

Interim Report

3rd quarter – 2023

1 JANUARY – 30 SEPTEMBER 2023

KEY EVENTS DURING THE QUARTER

- In September, Stockholm's new Albano Campus celebrated its grand opening. A former industrial area has been transformed into a vibrant urban neighbourhood with university facilities, residential units, green spaces, and restaurants. Its strategic location just a stone's throw from the city centre strengthens the links between Stockholm University and KTH – thereby promoting both the city and the region, as well as Sweden as a nation of know-ledge. Akademiska Hus has invested a total of approximately SEK 3 billion in Albano.
- Natrium in Gothenburg is now ready for occupancy. The building gathers large parts of the Faculty of Science under one roof and promotes continued development of Medicinareberget. The project includes an investment of SEK 1.8 billion and is one of the largest initiatives that Akademiska Hus and the University of Gothenburg have carried out together.
- Frescati Hage in Stockholm is currently in an exciting phase of development as Akademiska Hus builds student housing and opens a campus for new players in education and research. The school Amerikanska Gymnasiet moved in to the area at the start of the new term. To facilitate the process, Akademiska Hus has invested approximately SEK 110 million to adapt these two buildings, which will be occupied in various phases.
- Akademiska Hus is one of the parties that has signed an agreement to sell land to ByggVesta that will enable the latter to build 800 new housing units on the Flemingsberg Campus in Huddinge. The construction of more undergraduate and graduate student housing is crucial for the advancement of educational institutions. Consequently, Akademiska Hus is actively engaged in various initiatives aimed at promoting the growth of student housing construction.

AKADEMISKA HUS IN BRIEF	2023 July–Sept.	2022 July–Sept.	2023 Jan.–Sept.	2022 Jan.–Sept.	Rolling 12-months Oct. 22–Sept. 23	2022 Full year	2021 Full year
Rental revenue, SEK m	1,844	1,712	5,599	5,115	7,328	6,845	6,568
Net operating income, SEK m	1,460	1,331	4,176	3,897	5,422	5,143	4,707
Income from property management, SEK m	1,149	1,158	3,411	3,454	4,360	4,490	4,136
Financial key figures							
Equity ratio	48.0	49.7	48.0	49.7	48.0	50.2	49.6
Return on operating capital, %	*	*	*	*	2.2	6.3	18.7
Return on equity, %	*	*	*	*	1.6	8.6	24.0
Interest coverage ratio, %	*	*	*	*	538	990	896
Loan-to-value ratio, %	28.2	26.8	28.2	26.8	28.2	26.5	29.8
Yield, properties, % ¹	*	*	*	*	4.9	4.8	4.7
Yield, properties, % ²	*	*	*	*	4.7	4.5	4.4
Assessed market value, properties, SEK m	116,288	116,812	116,288	116,812	116,288	115,371	112,323

* 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.

FINANCIAL KEY FIGURES

January–September

- Rental revenue was SEK 5,599 million (5,115), an increase of 9 per cent year-on-year. The increase is mainly attributable to indexed rental prices, as well as an increase in electricity costs passed on to tenants.
- Operating costs totalled SEK 933 million (801), corresponding to an increase of 16 per cent over the previous year. The increase can mainly be attributed to higher electricity costs for the period.
- Net interest income amounted to SEK -620 million (-296) and changes in the value of financial instruments amounted to SEK 23 million (1,324).
- The management result was SEK 3,411 million (3,454).
- Changes in property values amounted to SEK -789 million (3,357).
- Profit before tax was SEK 2,646 million (8,135) and profit for the period was SEK 2,057 million (6,460).
- Investments in redevelopment, extensions and new construction totalled SEK 1,790 million (1,742).
- Properties with a carrying amount of SEK 91 million (714) were sold. The capital gain amounted to SEK 4 million (8).
- The yield*, excluding properties under construction, was 4.9 per cent (4.7) over the past 12 months.

* Please see the 2022 Akademiska Hus Annual Report for definitions.

Albano Campus finally open

Grand opening of Albano – a new campus

At the end of September I had the pleasure of presiding over the opening ceremony of a brand new campus together with the Vice-Chancellors of Stockholm University and KTH, Astrid Söderbergh Widding and Anders Söderholm, as well as the Governor of Stockholm County, Anna Kinberg Batra. What was once an industrial area on Roslagsvägen has now been transformed into a vibrant urban neighbourhood with university facilities, student housing, green spaces and restaurants. This development strengthens the links between Stockholm University and KTH, becoming a significant hub for cooperation and the exchange of knowledge.

We have invested SEK 3 billion in the project, which encompasses 70,000 square metres of modern university facilities with lecture halls, group rooms, and green outdoor environments where more than 14,000 students, graduate students and staff will spend their time. Svenska Bostäder has also built 1,000 new undergraduate and graduate student housing units on the campus, which is line with the shared objective of both students and the City of Stockholm to achieve additional student housing. Albano is also the first campus in Sweden to qualify for Citylab sustainability certification – making it a role model in sustainable urban development.

Awarded for digitalisation work that delivers customer benefit

Our digitalisation work is an important tool that enables us to cooperate with customers on issues such as increased utilisation and efficient design. I was therefore extremely proud when we received the prestigious BA Tech Awards prize at the Business Arena conference in September for our work digitalising the campus environment at Swedish colleges and universities. The jury highlighted aspects such as how our data-driven solutions both enhance the customer experience and streamline the property industry. By implementing IoT sensors and digital models, we

have also reduced costs and environmental impact, while improving property management.

One good example of how we continue to drive development in this field is our participation in the Vinnova-funded Dig-IT Lab at KTH Stockholm. The aim is to digitalise and reduce the environmental impact of buildings through data-driven innovation. The collaboration builds on and broadens the ongoing research and collaboration within the framework of KTH Live-In Lab. This type of cooperation is also an important component of our efforts to achieve climate neutrality.

Offices become student housing in Gothenburg

Our new student housing facility in Språkskrapan was completed just in time for the start of the semester. This former office building in the Näckrosen area in central Gothenburg has been converted into 61 apartments for 125 undergraduate and graduate students. Språkskrapan exemplifies the shift we are making to reduce new construction and convert existing buildings for use in new applications. We are also working in other ways to help increase construction of student housing, including by selling land to other participants. One such example is the recently signed contract for the Flemingsberg Campus in Huddinge. So far, by selling or leasing land to others, we have helped build housing for approximately 4,800 undergraduate and graduate students.

Rating maintained

In September, Standard & Poor's confirmed our AA credit rating with a stable outlook, a level we have maintained since 1996. With our financial stability as a foundation, we will be able to maintain and develop our properties with the same high standards as before, despite tough times.

Caroline Arehult
Chief Executive Officer



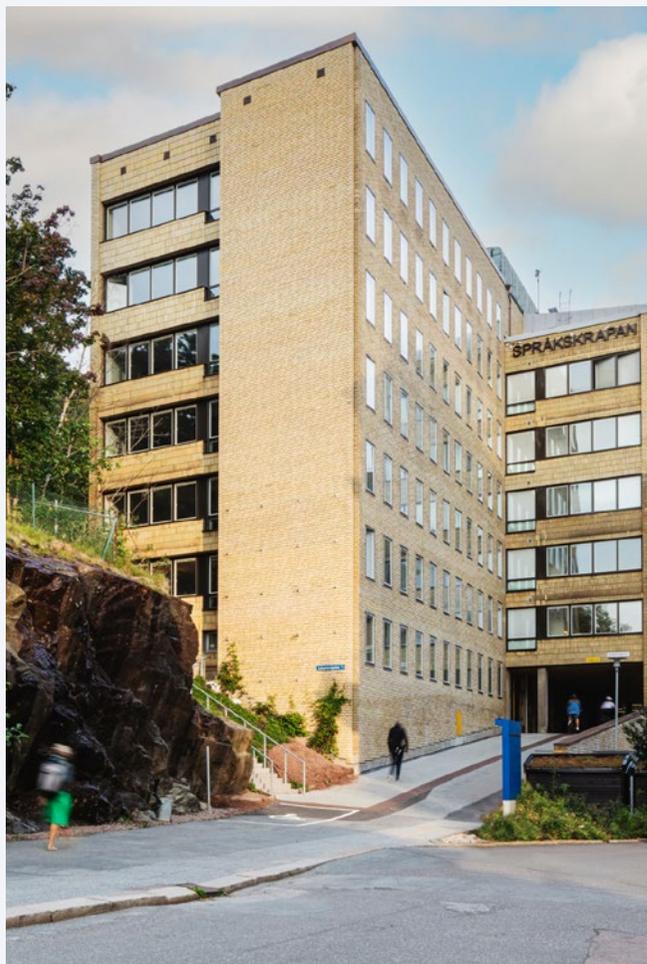
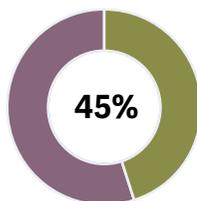
Akademiska Hus' efforts to address climate risks to future-proof its property portfolio

Akademiska Hus has developed a method aimed at enhancing the resilience of our buildings against climate change, both now and in the future. The “Method for climate risk and vulnerability analysis” is based on the inventory conducted in 2022 where all buildings were analysed for climate risks such as floods, landslides and erosion, heat stress and forest fires. This inventory was part of the Taxonomy initiative in 2022, but also represented an important undertaking for us as property owners, to address from several other perspectives. We are now moving forward to address the buildings with elevated risk values. These will be subject to further analysis, based on exposure and vulnerability, to prioritise and specify the measures required to enhance the resilience of these buildings in the future. In order to seamlessly incorporate climate risk assessments into our operations, we have visualised them using our “Digital Buildings” system, where these risks function as a GIS layer on map views.

The key takeaway from our work on climate risks is that heavy rainfall is the most critical risk to address, where deeper analysis is needed to identify the most effective and robust measures.

EU TAXONOMY

45 per cent of Akademiska Hus' turnover is classified as sustainable according to the EU taxonomy regulation. The buildings generating this turnover comply with the technical requirements that have been imposed to contribute to environmental objective 1 (Climate change mitigation), and to fulfil the DNSH requirement for environmental objective 2 (Climate change adaptation). As a result, they are classed as environmentally sustainable.



GRAND OPENING OF CLIMATE-SMART STUDENT HOUSING

Sixty-one apartments in the Språkskrapan building in the Näckrosen area of Gothenburg are now ready for occupancy by 125 undergraduate and graduate students. Preliminary calculations show that by opting to build the student housing by repurposing an existing structure, the project has yielded a lower carbon footprint of around 1,000 tons of CO₂e compared with a scenario in which Akademiska Hus had built an entirely new building.

Many of the existing materials from when the Språkskrapan was an office have been reused, including window sills, doors and light fixtures. The exterior of the building features recycled plants and granite stone taken from other Akademiska Hus construction projects, while used azobe wood previously used in the now demolished pedestrian bridge linking Nordstan and Lilla Bommen in Gothenburg was purchased for the terrace and outdoor furniture. Språkskrapan has also been equipped with rooftop solar panels. The facility is expected to produce approximately 24,000 kWh of sustainable energy per year and will cover some of the internal electricity needs of the building, such as lighting.

Consolidated income statement

Consolidated income statement, summary, SEK m	2023 July–Sept.	2022 July–Sept.	2023 Jan.–Sept.	2022 Jan.–Sept.	Rolling 12-months Oct. 22–Sept. 23	2022 Full year
Rental revenue	1,844	1,712	5,599	5,115	7,328	6,845
Other property management income	50	28	105	78	135	109
Total income from property	1,894	1,740	5,703	5,193	7,464	6,954
Operating costs	-238	-253	-933	-801	-1,221	-1,089
Maintenance costs	-42	-28	-115	-78	-142	-105
Property administration	-103	-96	-358	-327	-488	-457
Other property management expenses	-52	-32	-121	-91	-190	-160
Total property expenses	-435	-409	-1,528	-1,296	-2,042	-1,811
NET OPERATING INCOME	1,460	1,331	4,176	3,897	5,422	5,143
Central administration costs	-15	-17	-47	-49	-66	-68
Development costs	-12	-4	-34	-35	-49	-50
Interest income	174	77	525	115	640	230
Interest expense	-438	-208	-1,145	-411	-1,504	-682
Site leasehold fees	-21	-21	-62	-62	-83	-82
INCOME FROM PROPERTY MANAGEMENT	1,149	1,158	3,411	3,454	4,360	4,490
Change in value, properties	-611	-1,654	-789	3,357	-3,038	1,108
Change in value, financial instruments	18	16	23	1,324	10	1,310
PROFIT BEFORE TAX	556	-479	2,646	8,135	1,332	6,909
Tax	-115	102	-588	-1,675	-332	-1,419
PROFIT FOR THE PERIOD	442	-377	2,057	6,460	1,000	5,490
Of which attributable to the Parent Company's shareholder	442	-377	2,057	6,460	1,000	5,490

Consolidated statement of comprehensive income, summary, SEK m	2023 July–Sept.	2022 July–Sept.	2023 Jan.–Sept.	2022 Jan.–Sept.	Rolling 12-months Oct. 22–Sept. 23	2022 Full year
Profit for the period	442	-377	2,057	6,460	1,000	5,490
Reclassifiable items						
Profit/loss from cash flow hedges	-25	381	-319	481	-713	87
Tax attributable to cash flow hedges	5	-71	49	-107	130	-26
Non-reclassifiable items						
Revaluation of defined benefit pensions	—	—	—	—	230	230
Tax attributable to pensions	—	—	—	—	-47	-47
TOTAL, OTHER COMPREHENSIVE INCOME FOR THE PERIOD	-20	310	-270	374	-400	244
COMPREHENSIVE INCOME FOR THE PERIOD	422	-67	1,787	6,834	600	5,734
Of which attributable to the Parent Company's shareholder	422	-67	1,787	6,834	600	5,734

Comment: Operating profit

THIRD QUARTER

Income from property management for the third quarter decreased by SEK 9 million compared with the same period the previous year and totalled SEK 1,149 million (1,158). This decrease in earnings includes an increase in net operating income of SEK 129 million, mainly attributable to indexed rental prices. Net operating income was negatively affected by increased operating costs due to contract prices that were revised upwards and a non-recurring cost for property tax related to a change in the taxation of premises previously used for educational purposes. The increased net operating income is offset by a decrease in net interest income of SEK -133 million compared with the previous year. The change in the value of properties had a negative impact on profit for the quarter and amounted to SEK -611 million (-1,654), due to increased yield requirements.

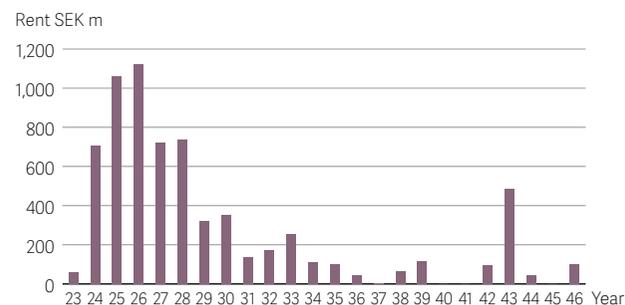
RENTAL REVENUE

Rental revenue increased by SEK 484 million compared with the same period the previous year and totalled SEK 5,599 million (5,115). The index had a positive impact on rental revenue with an increase of SEK 386 million, while completion of new buildings contributed SEK 53 million, mainly attributable to Albano, Forum Medicum, LTH Maskinteknik and Natrium. Increased vacancies had an impact of SEK -18 million on rental revenues, mainly due to increased vacancies, which was offset in part by lower rent reductions and discounts. Utility costs passed on to tenants increased by SEK 62 million, and can be attributed to higher electricity prices during the first half of the year. In a comparable portfolio, contractual rental revenue increased by 8.1 per cent compared with the previous year. Other property management income increased by SEK 27 million, primarily due to electricity subsidies received.

OPERATING AND MAINTENANCE COSTS

Expenses for operation and maintenance increased by SEK 169 million and totalled SEK 1,048 million (879). Operating costs involve inspection and maintenance, as well as provision of utilities, and increased by SEK 133 million. Much of

MATURITY STRUCTURE, LEASES



the increase relates to utility costs and is an effect of rising electricity prices during the first half of the year, as well as slightly increased heat consumption in order to relieve the electricity grid. Operating costs of SEK 933 million (801) include provision of utilities of SEK 628 million (526), equivalent to SEK 241/m² (215) over the past 12 months. Inspection and maintenance totalled SEK 304 million (273) and the increase is mainly an effect of index-adjusted contract prices as well as higher snow removal costs. Maintenance costs increased by SEK 37 million compared with the previous year and totalled SEK 115 million (78), which is an effect of index-adjusted contract prices and measures taken in Luleå.

Other property management expenses rose by SEK 30 million and can be attributed in part to a one-off cost related to property tax due to a change in the taxation of premises previously used for educational purposes.

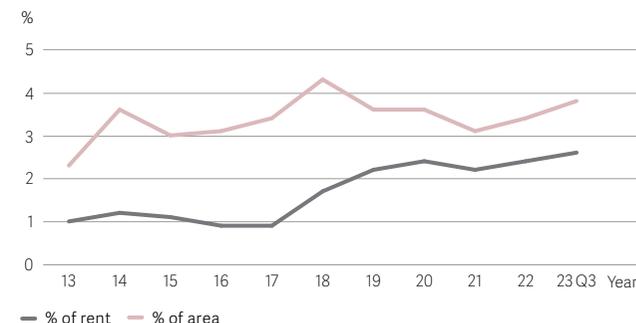
LEASING LEVEL AND LEASE PERIODS

The financial vacancy rate accounts for 2.6 per cent (2.4 at year-end) of our total rental revenue, which corresponds to SEK 199 million on an annual basis (171 at year-end). Discussions with potential tenants related to vacant premises are underway at several centres of education, mainly at the Solna and Frescati campuses. Most of our leases have long lease periods and the average lease term

RENTAL REVENUE AND RISING NET OPERATING INCOME RATIO



VACANCY RATE



for leases in effect on 30 September was 10.1 years (10.2 at year-end). The average remaining lease term is 5.9 years (6.1 at year-end).

ADMINISTRATION COSTS

Total administration costs increased by SEK 29 million and amounted to SEK 405 million (376). The increase is mainly attributable to personnel costs in line with contractual salary increases and some additional staffing, as well as increased IT costs. Development costs decreased by SEK 1 million and amounted to SEK 34 million (35).

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 -620 million (-296) for the period, corresponding to an interest rate of 3.03 per cent (1.48), which includes capitalised interest expense of SEK 106 million (44) for projects in progress. The increase in net interest income can be attributed to the rise in market interest rates which gradually impact net interest income, especially the higher STIBOR rate, which increases the cost of loans with floating interest rates. See table describing the composition of net interest income and expense on page 14.

TOTAL FINANCING COST INCLUDING CHANGES IN VALUE

	2023 Jan.–Sept.	2022 Jan.–Sept.	2022 Full year
Interest cost for loans, including charges, %	3.20	1.47	1.70
Interest swaps, net interest, %	-0.17	0.01	-0.01
Net interest income/expense, %	3.03	1.48	1.69
Changes in value, financial derivatives, %	-0.10	-5.52	-4.16
Total financing cost, %	2.93	-4.04	-2.47

CHANGES IN VALUE, PROPERTIES

Changes in property values affecting profit for the period amounted to SEK -789 million (3,357), of which SEK 4 million (8) relates to realised changes in value. The contribution from changed yield requirements and the cost of capital is SEK -1,541 million. The effect of adjusted inflation assumptions was SEK 182 million (4,685), while other changes in value amounted to SEK 566 Mkr (669) and are mainly attributable to adjusted market rents, projects in progress and renegotiated leases.

CHANGES IN VALUE, FINANCIAL INSTRUMENTS

Changes in value in the derivative portfolio were somewhat positive during the period and amounted to SEK 23 million (1,324) as of 30 September. The derivative

portfolio largely consists of interest rate derivatives that are primarily entered into with the aim of extending the fixed interest period in the liability portfolio, where approximately 60 per cent of financing currently relies on floating interest rates. Thus Akademiska Hus' interest risk exposure derives in part from interest rate derivatives, which means that even minor changes in the interest rate situation affects earnings through changes in value that can become significant. 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. Since debt management allocates interest rate risk to different parts of the yield curve, in an effort to achieve the most effective interest rate risk management possible, the impact on profit from changes in value varies with changes in market interest rates at different parts of the yield curve.

COMPARATIVE CALCULATION, TOTAL FINANCING COST

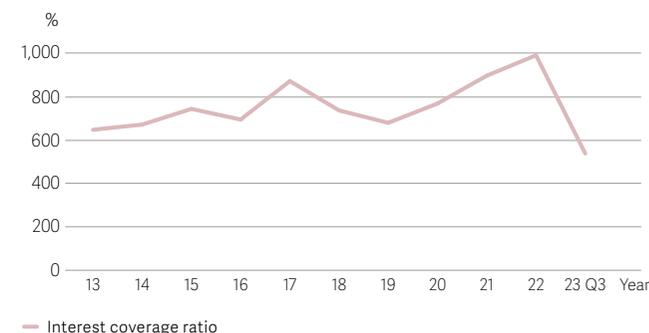
To clarify the underlying financing cost at Akademiska Hus over time, a comparative calculation is carried out in which the realised result of the closed interest rate derivatives is allocated to the remaining underlying maturity of each instrument. This allocation corresponds to an interest expense of -0.02 per cent for the past twelve-month period. The accrual and the net interest income reflect the underlying financing cost and amount to 2.84 per cent as at 30 September, see the diagram on the right, in which interest rates are expressed as a rolling 12-month interest rate (annualised).

When calculating the interest coverage ratio, the capitalised interest expense and the accrued earnings from the closed interest rate derivatives mentioned above are included. The interest coverage ratio is at a solid 538 per cent (1,008), see diagram on the right. The decline from previous very high levels can be attributed to the higher net interest income.

COMPARATIVE CALCULATION TOTAL FINANCING COST, ROLLING 12-MONTH BASIS



INTEREST COVERAGE RATIO



Consolidated statement of financial position

Consolidated statement of financial position, summary, SEK m	30 Sept. 2023	30 Sept. 2022	31 Dec. 2022
ASSETS			
Non-current assets			
Capitalised expenditure	3	5	5
Properties	116,288	116,812	115,371
Site leasehold rights	2,663	2,663	2,663
Equipment, fixtures and fittings	35	29	34
Derivatives	4,049	3,023	2,566
Other non-current receivables	440	456	410
Total non-current assets	123,478	122,988	121,048
Current assets			
Derivatives	47	506	217
Other current receivables	2,307	2,223	1,791
Total current receivables	2,354	2,729	2,008
Cash and cash equivalents			
Cash and cash equivalents	7,992	7,859	7,057
Total cash and cash equivalents	7,992	7,859	7,057
Total current assets	10,346	10,588	9,064
TOTAL ASSETS	133,825	133,576	130,113
Consolidated statement of financial position, summary, SEK m	30 Sept. 2023	30 Sept. 2022	31 Dec. 2022
EQUITY AND LIABILITIES			
Equity	64,235	66,453	65,353
LIABILITIES			
Loans	34,552	30,704	31,093
Derivatives	2,229	1,945	1,749
Deferred tax	17,080	17,153	16,893
Long-term debt finance lease	2,663	2,663	2,663
Other non-current liabilities	833	1,059	830
Total non-current liabilities	57,356	53,524	53,228
Loans	5,158	7,614	6,389
Derivatives	21	34	172
Other current liabilities	7,054	5,951	4,972
Total current liabilities	12,234	13,600	11,532
Total liabilities	69,590	67,123	64,760
TOTAL EQUITY AND LIABILITIES	133,825	133,576	130,113

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. 2022	2,135	2,135	150	-90	57,772	62,103
Dividends ¹⁾					-2,484	-2,484
Total comprehensive income, Jan.–Sept. 2022	—	—	374	—	6,460	6,834
EQUITY, 30 SEPT. 2022	2,135	2,135	524	-90	61,748	66,453
Total comprehensive income, Oct.–Dec. 2022	—	—	-313	183	-969	-1,099
EQUITY, 31 Dec. 2022	2,135	2,135	211	93	60,779	65,353
Dividends ²⁾					-2,905	-2,905
Total comprehensive income, Jan.–Sept. 2023	—	—	-270	—	2,057	1,787
EQUITY, 30 SEPT. 2023	2,135	2,135	-59	93	59,931	64,235

1) Dividend of SEK 2,484,000,000 was authorised by the Annual General Meeting on 28 April 2022.

2) Dividend of SEK 2,905,000,000 was authorised by the Annual General Meeting on 26 April 2023.

Comment: Statement of financial position

PROPERTIES

As of the end of the third quarter, the assessed market value of Akademiska Hus' property holdings was SEK 116,288 million (115,371), an increase of SEK 917 million in relation to year-end. The unrealised change in value was SEK -793 million (3,350), which corresponds to a -0.7 per cent reduction compared with year-end (3.0). Remaining changes relate to investments in properties for the year of SEK 1,790 million (1,742), acquisitions of SEK 10 million (110) and sales of SEK -91 million (-714), where acquisitions and sales occurred during the first quarter.

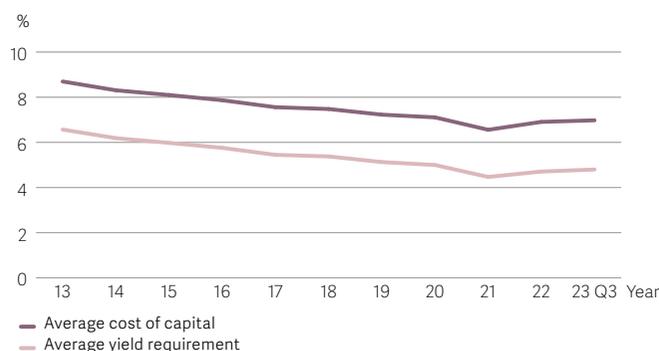
During the quarter the negative trend in the property market continued, mainly due to uncertainty about interest rates and the worsening economy. During the third quarter, Akademiska Hus raised the average yield requirement and the average cost of capital by 5 points. Including the increase in the first quarter, Akademiska Hus' yield requirement and cost of capital have been adjusted upwards by 9 and 7 points respectively in 2023. The average yield requirement and cost of capital were 4.80 per cent (4.71) and 6.98 per cent (6.91), respectively, and the adjustment contributed a negative change in value of SEK -1,541 million.

Market value is determined by a quarterly internal valuation of all the company's properties, where yield requirements and standardised costs are reconciled with external valuation agencies. Each year, 25–30 per cent of the property portfolio is also externally valued, with a focus on typical properties. The difference in value between the most recent internal and external valuations was 2.9 per cent, with the external valuers assessing a higher value. The differences in value are mainly due to different assessments of yield requirements and market rents.

PROPERTIES 30 SEPTEMBER 2023 (incl. new construction in progress and capitalised interest costs)

Change in property holdings, SEK m	30 Sept. 2023	30 Sept. 2022	31 Dec. 2022
Opening assessed market value	115,371	112,323	112,323
+ Investments in new construction, extensions and redevelopment	1,790	1,742	2,551
+ Acquisitions	10	110	110
- Sales	-91	-714	-714
+/- Change in market value	-793	3,350	1,101
Of which change in value due to a change in the cost of capital and yield requirement	-1,541	-1,689	-4,922
Of which change in value due to the change in the standard maintenance charge	—	-316	-305
Of which change in value due to the change in the assumed rate of inflation	182	4,685	5,322
Of which other change in value	566	669	1,006
CLOSING ASSESSED MARKET VALUE	116,288	116,812	115,371

YIELD REQUIREMENTS AND COST OF CAPITAL



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



SENSITIVITY ANALYSIS, PROPERTY VALUE, 30 SEPT. 2023

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	73	530	0.5	-73	-530	-0.5
Vacant space	-69	-1,007	-0.9	69	1,007	0.9
Operating costs	-12	-126	-0.1	12	126	0.1
of which provision of utilities	-8	-63	-0.1	8	63	0.1
Cost of capital		-7,485	-6.4		8,313	7.1
Yield requirement		-11,313	-9.7		18,216	15.6

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

FINANCING

The financing requirement at Akademiska Hus has continued to be limited, for which reason no bonds were issued during the quarter. Committed credit facilities in banks are unchanged and amount to SEK 6,000 million; all were unutilised at 30 September. In addition, the credit facility at the European Investment Bank (EIB) of SEK 1,200 million, which was obtained in December 2021, remains unutilised. With the bond issuances in the first half of the year, credit facilities and stable quarterly rental payments, Akademiska Hus has a very strong liquidity reserve. Short-term financing under the ECP programme remained essentially unchanged during the quarter.

The net liability portfolio as at 30 September totalled SEK 32,767 million (32,196). This corresponds to an increase of SEK 2,189 million since 1 January and can be attributed to net borrowing, revaluation effects due to hedge accounting, and an inflow of CSA securities for surplus values in outstanding derivatives. The equity ratio is 48.0 per cent (50.2).

NET LOAN LIABILITY

SEK m	30 Sept. 2023	30 Sept. 2022	31 Dec. 2022
Gross loan debt	-39,710	-38,318	-37,481
Collateral for derivatives, net	-1,717	-1,414	-643
Cash and cash equivalents	7,992	7,859	7,057
Other current receivables	668	561	489
Total net loan liability	-32,767	-31,312	-30,578
Average interest-bearing capital (full-year basis)	-31,812	-32,196	-31,551

FIXED INTEREST PERIOD AND MATURITY

Akademiska Hus has a long average maturity, which at 30 September was 9.3 years. 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. As previously, 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 5.8 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. 2023	Fixed interest, years, Dec. 2022	Maturity, years, Sept. 2023	Maturity, years, Dec. 2022
Basic portfolio	3.7	3.8	7.9	7.0
Long-term portfolio	18.6	19.2	18.6	19.2
Total portfolio	5.8	6.1	9.3	8.8

Year	Fixed interest, SEK m	Maturity, SEK m
2023	20,388	2,353
2024–2028	3,119	13,153
2029–2033	8,450	8,560
2034–2038	2,390	4,558
2039–2043	3,236	5,020
2044–2048	805	4,743
TOTAL	38,388	38,388

The table above shows the nominal amounts.

SUMMARY OF FINANCIAL RISKS AND MANDATE

Financial risks	Mandate	30 Sept. 2023
Refinancing risk		
Portion of debt maturing within 12 months	Max 30% of total portfolio	13.4
Interest risk		
Average fixed interest period, basic portfolio	3–6 years	3.7
Proportion long-term portfolio	Max 20% of total portfolio	11.5
Proportion index-linked bonds	Max 5% of total portfolio	1.7
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 decreased during the quarter by SEK 1,800 million to SEK 11,900 million, which can mainly be attributed to the completion of three major projects: Natrium (1,621) and Språkskrapan (107), both in Gothenburg, as well as the renovation of the Astrid Fagreus lab (103) in Solna.

A project portfolio with fewer new construction projects is completely in line with our focus on shifting toward renovation projects and those new construction projects that are approved will mainly involve student housing. In terms of value, the majority of the portfolio is located in Gothenburg with a number of major new construction and renovation projects.

PROJECT PORTFOLIO

SEK m	30 Sept. 2023	31 Dec. 2022
Approved projects	7,700	9,100
Planned projects	4,200	5,300
APPROVED AND PLANNED PROJECTS	11,900	14,400
of which already invested in projects in progress	-2,900	-4,300
REMAINDER OF APPROVED AND PLANNED PROJECTS	9,000	10,100

The different investments are categorised as:

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

AQUILA – STUDENT HOUSING IN UPPSALA

SEK 361 million will be invested in the construction of 170 apartments with room for 350 undergraduate and graduate students in the Rosendal neighbourhood in Uppsala under the project name Aquila. With this investment, new housing will be created in a location that has been red-listed by SFS (Swedish National Union of Students) because of its housing shortage, while also strengthening Uppsala's attractiveness as a student city. The new undergraduate and graduate student housing is expected to be ready for occupancy at the end of 2024.



APPROVED PROJECTS

Project name	Location	Type of premises	Investment limits, SEK m	Leasing level, %	Percentage accrued, %	Miljöbyggnad certification system	Additional floor space, m ² , GFA	Expected completion	Customer
Konstnärliga	Gothenburg	Education	1,953	82	15	Gold	33,000	2027-Q2	University of Gothenburg
Cassiopeia	Lund	Residential	1,046	—	6	Silver	19,500	2026-Q3	Akademiska Hus
A-, B- E- and F-building, Luleå	Luleå	Education	626	ET	15	—	—	2028-Q4	Luleå University of Technology
School of Business, Economics and Law	Gothenburg	Education	529	97	25	Gold	9,200	2026-Q3	University of Gothenburg
Aquila Rosendal	Uppsala	Residential	361	—	49	Silver	10,000	2024-Q4	Akademiska Hus
Albano development and land	Stockholm	Education	311	ET ¹⁾	96	Silver	—	2024-Q2	Stockholm University
CMB block	Stockholm	Laboratory	277	—	7	Silver	—	2025-Q3	Karolinska Institutet
Universum Building K	Umeå	Education	272	100	40	Gold	6,500	2025-Q1	Umeå University
Maskrosen	Uppsala	Offices	216	—	6	Silver	—	2025-Q1	Akademiska Hus
Fysiologen building	Stockholm	Education	215	—	19	Silver	—	2024-Q3	Karolinska Institutet
Kemicentrum	Stockholm	Laboratory	120	100	95	—	—	2024-Q1	Royal Institute of Technology
Rosendal local plan	Uppsala	—	115	ET ¹⁾	—	—	—	2025-Q2	Akademiska Hus
North Campus Park development	Uppsala	—	110	ET ¹⁾	1	—	—	2026-Q4	Akademiska Hus
Projects under SEK 100 million			1,549						
Total			7,700		37		78,200		

1) relates to development and local plan projects, for which reason there is no link to rental agreements.

Consolidated statement of cash flows

Consolidated statement of cash flows, summary, SEK m	2023 Jan.–Sept.	2022 Jan.–Sept.	2022 Full year
CURRENT OPERATIONS			
Profit before tax	2,646	8,135	6,909
Adjustment for items not included in cash flow	535	-4,417	-2,491
Tax paid	-1,093	-274	-563
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	2,088	3,444	3,855
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Increase (+)/decrease (-) in current receivables	-205	98	556
Increase (+)/decrease (-) in current liabilities	-16	164	240
CASH FLOW FROM OPERATING ACTIVITIES	1,867	3,706	4,651
INVESTING ACTIVITIES			
Investments in properties	-1,794	-1,798	-2,484
Acquisition of properties	-6	—	-16
Sale of properties	91	689	689
Investments in other non-current assets	-9	-4	-11
Increase (+)/decrease (-) in non-current receivables	-31	-28	18
Increase (+)/decrease (-) in non-current liabilities	—	94	184
CASH FLOW FROM INVESTING ACTIVITIES	-1,749	-1,047	-1,620
FINANCING ACTIVITIES			
Raising of interest-bearing loans, excluding refinancing	15,259	13,284	16,597
Repayment of loan	-13,947	-9,701	-13,431
Realised derivatives and CSA	958	34	-723
Dividend paid	-1,453	-2,484	-2,484
CASH FLOW FROM FINANCING ACTIVITIES	817	1,133	-41
CASH FLOW FOR THE PERIOD	935	3,792	2,990
Opening cash and cash equivalents	7,057	4,067	4,067
Closing cash and cash equivalents	7,992	7,859	7,057

Comment: Statement of cash flows

Cash flow from operating activities before changes in working capital totalled SEK 2,088 million (3,444). The decrease is due to the higher tax paid in 2023, as well as the settlement of the final tax for the 2021 financial year of SEK 391 million. The impact of investing activities on cash flow was SEK -1,749 million (-1,047). Cash flow from investing activities decreased by SEK 702 million compared with the corresponding period in 2022 due to lower sales of properties.

Cash flow relating to financing activities amounted to SEK 817 million (1,133). During the period, cash flow from financing activities decreased compared with the previous year due to a decrease in net borrowing, though this is offset in part by an increased inflow of CSA collateral because of higher claims on derivative counterparties. In addition, only half of the dividend has been paid to the owner. The remaining dividend of SEK 1,452 million will be paid in November.

Total cash flow for the period amounted to SEK 935 million (3,792).

Quarterly overview*

INCOME STATEMENTS

SEK m	2023			2022			2021		
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Income from property	1,894	1,881	1,928	1,761	1,740	1,726	1,727	1,701	1,632
Net operating income	1,460	1,375	1,341	1,246	1,331	1,307	1,259	1,097	1,176
Income from property management	1,149	1,135	1,128	1,036	1,158	1,179	1,117	925	1,048
Change in value, properties	-611	177	-354	-2,249	-1,654	1,482	3,529	4,472	2,092
Profit for the period	442	1,080	536	-970	-377	2,627	4,211	4,052	2,736

PROPERTY-RELATED KEY FIGURES

	2023			2022			2021		
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Floor space, m ² ¹⁾	3,390	3,384	3,386	3,397	3,397	3,389	3,372	3,371	3,369
Market value properties, SEK m	116,288	116,224	115,356	115,371	116,812	117,791	116,499	112,323	107,264
Investments in properties, SEK m	674	692	424	809	564	531	647	587	507
Property acquisitions, SEK m	—	—	10	0	110	—	—	—	—
Property sales, SEK m	—	—	-91	0	—	-714	—	—	—
Net operating income ratio, % ²⁾	72.6	72.4	73.0	74.0	72.4	71.3	70.6	70.5	69.8
Yield, % ⁶⁾	4.9	4.8	4.8	4.8	4.7	4.6	4.6	4.7	4.9
Total yield, % ⁶⁾	2.2	1.2	2.3	5.8	12.5	16.4	20.0	17.9	15.7
Financial vacancy rate, % ³⁾	2.6	2.6	2.6	2.4	2.3	2.3	2.4	2.2	2.4

1) Floor space, m² – Average GFA the past twelve months

2) Net operating income ratio – Net operating income divided by property management income. Calculated on a rolling 12-month basis.

3) Financial vacancy rate – Rental value of unoccupied floor space divided by total rental value.

FINANCIAL KEY FIGURES

	2023			2022			2021		
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Equity ratio, %	48.0	48.1	49.6	50.2	49.7	50.8	51.2	49.6	48.4
Net loan debt, SEK m	-32,767	-34,067	-31,077	-30,578	-31,312	-31,274	-31,553	-33,439	-33,437
Loan-to-value ratio, %	28.2	29.3	26.9	26.5	26.8	26.6	27.1	29.8	31.2
Net debt ratio, xx ⁴⁾	6.3	6.7	6.2	6.2	6.5	6.8	6.9	7.4	7.6
Interest coverage ratio, % ⁶⁾	538	723	885	990	1,008	996	927	896	900
Total financing cost, %	2.9	2.8	3.8	-2.5	-4.0	-7.7	-7.1	0.1	-0.9
Fixed-interest term, years ⁵⁾	5.8	5.7	6.4	6.1	6.5	6.5	7.9	7.9	8.0
Return on operating capital, % ⁶⁾	2.2	1.0	2.3	6.3	13.3	17.3	20.8	18.7	16.3

4) Net debt ratio, xx – Interest-bearing net debt divided by rolling 12-month income from property management excluding net interest income. The debt ratio describes the Group's ability to pay its debts.

5) Fixed-interest period, years – Average fixed-interest term at the end of the period for the total portfolio.

6) Calculated on a rolling 12-month basis.

* Please see the 2022 Akademiska Hus Annual Report for definitions of the remaining performance measures.

Parent Company income statement

Parent Company income statement, summary, SEK m	2023 July–Sept.	2022 July–Sept.	2023 Jan.–Sept.	2022 Jan.–Sept.	2022 Full year
Income from property	1,894	1,715	5,773	5,318	7,078
Property expenses	-578	-507	-1,882	-1,579	-2,256
NET OPERATING INCOME	1,316	1,208	3,891	3,739	4,822
Central administration costs	-15	-17	-47	-49	-68
Development costs	-12	-4	-34	-35	-50
Depreciation and impairment as well as reversed impairment in property management	-403	-393	-1,193	-1,175	-1,618
PROFIT BEFORE FINANCIAL ITEMS	887	794	2,617	2,480	3,087
Result, shares in subsidiaries	—	—	490	1,338	1,338
Interest income	174	77	525	115	230
Interest expense	-479	-224	-1,251	-455	-749
Change in value, financial instruments	18	16	23	1,324	1,310
Appropriations	—	—	—	—	537
PROFIT BEFORE TAX	600	663	2,405	4,801	5,752
Tax	-124	-133	-443	-989	-962
PROFIT FOR THE PERIOD	476	531	1,962	3,812	4,791
Parent Company statement of comprehensive income, summary, SEK m	2023 July–Sept.	2022 July–Sept.	2023 Jan.–Sept.	2022 Jan.–Sept.	2022 Full year
Profit for the period	476	531	1,962	3,812	4,791
Reclassifiable items					
Profit/loss from cash flow hedges	-25	381	-319	481	88
Tax attributable to cash flow hedges	5	-71	49	-107	-26
TOTAL, OTHER COMPREHENSIVE INCOME FOR THE PERIOD	-20	310	-270	374	62
COMPREHENSIVE INCOME FOR THE PERIOD	456	840	1,692	4,186	4,853

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.

Parent Company statement of financial position

Parent Company statement of financial position, summary, SEK m	30 Sept. 2023	30 Sept. 2022	31 Dec. 2022
ASSETS			
Non-current assets			
Capitalised expenditure	3	5	5
Properties	49,372	48,929	49,127
Equipment, fixtures and fittings	35	29	34
Shares in Group companies	1	1	1
Derivatives	4,049	3,023	2,566
Other non-current receivables	440	456	410
Total non-current assets	53,901	52,442	52,142
Current assets			
Receivables from subsidiary	11	880	2
Derivatives	47	506	217
Other current receivables	2,307	2,211	1,791
Cash and cash equivalents	7,992	7,859	7,057
Total current assets	10,357	11,455	9,066
TOTAL ASSETS	64,258	63,898	61,208
Parent Company statement of financial position, summary, SEK m	30 Sept. 2023	30 Sept. 2022	31 Dec. 2022
EQUITY AND LIABILITIES			
Equity	8,828	9,375	10,041
Untaxed reserves	2,888	3,425	2,888
LIABILITIES			
Non-current liabilities			
Loans	34,552	30,704	31,093
Derivatives	2,229	1,945	1,749
Deferred tax	2,711	2,734	2,671
Other non-current liabilities	813	743	741
Total non-current liabilities	40,305	36,126	36,254
Current liabilities			
Loans	5,158	7,614	6,389
Derivatives	21	34	172
Other current liabilities	7,058	7,323	5,465
Total current liabilities	12,237	14,971	12,025
Total liabilities	52,542	51,097	48,279
TOTAL EQUITY AND LIABILITIES	64,258	63,898	61,208

Other information

ACCOUNTING POLICIES

Akademiska Hus complies with the EU-endorsed International Financial Reporting Standards (IFRS). The 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 and loss.

KEY EVENTS AFTER THE END OF THE REPORTING PERIOD

No events of a material nature occurred after the end of the reporting period.

RISK MANAGEMENT

Akademiska Hus' material risks are described on pages 45–48 of the 2022 Annual Report. There has been no significant change in the company's risks since the publication of the annual report. Consequently, we see no risk that the company's ability to survive as a going concern has been affected.

NET INTEREST INCOME AND EXPENSE, BREAKDOWN, SEK M

SEK m	2023 Jan.–Sept.	2022 Jan.–Sept.	2022 Full year
Net interest income/expense, net loans and financial assets	-760	-338	-513
Net interest derivatives	40	-1	4
Other interest costs	-6	-1	-10
Capitalised interest costs, projects	106	44	67
Total net interest income/expense	-620	-296	-452
Change in value, independent financial derivatives			
-unrealised	205	313	309
-realised	-115	712	725
Changes in value, fair value hedges	-67	299	276
Total changes in value	23	1,324	1,310
Site leasehold fees	-62	-62	-82
Reported net interest income and expense	-659	966	776

Signing of the Report

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, signed electronic October 24

Caroline Arehult
Chief Executive Officer

REPORT CALENDAR

Year-end report 2023	6 February 2024
Annual Report 2023	March 2024
Interim Report January–March	22 April 2024
Interim Report April–June	5 July 2024

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Auditor's Examination Report

INTRODUCTION

We have reviewed the condensed interim financial information (interim report) of Akademiska Hus AB as of 30 September 2023 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.

Stockholm, signed electronic October 24

Öhrlings PricewaterhouseCoopers AB

Helena Ehrenborg
Authorised Public Accountant