717
2028–2032	1,650	3,152
2033–2037	1,695	1,759
2038–2042	3,136	5,139
2043–2047	905	3,831
2048–2052	0	1,322
TOTAL	33,781	33,781

The table above shows the nominal amounts.

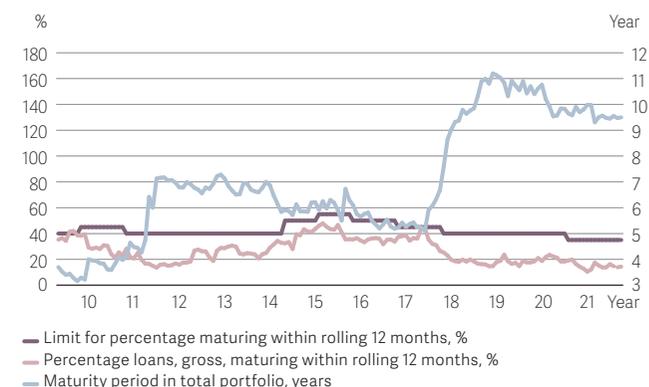
SUMMARY OF FINANCIAL RISKS AND MANDATE

Financial risks	Mandate	31 Dec. 2021
Refinancing risk		
portion of debt maturing within 12 months	Max 35% of total portfolio	14.4%
Interest risk		
average fixed interest period, basic portfolio	3–6 years	5.6 years
proportion long-term portfolio	Max 20% of total portfolio	15.7%
proportion index-linked bonds	Max 5% of total portfolio	1.6%
Counterparty risk		
	Limit system and CSA agreements with derivative transactions	Satisfied
Foreign currency risk		
	No currency exposure with foreign financing is allowed	Satisfied

FIXED INTEREST PERIOD IN TOTAL PORTFOLIO



AVERAGE MATURITY AND PORTION OF DEBT MATURING



PROJECTS

The project portfolio includes 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 14,000 million, of which approximately SEK 3,600 million has already been invested in projects in progress. Planned projects have increased by approximately SEK 2,000 million since year-end, primarily as a result of two new student housing projects in Umeå and Lund, as well as one large project in Umeå. In 2021, several large projects were completed for a value of approximately SEK 2,800 million, the largest of which are Albano Buildings 2 and 4 and the Ångström building. The approved and planned projects include four student housing projects with a combined budget of approximately SEK 2,300 million.

PROJECT PORTFOLIO

SEK m	31 Dec. 2021	31 Dec. 2020
Approved projects	7,500	9,400
Planned projects	6,500	4,500
APPROVED AND PLANNED PROJECTS	14,000	13,900
of which already invested in projects in progress	-3,600	-4,900
REMAINDER OF APPROVED AND PLANNED PROJECTS	10,400	9,000

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.



UPPSALA – ÅNGSTRÖM

Akademiska Hus has been working on the Ångström renovation project since 2018. Phase one was completed in the summer of 2020, and during the fourth quarter of 2021, the last phase was completed and is now ready for occupancy. The purpose of the project has been to co-locate the Department of Information Technology with the Ångström building departments, with the aim of creating a stimulating and attractive knowledge environment for students, teachers and researchers.

APPROVED PROJECTS

Project name	Location	Type of premises	Investment limits, SEK m	Percentage accrued, %	Miljöbyggnad certification	Additional floor space, m ² , GFA	Expected completion	Customer
Natrium	Gothenburg	Laboratory	1,803	37	Gold	28,000	2023-Q2	University of Gothenburg
Albano	Stockholm	Education	1,248	77	Silver	100,000	2022-Q2	Stockholm University
Forum Medicum	Lund	Education	821	41	Gold	13,800	2023-Q2	Lund University
School of Business, Economics and Law	Gothenburg	Education	529	16	—	9,200	2025-Q2	University of Gothenburg
LTH Maskinteknik	Lund	Education	499	72	—	19,000	2023-Q2	Lund University
A-, B-, and E-building Luleå	Luleå	Education	320	5	—	—	2024-Q1	Luleå University of Technology
Universeum Building K	Umeå	Education	272	1	Gold	6,500	2024-Q2	Umeå University
Fysiologen building	Mid-Sweden	Education	164	6	—	—	2023-Q3	Karolinska Institutet
Retzius	Stockholm	Laboratory	133	45	—	—	2022-Q1	Akademiska Hus
C-Building Luleå	Luleå	Education	122	22	—	—	2022-Q1	Luleå University of Technology
Kemilab 2	Stockholm	Laboratory	120	10	—	—	2024-Q1	Royal Institute of Technology
Astrid Fagregus Lab	Stockholm	Laboratory	103	35	—	—	2023-Q3	Karolinska Institutet
Språkskrapan	Gothenburg	Residential	103	20	—	—	2023-Q1	University of Gothenburg
Projects under SEK 100 million			1,263					
Total			7,500			176,500		

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	
EQUITY, 1 JAN. 2020	2,135	2,135	0	-99	42,589	46,760
Dividends ¹	—	—	—	—	-1,905	-1,905
Total comprehensive income, Jan.–Dec. 2020	—	—	—	-3	5,440	5,437
EQUITY, 31 DEC. 2020	2,135	2,135	0	-102	46,124	50,292
Dividends ²	—	—	—	—	-2,142	-2,142
Total comprehensive income, Jan.–Dec. 2021	—	—	150	12	13,790	13,952
EQUITY, 31 DEC. 2021	2,135	2,135	150	-90	57,772	62,102

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 Full year	2020 Full year
CURRENT OPERATIONS		
Profit before tax	16,997	6,869
Adjustment for items not included in cash flow	-12,911	-2,966
Tax paid	-416	-315
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	3,670	3,588
CASH FLOW FROM CHANGES IN WORKING CAPITAL		
Increase (+)/decrease (-) in current receivables	-450	6
Increase (+)/decrease (-) in current liabilities	308	805
CASH FLOW FROM OPERATING ACTIVITIES	3,528	4,399
INVESTING ACTIVITIES		
Investment in properties	-2,407	-2,770
Sale of properties	2,166	4
Investment in other non-current assets	-18	-25
Acquisition of shares in Group companies	—	-802
Increase (+)/decrease (-) in non-current receivables	120	-46
CASH FLOW FROM INVESTING ACTIVITIES	-139	-3,639
FINANCING ACTIVITIES		
Raising of interest-bearing loans, excluding refinancing	9,866	15,327
Repayment of loan	-10,442	-13,148
Amortisation of loan related to acquisition	—	-1,075
Interest paid	-362	-430
Realised derivatives and CSA	83	-189
Dividend paid	-2,142	-1,905
CASH FLOW FROM FINANCING ACTIVITIES	-2,999	-1,420
CASH FLOW FOR THE YEAR	390	-660
Cash and cash equivalents at the beginning of the year	3,677	4,337
Closing cash and cash equivalents	4,067	3,677

Comment: Statement of cash flows

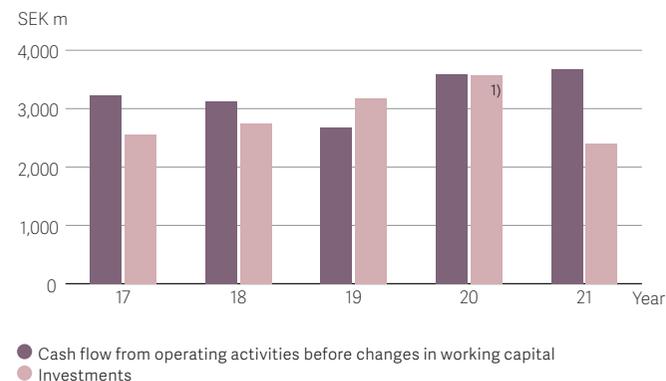
Cash flow from operating activities before changes in working capital totalled SEK 3,670 million (3,588). The impact of investments in properties on cash flow was SEK -2,407 million (-2,770). Cash flow relating to investing activities totalled SEK -139 million (-3,638), mainly because of the property 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 -2,999 million (-1,420). The improved cash flow is largely due to an increase in net amortisation during the year, compared with net borrowing during the previous year. Total cash flow for the year amounted to SEK 390 million (-660).

CASH FLOW AND INVESTMENTS

Total cash flow from current operations before change in working capital during the period 2017 to 2021 was SEK 16,288 million. Investments during the same period totalled SEK 14,468 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



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 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.

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 circum-

stances, 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.

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. Committed credit facilities in bank and stable rental payments contributed to continued good liquidity during the fourth 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 31 DEC. 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 market value, SEK m ¹	Impact on assessed market value, percentage points	Impact on net operating income, SEK m	Impact on change in value and assessed market value, SEK m ¹	Impact on assessed market value, percentage points
Rental revenue	66	464	0.4	-66	-464	-0.4
Vacant space	-63	-960	-0.9	63	960	0.9
Operating costs	-10	-113	-0.1	10	113	0.1
of which provision of utilities	-6	-56	0.0	6	56	0.0
Cost of capital	0	-7,132	-6.3	0	7,932	7.1
Yield target	0	-10,879	-9.7	0	17,698	15.8

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

Parent Company income statement

Parent Company income statement, summary, SEK m	2021 Oct.–Dec.	2020 Oct.–Dec.	2021 Full year	2020 Full year
Income from property management	1,701	1,634	6,679	6,414
Property management expenses	-616	-654	-2,157	-2,004
NET OPERATING INCOME	1,085	980	4,522	4,410
Central administration costs	-22	-16	-67	-60
Development costs	-23	-15	-53	-40
Depreciation and impairment as well as reversed impairment in property management	-426	-469	-1,579	-1,594
PROFIT BEFORE FINANCIAL ITEMS	614	481	2,823	2,717
Result, shares in subsidiaries	0	24	0	24
Interest income	14	9	36	48
Interest expense	-135	-125	-471	-531
Change in value, financial instruments	-126	62	380	-192
Appropriations	507	448	507	448
PROFIT BEFORE TAX	874	899	3,275	2,514
Tax	-175	-189	-680	-530
PROFIT FOR THE YEAR	699	710	2,595	1,983

Parent Company statement of comprehensive income, summary, SEK m	2021 Oct.–Dec.	2020 Oct.–Dec.	2021 Full year	2020 Full year
Profit for the year	699	710	2,595	1,983
Reclassifiable items				
Profit/loss from cash flow hedges	81	—	157	—
Tax attributable to cash flow hedges	1	—	-8	—
Cash flow hedges, reclassified to the income statement	—	—	—	—
TOTAL, OTHER COMPREHENSIVE INCOME FOR THE YEAR	82	0	149	0
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	781	710	2,744	1,983

Parent Company statement of financial position

Parent Company statement of financial position, summary, SEK m	31 Dec. 2021	31 Dec. 2020
ASSETS		
Non-current assets		
Capitalised expenditure	6	3
Properties	48,559	46,507
Equipment, fixtures and fittings	34	34
Shares in Group companies	1	826
Derivatives	3,474	4,277
Other non-current receivables	428	548
Total non-current assets	52,502	52,194
Current assets		
Receivables from subsidiary	0	1,022
Derivatives	152	534
Other current receivables	2,034	1,547
Cash and cash equivalents	4,067	3,676
Total current assets	6,253	6,780
TOTAL ASSETS	58,755	58,974

Parent Company statement of financial position, summary, SEK m	31 Dec. 2021	31 Dec. 2020
EQUITY AND LIABILITIES		
Equity	7,673	7,070
Untaxed reserves	3,425	3,933
LIABILITIES		
Non-current liabilities		
Loans	31,240	31,603
Derivatives	1,315	2,210
Deferred tax	2,448	2,252
Other non-current liabilities	584	558
Total non-current liabilities	35,588	36,623
Current liabilities		
Loans	4,979	5,487
Derivatives	4	147
Other current liabilities	7,086	5,713
Total current liabilities	12,069	11,347
Total liabilities	47,657	47,970
TOTAL EQUITY AND LIABILITIES	58,755	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 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 6,679 million (6,414). Revenue from subsidiaries for the year amounted to SEK 0 million (24). Profit before financial items was SEK 2,823 million (2,717). Profit after tax was SEK 2,595 million (1,983).

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 18 million (25) and in properties to SEK 4,585 million (3,011).

EQUITY

Equity totalled SEK 7,673 million at year-end, compared with SEK 7,070 million for the previous year. In May 2021 a dividend of SEK 2,142 million was paid to the shareholder.

EVENTS AFTER THE END OF THE REPORTING PERIOD

In February 2022, a contract was signed to sell a property with total rentable space of 3,300 square metres. Another property with rentable space of 9,700 square metres and land totalling 11,000 square metres is for sale. A contract is expected to be signed during the first quarter of 2022, with closing expected in the second quarter of 2022. The assessed market value for all transactions is just over SEK 700 million.

In January, Anna Alsborger was appointed to serve as the new facilities manager and Peter Andersson the new CFO. Anna Alsborger will take up her position in February and Peter Andersson will begin by 1 July at the latest.

Signing of the Report

Anitra Steen
Chairperson

Peter Gudmundson
Board member

Svante Hagman
Board member

John Johnsson
Employee representative

Anders Larsson
Employee representative

Christer Nerlich
Board member

Erik Sandstedt
Board member

Robin Teigland
Board member

Örjan Wikforss
Board member

Caroline Arehult
Chief Executive Officer

The Chief Executive Officer 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, 16 February 2022

This Interim Report has not been the subject of an examination by the auditors.

Notes

NOTE 1 ACCOUNTING POLICIES

Akademiska Hus complies with the EU-endorsed International Financial Reporting Standards (IFRS). This Interim Report for the Group has been prepared according to IAS 34 Interim Financial Reporting, and for the Parent Company in accordance with the Annual Accounts Act and the recommendation of the Swedish Financial Reporting Board, RFR 2 Accounting for Legal Entities.

Unless stated otherwise below, the accounting policies and computation methods are the same as the accounting policies used in the most recent Annual Report.

Disclosures under IAS 34.16A are presented except in the financial statements and the related notes in other parts of the interim report.

The general principles for the valuation of financial instruments are that financial investment assets and all derivatives should be valued at fair value whilst other financial assets and financial liabilities are measured at amortised cost. Financial instruments are 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 year-end 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	2020
Net interest income/expense, net loans and financial assets	-367	-386
Net interest derivatives	-18	-53
Other interest costs	-50	-44
Capitalised interest costs, projects	67	102
Total net interest income/expense	-368	-381
Change in value, independent derivatives		
-unrealised	370	-122
-realised	-65	-52
Changes in value, fair value hedges	75	-18
Total changes in value	380	-192
Site leasehold fees	-83	-84
Reported net interest income and expense	-71	-657

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	31 Dec. 2021	31 Dec. 2020
Gross loan debt	-36,220	-37,091
Collateral for derivatives, net	-2,091	-2,439
Cash and cash equivalents	4,067	3,677
Other current receivables	805	385
Total net loan liability	-33,439	-35,468
Average interest-bearing capital (full-year basis)	-32 924	-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 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, m², UFA

Rentable usable floor space in square metres.

Floor space, m², GFA

Rentable floor space in square metres.

Floor space, m², GFS

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

Maintenance costs

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

Operating costs

Operating costs are costs incurred to keep a property, installation or similar facility functioning. Operating costs are divided into provision of utilities, 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

Rent, index-linked, and estimated rent for vacant rentable floor space and supplements, with a deduction for vacant space and rent reductions. Also included are additional operations, tenant adaptations and parking.

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

Annual Report 2021	25 March 2022
Annual General Meeting 2021	28 April 2022
Interim Report January–March	28 April 2022
Interim Report January–June	8 July 2022
Interim Report January–September	26 October 2022

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