

Kungsleden focuses and streamlines

Kungsleden has decided to outsource parts of the financial administration to external parties to reduce central administration costs as well as create efficiency potential within property management. The previous divestment of the nearly 60 non-strategic properties has also enabled a concentration of property management.

Outsourcing includes corporate accounting, management of customer and supplier invoices and payroll administration. These processes will be transferred to Newsec, a leading provider of financial management services in the real estate industry, by the turn of 2017/2018. Newsec is expected, through its economies of scale, to streamline processes and also to support the introduction of new technology in the financial administration. Kungsleden expects the effects of these measures to contribute to quality improvements as well as cost reductions.

Kungsleden will, in addition to outsourcing and focusing on property management, also implement other initiatives to streamline and enhance the quality of the company's administrative processes. In total, Kungsleden's annual staff and administrative expenses in 2019 are estimated to amount to around SEK 200 million, compared with the current level of SEK 235 million (per rolling 12-month).

The transition of the financial administration to an external party gives rise to non-recurring costs of around SEK 10 million, which will be charged in full for the third quarter of 2017.

"Through outsourcing, we can focus more on our core business and our customer offering – to enrich people's working day by providing attractive, functional and sustainable premises in the right locations in Swedish growth regions," says Anders Kvist, Kungsleden's Deputy CEO and CFO.

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Kungsleden is a long-term property owner who provides attractive and functional premises that enrich people's working day. We create value by owning, managing and developing offices and other commercial properties in Stockholm and Sweden's other growth regions. A large part of our properties are gathered in attractive clusters where we also participate and affect the entire area's development. Kungsleden's goal is to deliver attractive total return on our properties and to the shareholders. Kungsleden is listed on the Nasdaq Stockholm Large Cap.