

Q4:2018

*"A record-high new leasing
and renegotiation year"*

BILJANA PEHRSSON, CEO

KUNGSLEDEN

KUNGSLEDEN YEAR-END REPORT

1 JANUARY – 31 DECEMBER 2018

Kungsleden is a long-term property owner whose vision is to create attractive and sustainable places that enrich people's working day. By owning, actively managing and developing commercial properties in Sweden's growth regions, we seek to generate attractive total returns. As of 31 December 2018, Kungsleden owned 222 properties with total book value of SEK 34,697 million.

THE YEAR IN BRIEF

- Profit from property management increased by 14 per cent to SEK 1,124 million (985). For the fourth quarter, profit from property management was SEK 303 million (243), an increase of 25 per cent. The increase was due to an improved operating net in like-for-like portfolio terms, improved net financial items, and reduced selling and administration costs.
- New leasing increased to SEK 274 million (201), and net leasing rose to SEK 86 million (69).
- Unrealised changes in value in the property portfolio were SEK 1,619 million (1,417). The value increase is a result of a higher operating net and reduced required valuation yield. Current NAV increased by 13 per cent to SEK 79.66 per share.
- Net profit increased by 8 per cent to SEK 2,055 million (1,906), or SEK 9.41 per share (9.03).
- The Board of Directors is proposing increasing the dividend to SEK 2.40 (2.20) per share, an 9 per cent increase. The dividend is paid quarterly.

IMPORTANT EVENTS DURING AND AFTER THE FOURTH QUARTER

- During the quarter Kungsleden divested 15 retail and office properties in Eskilstuna which were vacated in January 2019. The sales price was approximately SEK 700 million, which was in line with book value.
- A 50 per cent occupancy rate was achieved in The Rotterdam District in early-December, and accordingly, the project entered the implementation phase. After further leasing, the occupancy rate of this property was 65 per cent at year-end.
- Kungsleden re-financed SEK 3.2 billion of secured bank loans, of which SEK 0.9 billion are green bank loans. This finance contributed to extending average debt maturity by 0.9 years to 5.6 years
- Kungsleden won the Swedish Green Building Council (SGBC) Award 2018 for its "positive contribution to sustainable building and property development."
- Kungsleden was the winner of World In Property Awards 2018 for a comprehensive sustainability work and got rated Green Star by GRESB (Global Real Estate Sustainability Benchmark), and ranked as Europe's fifth most sustainable real estate company.

KEY FIGURES	2018 Jan-Dec	2017 Jan-Dec
Property yield, investment properties, %	5.1	5.3
Economic occupancy rate, investment properties, %	93.1	91.9
Surplus ratio, investment properties, %	67.7	67.3
Return on equity, %	13.7	15.1
Interest coverage ratio, multiple	4.1	3.3
LTV (loan-to-value) ratio, %	47.3	47.9
Net profit, SEK per share ¹	9.41	9.03
EPRA EPS (profit from property management after tax), SEK per share ¹	4.84	4.45
EPRA NAV (long-term net asset value), SEK per share	81.01	71.87
EPRA NNNNAV (current net asset value), SEK per share	79.66	70.65
Equity, SEK per share	72.19	64.98

1. Restated by an adjustment factor of 2.55 per cent for the bonus issue element of the new share issue executed in the first quarter of 2017.

OUR STRONGEST EARNINGS IN TEN YEARS

2018 featured healthy economic growth and a strong property market, including high demand for commercial premises and low interest rates. In combination with us owning properties in desirable locations, and with the great work of our professionals, this resulted in our strongest earnings in ten years. Profit after tax was SEK 2,055 million (1,906) and profit from property management was SEK 1,124 million (985).

This improvement is mainly a result of successful leasing, renegotiation and project execution. Our property portfolio has demonstrated great potential in terms of rents, occupancy rates and surplus ratio, and our development projects contributed an initial return of over 6 per cent. Reduced cost of financing and administration were also contributors.

RECORD LEASING AND RENEGOTIATION

Within property management, our focus has been on increasing customer satisfaction, sharpening our customer offers and developing our clusters into attractive, sustainable and uplifting locations. A revitalising collaboration is ongoing at Finnslätten in Västerås in partnership with ABB and other tenants, to eventually create a fossil-free urban collaborative environment for research, education, innovation and production. As other examples, in Danderyd we've regenerated outdoor environments, and in Västerås City and Stockholm City East, the pioneering B26 and Rotterdam District development projects are ongoing, with all-new customer offers.

2018 was a record year in terms of new leasing and renegotiation. We signed 378 new lease contracts worth SEK 274 million (201), our net leasing was SEK 86 million (69). In the fourth quarter, we signed new lease contracts with rental value of SEK 107 million. We renegotiated lease contracts worth SEK 252 million (169). On average, rent increased by 14 per cent to SEK 288 million.

Leasing of our new "turnkey premises in three minutes" concept has begun. There's more information on our website www.kungsleden.se.

OUR PROJECTS ARE STARTING TO DELIVER

Property developments and projects also performed really well. Four major projects were completed in 2018: the Enen office building in Södertälje, Jump trampolining centre in Umeå, the Tegnér shopping centre in Växjö and Studio Hotel in Kista. We invested SEK 427 million in these projects, which when fully leased, will contribute SEK 49 million of rental value.

We now have five major projects in implementation. Three construction projects commenced in the third and fourth quarters – custodial premises in Östersund, the B26 office project in Västerås and Rotterdam District in Värtahallen, Stockholm. The development of Blästern in Hagastaden, Stockholm was already ongoing. These projects have total rental value of SEK 185 million.

In October, we also commenced marketing of the new, Well-certified office project Eden in Hyllie, while several other promising and profitable projects are in the pipeline.



PORTFOLIO OPTIMISATION

We acquired several attractive properties during the year. We created a modern office cluster in Gothenburg when we acquired SEK 1 billion of centrally located properties. In Malmö, we acquired flagship property STUDIO for a similar amount.

Divestments are also part of the optimisation process, because our target is a portfolio offering good future potential. We sold our properties in Eskilstuna, Enköping and Katrineholm in the year, thus exiting these cities.

A STRONG FINANCIAL POSITION

Kungsleden strengthened its financial position in the year. We reduced our loan-to-value ratio, extended our debt maturity and fixed interest term, and increased our interest coverage ratio from 3.3 to 4.1. We simultaneously reduced our average interest cost, increased our unsecured bond loans and long-term mortgages, while reducing traditional bank loans. Our share of properties not pledged as security increased to over 30 per cent. Kungsleden is financially stable and expected interest rate increases won't alter this.

ENVIRONMENTAL CERTIFICATION - A PRIORITY

Everyone is aware that climate change is having a growing impact on our society. Sustainability issues are prioritised and integrated into Kungsleden's business. We have upgraded our target for environmental certification - our whole portfolio will be certified by year-end 2025. I'm proud of us gaining recognition in several contexts in the year, including being rated a Green Star by the GRESB and receiving the Swedish Green Building Council Award for 2018.

WELL PREPARED IN A MARKET THAT REMAINS POSITIVE

A growing number of economic commentators think the peak has passed, and that less favourable market conditions lie ahead, with lower economic growth, globally and in Sweden. However, we have not yet seen any signs of a slowdown on the office market in Sweden's biggest cities, and still have a good leasing pipeline. Kungsleden is well prepared and I'm confident of our durability, with properties and customer offers that are in demand in cyclical upturns as well as in downturns.

Stockholm, Sweden, February 14, 2019
Biljana Pehrsson, CEO

STATEMENT OF COMPREHENSIVE INCOME

SEK million	12 months		Quarter	
	2018 Jan-Dec	2017 Jan-Dec	2018 Oct-Dec	2017 Oct-Dec
Revenue				
Rental revenue	2,377	2,319	604	567
Other revenue	8	4	3	0
Total revenue	2,385	2,323	607	567
Property costs				
Operations	-460	-445	-115	-110
Maintenance	-81	-76	-16	-19
Property tax and site leasehold fees	-148	-146	-37	-37
Property administration	-110	-118	-27	-35
Total property costs	-800	-785	-195	-200
OPERATING NET	1,586	1 538	412	367
Selling and administration costs	-95	-120	-21	-31
Net financial items				
Financial income	1	1	0	0
Interest expenses	-316	-398	-72	-85
Other financial expenses	-52	-36	-15	-8
Total net financial items	-366	-433	-87	-93
PROFIT FROM PROPERTY MANAGEMENT	1,124	985	303	243
Changes in value				
Properties	1,603	1,411	312	374
Interest rate derivatives	-73	85	-55	5
Total changes in value	1,529	1,496	257	379
PROFIT BEFORE TAX	2,653	2,481	560	622
Tax				
Current tax	-2	0	-1	0
Deferred tax	-596	-575	-166	-129
Total tax	-598	-575	-167	-129
NET PROFIT	2,055	1,906	393	493
Other comprehensive income				
Translation gains/losses for the period on translation of foreign operations	0	1	0	1
COMPREHENSIVE INCOME FOR THE PERIOD	2,055	1,907	393	494
NET PROFIT PER SHARE¹	9.41	9.03	1.80	2.21

1. Restated by an adjustment factor of 2.55 per cent for the bonus issue element of the new share issue executed in the first quarter of 2017.

PERFORMANCE ANALYSIS, JANUARY-DECEMBER 2018

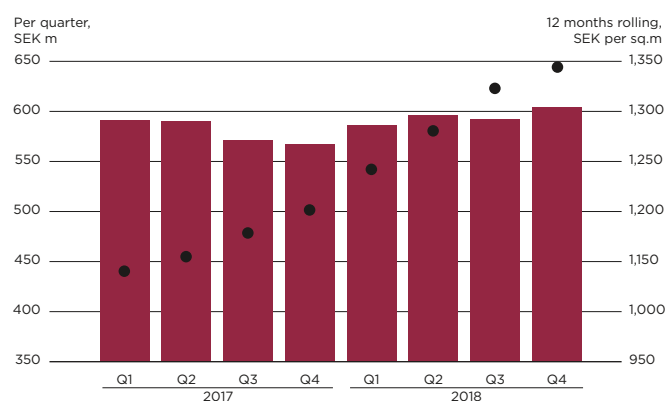
REVENUE

Total revenues increased by SEK 62 million to SEK 2,385 million (2,323). In like-for-like portfolio terms of investment properties, total revenue increased by SEK 92 million and rental revenues by SEK 87 million year-on-year due to new leasing, renegotiation and indexation. Accordingly, the increase of rental revenue in like-for-like portfolio terms was 4.4 per cent excluding one-off revenues, which consisted of early vacancies in 2018 and rental guarantees in 2017. The loss of rental revenue from divested properties was SEK 115 million, and from the vacation of development properties, SEK 3 million. This deficit was partly compensated by additional rental revenue from accessed properties of SEK 90 million.

RENTAL REVENUE SEK million	2018 Jan-Dec	2017 Jan-Dec
Like-for-like portfolio terms (investment properties)	2,112	2,025
Acquired properties	122	32
Development properties	101	104
Divested properties	43	158
Rental revenue	2,377	2,319

Rental revenue per sq.m in the investment portfolio continued to increase in the fourth quarter, and amounted to SEK 1,342 on a rolling 12-month basis, compared to SEK 1,153 one year previously. The increase is partly a result of successful leasing and renegotiation, and partly a higher share of office properties in metropolitan regions, which have higher rent levels.

RENTAL REVENUE, INVESTMENT PROPERTIES SEK per sq.m	2018 Jan-Dec	2017 Jan-Dec
Office	1,647	1,531
Industrial/Warehouse	862	725
Retail	1,267	1,073
Average	1,342	1,153

RENTAL REVENUE PER QUARTER - ALL PROPERTIES
SEK PER SQ.M - INVESTMENT PROPERTIES

■ SEK m per quarter ● SEK per sq.m, rolling 12 months

PROPERTY COSTS

Total property costs amounted to SEK 800 million (785). This increase is sourced from a like-for-like portfolio of investment properties, and is mainly explained by costs related to weather and temperature, as well as electricity tax, which is invoiced to tenants. The net effect of the reduction of costs from divested properties, and additional costs for accessed properties, as well as development properties, cancel each other out.

PROPERTY COSTS SEK million	2018 Jan-Dec	2017 Jan-Dec
Like-for-like portfolio terms (investment properties)	709	694
Acquired properties	28	8
Development properties	55	49
Divested properties	8	35
Property costs	800	785

On a rolling 12-month basis, property costs per sq.m increased to SEK 381, against SEK 331 one year previously. The increase is mainly due to costs for snow clearance in the first quarter, as well as increased costs for district cooling and electrical power for cooling plant in the third quarter resulting from an unusually hot summer.

PROPERTY COSTS INVESTMENT PROPERTIES SEK per sq.m	2018 Jan-Dec			Total
	Office	Industrial/ Ware- house	Retail	
Operations	252	170	182	219
Maintenance	45	25	54	38
Site leasehold and property tax	103	22	68	72
Direct property costs	400	218	304	329
Property administration	52	51	54	52
Total	452	269	358	381

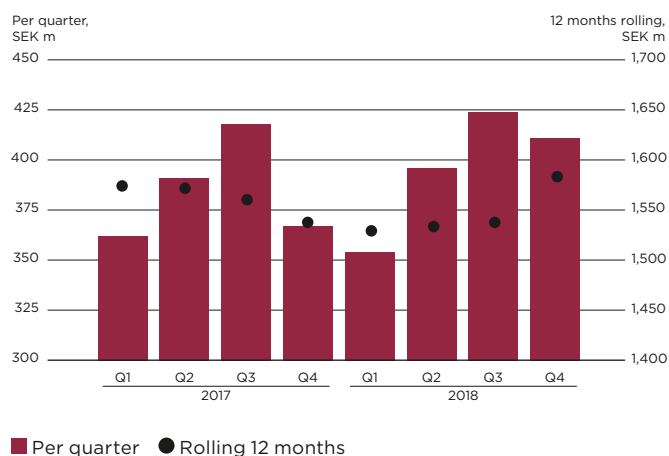
PROPERTY COSTS INVESTMENT PROPERTIES SEK per sq.m	2017 Jan-Dec			Total
	Office	Industrial/ Ware- house	Retail	
Operations	236	122	185	186
Maintenance	40	22	30	33
Site leasehold and property tax	97	18	60	62
Direct property costs	373	163	275	281
Property administration	65	28	53	50
Total	438	191	328	331

STATEMENT OF COMPREHENSIVE INCOME

OPERATING NET

Operating net increased by SEK 48 million to SEK 1,586 million (1,538) in 2018. In like-for-like portfolio terms of investment properties, operating net increased to SEK 77 million – a 5.9 per cent increase excluding one-off revenues – due to higher rental revenues. The loss of operating net from divested properties was SEK 89 million, and the additional operating net from accessed properties was SEK 70 million, i.e. a net decrease of SEK 19 million. The operating net of development properties decreased by SEK 10 million, due to vacation.

OPERATING NET PER QUARTER



■ Per quarter ● Rolling 12 months

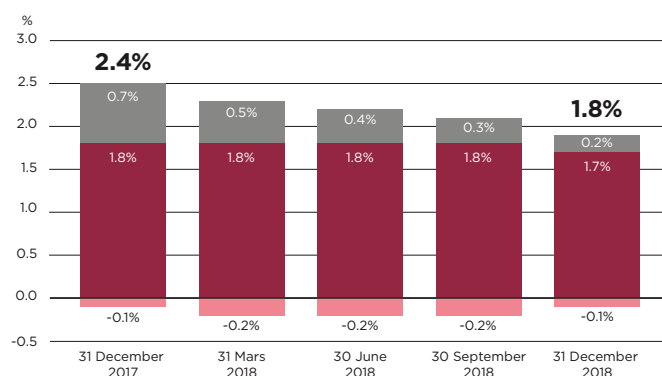
SELLING AND ADMINISTRATION COSTS

Selling and administration costs were SEK 95 million (120). The SEK 25 million decrease is explained partly by the previous year being charged with expenses related to the introduction of out-sourced accounting administration of SEK 10 million. The remainder of the cost decrease is due to rationalisation and savings measures.

NET FINANCIAL ITEMS

Net financial items were SEK -366 million (-433). The improvement on the previous year is mainly due to the cost of interest hedges decreasing after close-outs of interest rate swaps, and the arrangement of new financing on better terms. The average interest rate continued to decrease in the fourth quarter after rearranging secured bank loans, and was 1.8 per cent at year-end, against 2.4 per cent at the beginning of the year. This refinancing meant that other financial costs increased temporarily because capitalized arrangement fees on the original loan were expensed.

AVERAGE INTEREST RATE PER QUARTER¹



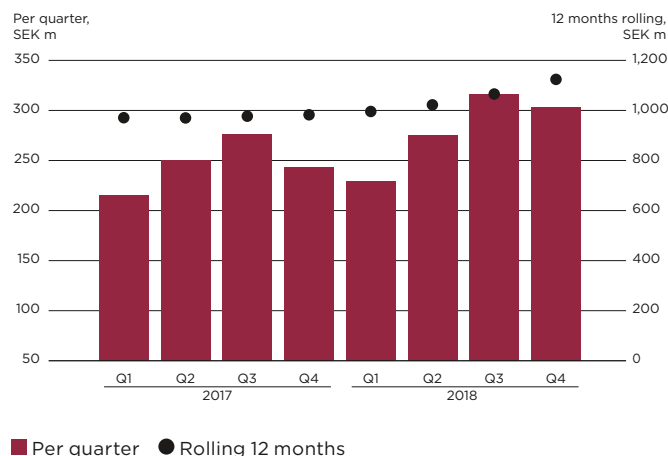
■ Difference in three-month interest rate and fixed rate on interest rate derivatives
 ■ Interest margin (inc. fixed-interest loans), allocated arrangement-fees and credit facility cost.
 ■ Interest base for bank and bond loans

1. After agreed financing, advanced during 2019.

PROFIT FROM PROPERTY MANAGEMENT

Profit from property management was SEK 1,124 million (985), an increase of 14 per cent. The profit increase is due to higher operating net in like-for-like portfolio terms, a stronger financial net, and reduced selling and administration costs. Profit from property management for the quarter was SEK 303 million (243), a 25 per cent increase.

PROFIT FROM PROPERTY MANAGEMENT PER QUARTER AND ROLLING 12 MONTHS



■ Per quarter ● Rolling 12 months

CHANGES IN VALUE PROPERTIES

The unrealised value increase in the property portfolio was SEK 1,619 million (1,417) in the year, corresponding to 5.2 per cent. The value increase is due to improved rental revenues and operating net and a decrease in the average required return of 33 basis points, of which 6 basis points in the fourth quarter. At the end of the period, the average required return was 5.5 per cent. Deductions received for deferred tax on properties accessed in the period resulted in a positive unrealised change in value of SEK 59 million. The realised changes in value for 2018 were SEK -16 million (-6).

CHANGES IN VALUE INTEREST RATE DERIVATIVES

The change in value on financial instruments was a negative SEK -73 million (85) since the beginning of the year as a consequence of interest rates on long-term maturities falling.

TAX

The total tax expense was SEK 598 million (575), of which SEK 2 million (0) is current tax. SEK 76 million of the tax expense for the year relates to the sale of properties where the tax expense and deductions granted for deferred tax exceeded the amount provisioned for deferred tax. An additional SEK 62 million of deferred tax on properties from previous acquisitions was expensed.

In June, Sweden's parliament voted to reduce the corporation tax rate in two stages from 22.0 per cent to 21.4 per cent in 2019 and to 20.6 per cent in 2021. This had a positive SEK 128 million effect on the provision for deferred tax, of which SEK 8 million was recognised in the fourth quarter.

EARNINGS CAPACITY

By owning a higher share of offices in growth markets, and active leasing and renegotiation efforts, Kungsleden's investment properties still have good earnings capacity.

The following tables illustrate the investment properties held at the end of the period, and the associated key indicators (development properties are not included). Properties that have been acquired but not accessed are excluded. Properties that had been divested but not vacated are included. No future events relating to tenants moving in and vacating for example, as well as investments, have been included in these figures. The tables are intended to offer a view of the current property portfolio's underlying earnings capacity, but are not a forecast. For information on development properties, see page 16.

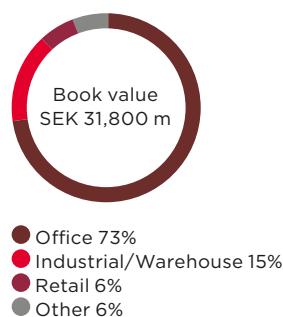
VACATED PROPERTIES - REALISED AND PLANNED

Kungsleden vacated the properties Brännaren 8 in Malmö and Rausgård 22 in Helsingborg in April, and vacated the property Lövköjan 10 in Katrineholm in June. The property Stenvreten 4:1 in Enköping was vacated in August, and part of Aspgården 18 in Umeå was vacated in December. Stiernhelm 7 in Mölndal was vacated in the first quarter 2019, while the remaining parts of Aspgården 18 in Umeå will be vacated once its zoning plan is approved, which at present, is expected in 2019. The properties Effekten 6 and 7, and part of Finnslätten 1 were divested in the third quarter, and are scheduled for vacation in 2020 at the earliest. Kungsleden divested its whole Eskilstuna portfolio, and vacated these 15 properties in January 2019.

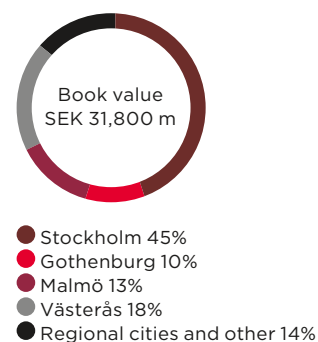
ACCESSED PROPERTIES - REALISED AND PLANNED

In February 2018, Kungsleden accessed the properties Gladan 5, 6 and 7 in Kungsholmen, Stockholm, which was acquired in December 2017. In May, Kungsleden accessed the property Tyfonen 1 (STUDIO) in Malmö, which was acquired in the first quarter 2018. One of the properties acquired in Gothenburg in the first quarter 2018 (Kallebäck 2:11) was accessed in January 2019.

BOOK VALUE INVESTMENT PROPERTIES, BY CATEGORY



BOOK VALUE INVESTMENT PROPERTIES, BY SEGMENT



EARNINGS CAPACITY INVESTMENT PROPERTIES BY SEGMENT	Stockholm	Gothenburg	Malmö	Västerås	Regional cities and other	Total investment properties
No. of properties ¹	50	41	41	18	58	208
Leasable area, 000 sq.m ¹	493	255	226	505	426	1,904
Rental value, SEK million ¹	873	248	281	568	440	2,410
Rental revenue, SEK million ¹	803	238	267	536	397	2,241
Operating net, SEK million	567	162	195	339	265	1,528
Book value, SEK million ¹	14,153	3,225	4,048	5,821	4,554	31,800
Economic occupancy rate, % ¹	92.0	96.2	95.1	94.3	90.0	93.0
Surplus ratio, %	70.2	67.6	70.1	63.0	65.9	67.5
Property yield, %	4.0	5.0	4.8	5.8	5.8	4.8
Rental revenue, SEK per sq.m ¹	1,850	1,031	1,325	1,216	1,105	1,345

EARNINGS CAPACITY, INVESTMENT PROPERTIES BY CATEGORY	Office	Industrial/Warehouse	Retail	Other	Total investment properties	of which sold not vacated	purchased not accessed ²
No. of properties ¹	99	67	31	11	208	17	1
Leasable area, 000 sq.m ¹	1,055	615	148	85	1,904	81	13
Rental value, SEK million ¹	1,599	518	172	120	2,410	95	34
Rental revenue, SEK million ¹	1,475	497	159	110	2,241	79	34
Operating net, SEK million	1,006	319	110	93	1,528	36	29
Book value, SEK million ¹	23,056	4,919	1,916	1,909	31,800	778	635
Economic occupancy rate, % ¹	92.2	95.8	92.4	91.6	93.0	-	98.0
Surplus ratio, %	67.9	64.5	68.9	71.4	67.5	-	87.0
Property yield, %	4.4	6.5	5.7	4.9	4.8	4.6	4.6
Rental revenue, SEK per sq.m ¹	1,625	889	1,233	1,547	1,345	-	-

1. As of reporting date.
2. Not included in total.

STATEMENT OF CASH FLOWS - SUMMARY

SEK million	12 months		Quarter	
	2018 Jan-Dec	2017 Jan-Dec	2018 Oct-Dec	2017 Oct-Dec
OPERATIONS				
Profit from property management	1,124	985	303	243
Adjustments for non-cash items	7	1	-3	-4
Tax paid	0	0	-1	0
Cash flow before changes in working capital	1,131	986	298	239
Changes in working capital	-4	-131	95	67
Cash flow after changes in working capital	1,127	855	393	306
INVESTING ACTIVITIES				
Investments in current properties	-1,300	-925	-494	-381
Acquisition of properties	-1,836	-790	-	-
Divestment of properties	1,005	1,709	152	60
Other intangible and tangible assets, net	0	0	0	0
Financial assets, net	-206	-397	8	-9
Cash flow from investing activities	-2,337	-403	-334	-330
FINANCING ACTIVITIES				
New share issue	-	1,599	-	-
Dividend	-360	-437	-120	-
Repayment of loans	-3,602	-4,302	-23	-2,332
New loans	5,330	2,944	-	2,428
Cash flow from financing activities	1,368	-196	-143	96
CASH FLOW FOR THE PERIOD				
Cash and cash equivalents at beginning of period	313	57	554	241
Exchange rate difference in cash and cash equivalents	0	0	0	0
Cash and cash equivalents at end of period	471	313	471	313

CASH FLOW AND LOAN-TO-VALUE RATIO

Operating cash flow after changes in working capital was SEK 1,127 million in the period.

SEK 1,300 million was invested in existing properties and projects in the year.

A total purchase consideration of SEK 1,836 million was paid on accessing the properties Gladan 5, 6 and 7 in Kungsholmen, Stockholm, and part of the Tändstickan district of Gothenburg in the first quarter, and on accessing the Studio project in Malmö in the second quarter.

Purchase consideration of SEK 19 million was received for the sale of the property Skiftinge 1:3 in the first quarter, and total purchase consideration of SEK 633 million on vacation of the properties Rausgård 22 and Lövkojan 10 in the second quarter. Purchase consideration of SEK 201 million was received on vacation of Stenvreten 4:1 in the third quarter. Purchase consideration of SEK 150 million for the sale of part of Aspgården 18 in Umeå was received in the fourth quarter.

A dividend of SEK 360 million was paid to shareholders, which is three quarters of the dividend resolved for the financial year 2017.

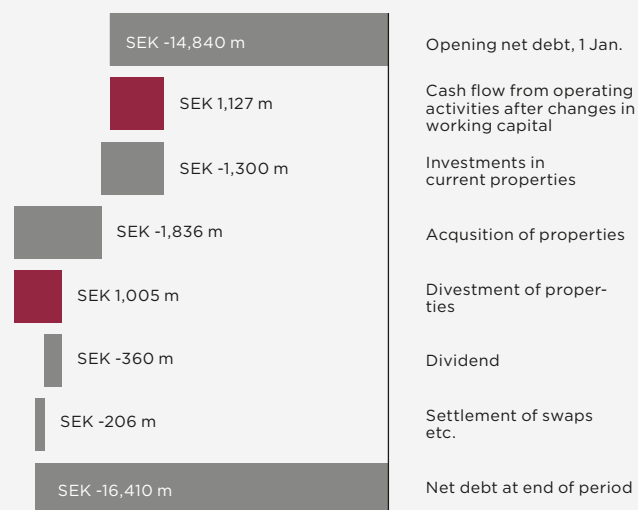
Interest rate swaps were repurchased by making a payment corresponding to current undervalues, a total of SEK 214 million in the period. A vendor note was also repaid.

Borrowings in the year meant that interest-bearing liabilities increased by SEK 1,728 million gross. As cash and bank balances increased by SEK 158 million, net debt increased by SEK 1,570 million.

Despite the increase in net debt, the LTV ratio decreased from 47.9 per cent at the beginning of the year to 47.3 per cent due to unrealised value increases in the property portfolio.

Total liquid funds available were SEK 2,137 million (1,458), including granted and available credit facilities, after deducting for backups and issued commercial paper.

CHANGE IN NET DEBT, JANUARY-DECEMBER 2018



STATEMENT OF FINANCIAL POSITION - SUMMARY

SEK million	31 Dec, 2018	31 Dec, 2017
ASSETS		
Non-current assets		
Intangible assets	11	9
Properties	34,697	30,974
Equipment	5	7
Other long-term receivables	4	12
Total non-current assets	34,718	31,002
Current assets		
Current receivables	201	231
Derivatives	4	-
Cash and bank balances	471	313
Total current assets	677	544
TOTAL ASSETS	35,394	31,546
EQUITY AND LIABILITIES		
Equity	15,767	14,192
Non-current liabilities		
Liabilities to credit institutions	9,204	10,150
Other interest-bearing liabilities	6,246	3,096
Derivatives	34	171
Deferred tax liability	1,892	1,333
Provisions	5	12
Total non-current liabilities	17,381	14,762
Current liabilities		
Liabilities to credit institutions	-	927
Other interest-bearing liabilities	1,432	980
Other liabilities	814	684
Total current liabilities	2,246	2,591
TOTAL EQUITY AND LIABILITIES	35,394	31,546

STATEMENT OF CHANGES IN EQUITY - SUMMARY

SEK million	31 Dec, 2018	31 Dec, 2017
Equity at beginning of period	14,192	11,123
Dividend	-480	-437
New share issue	-	1,599
Comprehensive income for the period	2,055	1,907
Equity at end of period	15,767	14,192

SUMMARY

Compared to the beginning of the year, property value increased by SEK 3,723 million due to accessed acquisitions, which were executed at a value of SEK 1,836 million, investments of SEK 1,300 million and unrealized changes in value of SEK 1,619 million. Kungsleden vacated SEK 1,032 million of properties in the period.

Equity amounted to SEK 15,767 million as of 31 December, compared to SEK 14,192 million at the beginning of the year, or SEK 72.19 (64.98) per share. The equity ratio was 44.5 per cent, compared to 45.0 per cent at the beginning of the year. A dividend of SEK 360 million was paid to shareholders in the year.

SUSTAINABILITY

Sustainability is integrated into Kungsliden's operations, and we collaborate actively with customers and suppliers on these issues. Our sustainability work is goal oriented, and its most central targets are environmentally related, relating to green leases, energy saving and environmental certification. We signed 103 new green leases in 2018, which is on target. We also hit our 3 per cent energy-saving target despite an unusually hot summer. By year-end, 17 per cent of our property portfolio was environmentally certified.

CERTIFIED PROPERTIES CREATE VALUE

The demand for sustainable and environmentally certified properties is increasing. Kungsliden believes they attract larger and established tenants, and benefit property valuations. Kungsliden's target is for half of its portfolio in book value terms to be LEED environmentally certified by 2020, and all of its portfolio to be certified by 2025. Work on certifying the existing portfolio continued as planned in the fourth quarter, and 17 per cent of property values were environmentally certified by 31 December 2018.

Data on another four properties expected to satisfy the LEED Gold standard was filed with the U.S. Green Building Council in the quarter, whose decision is expected in the first quarter 2019. If approved, the share of certified properties would increase to 27 per cent.

GREEN LEASES CUT CLIMATE IMPACT AND COSTS

Green leases are a natural component of Kungsliden's client proposition. Kungsliden prioritises collaborating with tenants on environmental issues to reduce its environmental impact and consumption of resources. Green leases include measures to maintain or improve the environmental performance of premises, including actions in energy, indoor climate, material selection and waste sorting. Kungsliden signed 29 green leases in the fourth quarter. Our target for the full year 2018 was to sign 100 new green leases, and we signed 103.

CONTINUED ENERGY OPTIMISATION

Kungsliden is working systematically on energy rationalisation of development projects and in ongoing management. Our target is to reduce our energy consumption by 3 per cent per year, or by 20 per cent between 2014 and 2020. Energy consumption in like-for-like portfolio terms in the year decreased by 3.2 per cent accumulated year on year, for an identical portfolio. This equates to a cost saving of some SEK 4.5 million. The energy saving target was achieved despite an unusually hot summer causing additional costs for district cooling and electrical power for cooling plant.

KUNGSLEDEN - A GREEN STAR

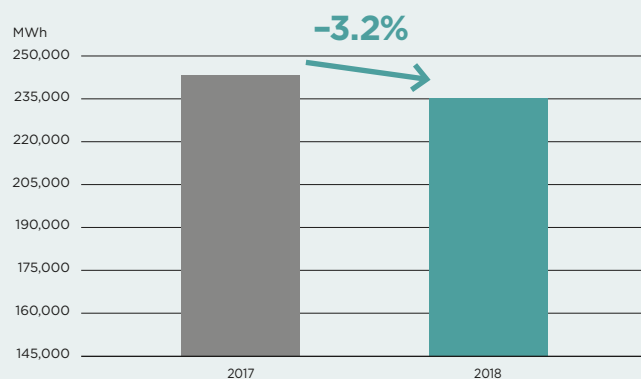
Kungsliden received several sustainability awards in 2018, which demonstrate that its sustainability work is satisfying investors' high expectations.

- Rated a Green Star in the GRESB (Global Real Estate Sustainability Benchmark).
- Kungsliden was also ranked as Europe's fifth-best company for sustainability work in the category of companies with diversified real estate portfolios.
- The EPRA (European Public Real Estate Association) awarded Kungsliden a bronze medal for reporting a wide range of sustainability key indicators.
- Winner of Swedish Green Building Council Award 2018.

LAUNCH OF WHISTLEBLOWER SYSTEM

Kungsliden implemented a new whistleblower system to enable anonymous reporting of incidents and impropriety. A training programme on business ethics was held for all staff including management and the Board of Directors. This programme included internal guidelines and policies on business ethics, and procedures for the whistleblower system.

ENERGY CONSUMPTION IN LIKE-FOR-LIKE PORTFOLIO TERMS



SUSTAINABILITY TARGETS AND PERFORMANCE

FOCUS AREA	TARGET	PERFORMANCE JANUARY-DECEMBER 2018
LEED CERTIFICATION	50% Half of the portfolio (in book value terms) should be LEED certified before year-end 2020. All properties to be certified before year-end 2025.	17% of the portfolio environmentally certified as of 31 December 2018.
GREEN FINANCING	The company is endeavouring to finance all green assets with green bonds or green bank loans.	21% of agreed financing consists of green bonds and green bank loans
GREEN LEASES	100 At least 100 new green leases to be signed in 2018.	103 green leases signed in Jan-Dec 2018.
ENERGY CONSUMPTION	-3% Energy consumption to reduce by 20%, or by 3% annually in 2014-2020.	-3.2% lower energy consumption in 2018, compared to the corresponding period of the previous year.

SEGMENT REPORTING

The segment report firstly specifies income statement items, and then book values per property categorised between investment properties and development properties. Investment properties are then subdivided, with figures allocated according to geographical location.

The development properties segment has those properties with significant vacant areas for new development, extension or

conversion, and accordingly, rental revenues and operating costs are not comparable. Which properties are included in this category varies over time.

Accordingly, in the following table, there are some differences in properties for the period compared to the corresponding period of the previous year (see page 26 for current definitions).

JAN-DEC 2018

SEK million	Stockholm	Gothenburg	Malmö	Västerås	Regional cities and other	Development properties	Unallocated	Total
Revenue	832	236	258	540	438	82	-	2,385
Property costs	-252	-77	-78	-200	-141	-50	-	-800
Operating net	580	159	179	339	296	32	-	1,586
Selling and administration costs	-	-	-	-	-	-	-95	-95
Net financial items	-	-	-	-	-	-	-366	-366
Profit from property management	580	159	179	339	296	32	-461	1,124
Changes in value, assets								
Properties	816	118	107	449	111	18	-16	1,603
Interest rate derivatives	-	-	-	-	-	-	-73	-73
Profit before tax	1,396	276	287	788	408	50	-551	2,653
Tax	-	-	-	-	-	-	-598	-598
Net profit	1,396	276	287	788	408	50	-1,149	2,055
Book value, properties	14,153	3,225	4,048	5,821	4,554	2,897	-	34,697

JAN-DEC 2017

SEK million	Stockholm	Gothenburg	Malmö	Västerås	Regional cities and other	Development properties	Unallocated	Total
Revenue	773	212	224	516	511	86	-	2,323
Property costs	-239	-69	-72	-193	-160	-51	-	-785
Operating net	534	143	152	323	351	35	-	1,538
Selling and administration costs	-	-	-	-	-	-	-120	-120
Net financial items	-	-	-	-	-	-	-433	-433
Profit from property management	534	143	152	323	351	35	-553	985
Changes in value, assets								
Properties	702	149	103	125	58	280	-6	1,411
Interest rate derivatives	-	-	-	-	-	-	85	85
Profit before tax	1,235	293	255	448	409	315	-475	2,481
Tax	-	-	-	-	-	-	-575	-575
Net profit	1,235	293	255	448	409	315	-1,049	1,906
Book value, properties	13,026	2,598	3,010	5,252	5,036	2,052	-	30,974

PROPERTY PORTFOLIO

85 per cent of Kungsleden's operations, including property development and investment projects, are concentrated on its four priority growth markets of Stockholm, Gothenburg, Malmö and Västerås. As of 31 December 2018, Kungsleden owned 222 properties with a book value of SEK 34,697 million. Rent levels on new leasing and renegotiation continued to increase in the year, and net leasing was SEK 86 million. Property portfolio value increased by SEK 1,619 million in the same period.

PROPERTY MARKET

Conditions on the commercial property market remained positive in the fourth quarter 2018. However, Sweden's economic growth slowed somewhat in 2018, and Newsec's full-year forecast is 2.2 per cent (2.7). Global uncertainty relating to Brexit and trade conflict between the US and China are holding global growth back somewhat, which eventually, will impact a foreign-dependent economy like Sweden's.

Overall, 2018 was a very strong year, especially for office properties, with decreasing vacancy levels, high willingness to invest and robust rent growth. Sweden's major cities are most attractive, and Newsec is noting a downward trend in vacancy levels and yields in Stockholm, Gothenburg and Malmö.

Low vacancy rates in Stockholm CBD continued to spur demand outside the city limits. Newsec expects this trend to last.

The office shortage is not as acute in Gothenburg, so growth there is more balanced. Newsec measured a vacancy level of 4 per cent in mid-2018.

For the full year 2018, transaction volume was SEK 153 billion, which is comparable to 2017, while volume in December was down somewhat on the previous year (SEK 21.5 billion against 29.9). 42 per cent was properties in Stockholm, and 23 per cent were offices.

PROPERTY PORTFOLIO - TOTAL HOLDING

	31 Dec, 2018				
PROPERTY HOLDINGS SEK million	No. of proper- ties	Leasable area, 000 sq.m	Book value	Economic occupancy rate, %	Rental value ¹
Investment properties	208	1,904	31,800	93.1	2,494
Development properties	14	151	2,897	63.8	128
Total property holdings	222	2,055	34,697	91.5	2,622

1. Rolling 12 months.

Value

Unrealised changes in value in the property portfolio were SEK 1,619 million for the period, with the largest value increases in Stockholm and Västerås. The total value increase since the beginning of the year was 5.2 per cent.

Acquisitions and divestments

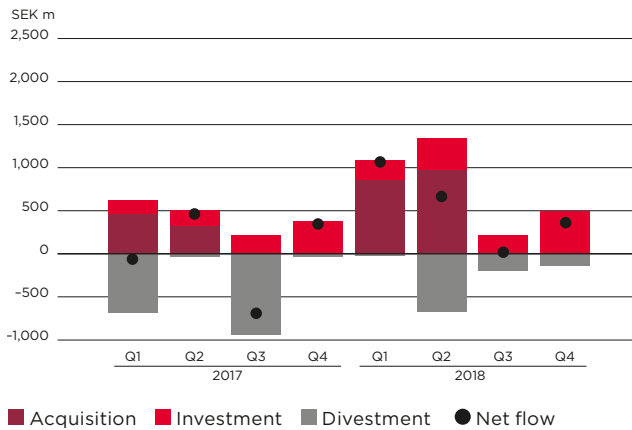
The table to the right lists all agreements on acquisitions and divestments in 2018. Agreements to divest the whole Eskilstuna portfolio consisting of 14 properties and one site-leasehold (vacated 7 January 2019) were signed in the fourth quarter. No properties were acquired in the quarter.

PROPERTY ACQUISITIONS JAN-DEC 2018	Municipality	Category	Leasable area, sq.m
Gladan 5	Stockholm	Office	4,157
Gladan 6	Stockholm	Office	4,233
Gladan 7	Stockholm	Office	2,886
Kallebäck 2:7 (Tändstickan phase 1)	Gothenburg	Office	5,605
Kallebäck 2:9 (Tändstickan phase 1)	Gothenburg	Other	11,600 ¹
Kallebäck 2:11 (Tändstickan phase 2)	Gothenburg	Office	12,669
Tyfonen 1 (STUDIO)	Malmö	Office	17,574

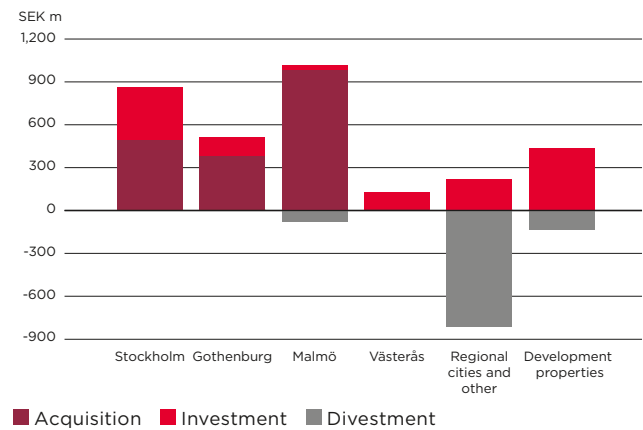
1. Not included in leasable area.

PROPERTY DIVESTMENTS JAN-DEC 2018	Municipality	Category	Leasable area, sq.m
Skiftinge 1:3	Eskilstuna	Land	n/a
Brännaren 8	Malmö	Office	5,396
Rausgård 22	Helsingborg	Industrial/ Warehouse	62,292
Lövkojan 10	Katrineholm	Retail	8,524
Stenvreten 4:1	Enköping	Industrial/ Warehouse	46,699
Aspgården 18	Umeå	Industrial/ Warehouse	11,373
Eskilshem 1:9	Eskilstuna	Office	3,746
Vipan 16	Eskilstuna	Retail	5,901
Vipan 17	Eskilstuna	Office	11,600
Verkmästaren 3	Eskilstuna	Other	2,808
Verkmästaren 4	Eskilstuna	Office	4,476
Verkmästaren 8	Eskilstuna	Office	3,406
Visheten 14	Eskilstuna	Office	3,083
Visheten 15	Eskilstuna	Retail	3,998
Vårblomman 11	Eskilstuna	Retail	1,997
Vårblomman 8	Eskilstuna	Retail	3,496
Vårblomman 12	Eskilstuna	Office	3,630
Valpen 1	Eskilstuna	Office	10,360
Löddret 4	Eskilstuna	Industrial/ Warehouse	5,874
Speditören 1	Eskilstuna	Retail	7,161
Torlunda 1:80	Eskilstuna	Retail	9,462
Part of Stiernhielm 7	Gothenburg	Office	n/a
Part of Aspgården 18	Umeå	Office	n/a
Effekten 6	Västerås	Industrial/ Warehouse	n/a
Effekten 7	Västerås	Industrial/ Warehouse	n/a

NET INVESTMENTS BY QUARTER



NET INVESTMENTS BY SEGMENT, JAN-DEC 2018



VACATED AND ACCESSED PROPERTIES

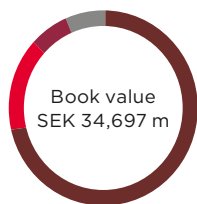
Kungsliden vacated part of the property Aspgården 18 in Umeå in the fourth quarter. No properties were accessed in the quarter.

PROGRESS OF PROPERTY PORTFOLIO

THE PROPERTY PORTFOLIO IN JAN-DEC 2018 SEK million	Investment properties	Development properties	Total
Properties at beginning of period	28,501	2,473	30,974
Completed acquisitions	1,836	0	1,836
Investments	869	431	1,300
Completed divestments	-893	-139	-1,032
Unrealised changes in value	1,487	132	1,619
Properties at end of period	31,800	2,897	34,697

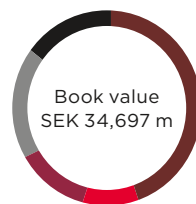
After vacating the properties divested by 31 December 2018, Kungsliden owns properties in the four priority markets of Stockholm, Gothenburg, Malmö and Västerås, and another 17 municipalities.

PROPERTY VALUE BY CATEGORY



- Office 73%
- Industrial/Warehouse 15%
- Retail 6%
- Other 6%

PROPERTY VALUE BY SEGMENT



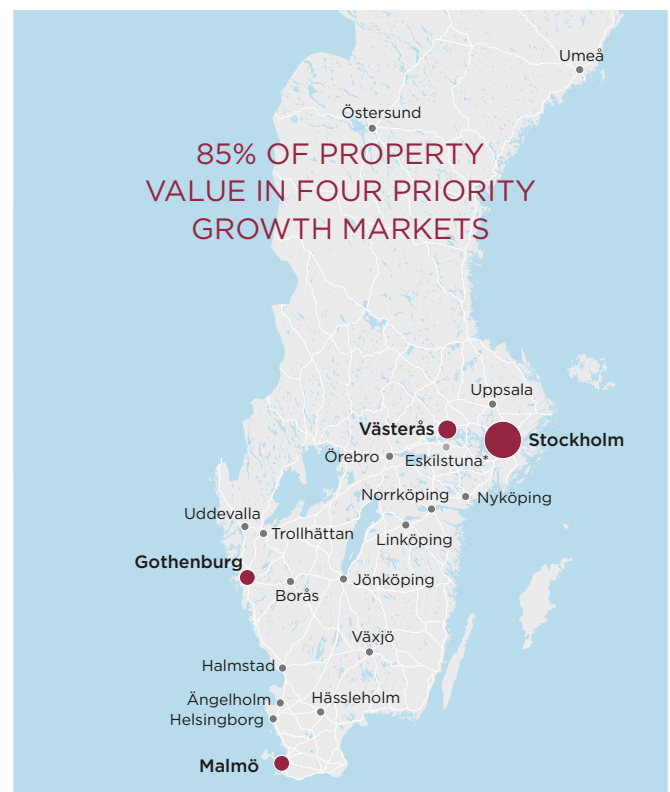
- Stockholm 47%
- Gothenburg 9%
- Malmö 12%
- Västerås 17%
- Regional cities and other 15%

LEASING

Kungsliden signed agreements on rental value of some SEK 274 million (201) in the full year 2018, of which properties in clusters represented SEK 216 million (137), and other properties SEK 59 million (64). These new lease contracts generally have higher rent excluding heating and hot water per sq.m than their predecessors.

103 of the new lease contracts signed in the year are green leases, which involve an agreement between the tenant and property owner on joint action to maintain or improve the environmental performance of premises.

Net leasing for the interim period was SEK 86 million (69), of which clusters represented SEK 80 million (59), and other SEK 6 million (10). SEK 60 million of net leasing is in Stockholm.



* Eskilstuna exited in January 2019.

NET LEASING PER QUARTER



INVESTMENT PROPERTIES

The fourth quarter saw continued positive market conditions with good demand for functional premises in Kungsleden's locations. Combined with the customer focus of our operations, this helped increase the rental value of renegotiated lease contracts by an average of 14 per cent. The operating net rose by SEK 77 million, or 5.9 per cent in like-for-like portfolio terms.

70 PER CENT OF PROPERTY VALUE IN 12 CLUSTERS

70 per cent of the book value of investment properties is located in one of our 12 clusters, an increase of 2 percentage points year on year.

The twelfth cluster – Gothenburg South Central – was created in the first quarter 2018 through the acquisition of two office properties and one car park (Kallebäck 2:7, 2:9 and 2:11) in central Gothenburg. Kallebäck 2:7 and 2:9 were accessed in the first quarter 2018, and Kungsleden accessed Kallebäck 2:11 in the first quarter 2019.

By concentrating properties in clusters, we can improve our customer relationships, make a better contribution to the development of whole locations, and achieve superior management efficiency. Developing and expanding clusters is an important component of Kungsleden's strategy, and creates value for tenants, shareholders and wider society.

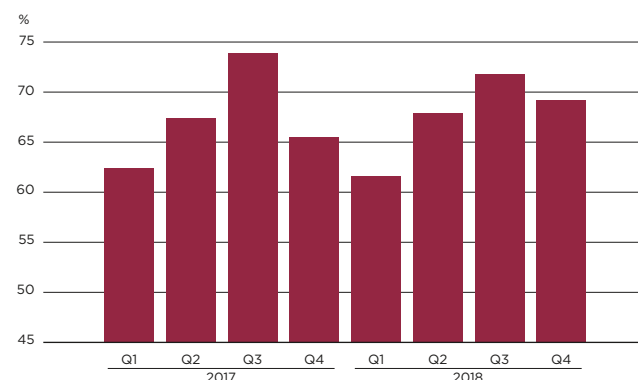
Outside clusters, the majority of the property portfolio is in attractive locations. Notable high-quality properties include Tyfonen 1 (STUDIO) in Malmö, Järnet 6 in Tyresö, south of Stockholm, Julius 1 in Malmö and Isolatorn 3 in Västerås.

SURPLUS RATIO

The surplus ratio of investment properties was 67.7 per cent (67.3) for the year. The increase is mainly due to increased rental revenues in like-for-like portfolio terms.

In like-for-like portfolio terms of investment properties, the surplus ratio was 66.8 per cent, compared to 65.9 per cent in the previous year.

SURPLUS RATIO INVESTMENT PROPERTIES PER QUARTER



KUNGSLEDEN'S 12 CLUSTERS IN 3 PROPERTY MANAGEMENT UNITS

STOCKHOLM PROPERTY MANAGEMENT UNIT

- Kista City, SEK 4.4 bn
- Stockholm City East, SEK 2.7 bn
- Danderyd Office, SEK 2.9 bn
- Stockholm City West, SEK 1.7 bn
- City of Östersund, SEK 1.2 bn
- Västberga, SEK 0.4 bn
- Properties not in clusters, 2.1 bn

BOOK VALUE SEK 15.4 bn

GOTHENBURG/MALMÖ PROPERTY MANAGEMENT UNIT

- Hyllie, SEK 1.3 bn
- Högsbo, SEK 1.2 bn
- Gothenburg South Central, SEK 0.8 bn
- Fosie, SEK 0.7 bn
- Properties not in clusters, SEK 5.4 bn

BOOK VALUE SEK 9.3 bn

MÄLARDALEN PROPERTY MANAGEMENT UNIT

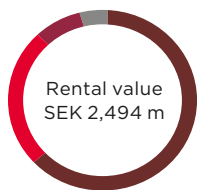
- Västerås City, SEK 3.3 bn
- Finnslätten, SEK 1.7 bn
- Properties not in clusters, SEK 2.1 bn

BOOK VALUE SEK 7.1 bn

RENTAL VALUE

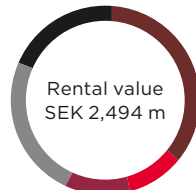
On a rolling 12-month basis, the rental value of investment properties was SEK 2,494 million, with offices comprising some two-thirds. 81 per cent of total rental value is located in the four priority growth markets.

RENTAL VALUE INVESTMENT PROPERTIES JAN-DEC 2018 BY CATEGORY



Office 65%
Industrial/Warehouse 22%
Retail 7%
Other 6%

RENTAL VALUE INVESTMENT PROPERTIES JAN-DEC 2018 PER SEGMENT



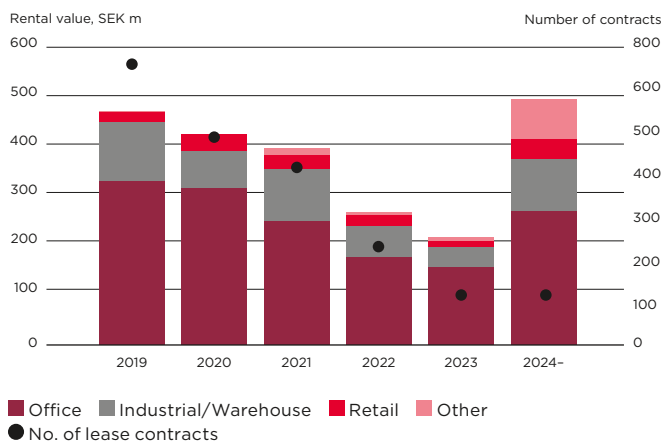
Stockholm 37%
Gothenburg 10%
Malmö 11%
Västerås 23%
Regional cities and other 19%

LEASE CONTRACT MATURITY STRUCTURE

Kungsliden endeavours to achieve a diversified lease contract maturity structure. At present, 10–20 per cent of the contract portfolio matures each year and can be renegotiated. As of 31 December, the average maturity of remaining lease contracts was 3.7 years (3.9).

Kungsliden's contract portfolio also includes a broad spectrum of tenants, sizes of customer and sector, reducing the risk of rental losses and vacancies.

LEASE CONTRACT MATURITY STRUCTURE, INVESTMENT PROPERTIES¹

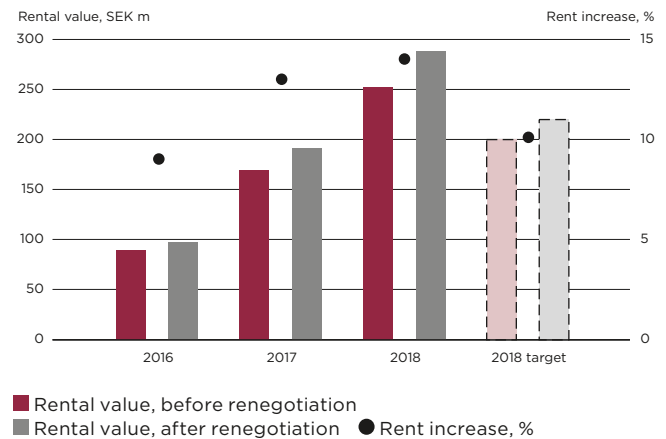


1. Excluding housing, car parking and garages.

RENEGOTIATION - RENTAL VALUE BEFORE AND AFTER

The 140 lease contracts renegotiated in the year generated an average increase in rental values of 14 per cent (13). In total, the rental value of renegotiated contracts increased from SEK 252 million (169) to SEK 288 million (191). Renegotiated lease contracts in Stockholm resulted in an average rent increase of 16 per cent.

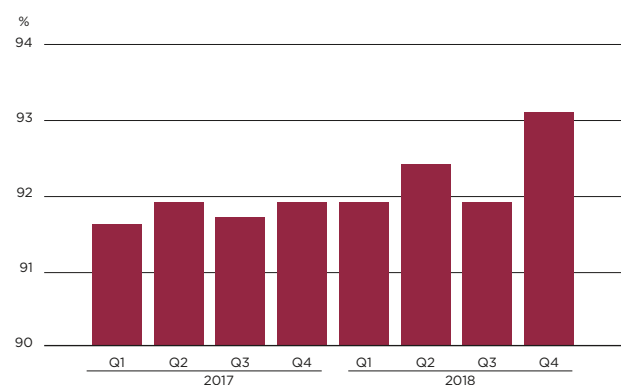
RENEGOTIATION OF RENTAL VALUE JAN-DEC 2018, BEFORE AND AFTER RENEGOTIATION



OCCUPANCY RATE

The economic occupancy rate of investment properties was 93.1 per cent compared to 91.9 per cent at the beginning of the year.

ECONOMIC OCCUPANCY RATE, INVESTMENT PROPERTIES PER QUARTER



INVESTMENTS

At the end of the fourth quarter, Kungsliden had six major investment projects in the implementation phase. The Rotterdam District project in Stockholm entered the implementation phase in the quarter.

PROJECTS AND INVESTMENTS

Investment in new development, conversion and extension of the existing portfolio is an important component of Kungsliden's business model and is providing a progressively increasing contribution to the company's earnings and profitability. It generates increasing cash flow and value growth through reduced vacancies, higher average rents, and in some cases, the addition of leasable area.

Kungsliden has an investment programme of over SEK 3 billion for 2017–2019. A total of SEK 1,300 million was invested in 2018, of which SEK 494 million in the fourth quarter. The aim is for these investments to generate a minimum IRR (internal rate of return) of 9 per cent, or a minimum yield on cost of 6 per cent.

CURRENT INVESTMENTS

As of 31 December, six major investment projects were in the implementation phase. These projects have aggregate investment volume of SEK 1,340 million. After completion, these converted properties are expected to generate annualised rental value of SEK 185 million. Several projects are already fully leased, and Kungsliden judges that the demand for the remaining premises is good.

Blästern 14, Stockholm

The Blästern 14 project on Gävlegatan in central Stockholm involves a total investment of approximately SEK 560 million, and rental value of SEK 65 million. The property is fully leased.

The project is divided into two phases, phase 1 involving conversion into a hotel. This phase is leased to hotel operator Nobis, who plans to move in during the first quarter of 2019.

Phase 2 involves the modernisation of 5,500 sq.m of offices. This phase is also fully leased, through an agreement with Covendum, a premium co-working concept focusing on services, technology and design.

Phase 2 is scheduled for completion in early 2020.

Part of Karlslund 5:2 in Östersund

The ground was broken on the official inauguration of the construction of new custodial premises and a probation centre in Östersund at the end of August. This project involves a total investment of approximately SEK 160 million and includes the construction of new custodial premises with 14 places and total area of over 3,300 sq.m. The new building will be constructed within the property Karlslund 5:2 in central Östersund, and is scheduled for completion in spring 2020.

INVESTMENT PROGRAMME

SEK million	2015	2016	2017	2018	PLAN	
					2019	2020–2023
Development projects	14	141	312	578	600	1,800
Tenant improvements and other value-creating investments	337	341	499	596	600	1,800
Maintenance investments	99	127	114	126	100	400
Total investments	450	609	925	1,300	1,300	4,000

MAJOR CURRENT PROJECTS

Property designation	Category	Municipality	Complete	Leasable area, sq.m	Estimated rental value, SEK million	Occupancy rate, %	Book value, SEK million	Estimated investment, SEK million	Of which completed, SEK million
Blästern 14	Hotel, Office	Stockholm	2019, 2020 ¹	17,000	65	100	973	560	382
Rotterdam 1	Office	Stockholm	2020	21,300	61	65	911	225	11
Karlslund 5:2 ² – part of	Social services property (new development)	Östersund	2019	3,300	13	100	n/a	160	36
Gallerian ³ (4 Properties)	Retail	Eskilstuna	2019	6,000	12	60	207	149	112
B26 Mimer 5 ² – part of	Office	Västerås	2019	4,700	12	52	n/a	130	25
Taktipinnen 1 ²	Office	Norrköping	2020	14,500	22	100	213	116	5
Total				66,800	185		2,304	1,340	571
Other development properties							806		
Other investment properties							31,587		
Total development and investment properties							34,697		

1. Hotel to be completed in Q1 2019. Office phase scheduled for completion in Q1 2020.

2. Classified as an investment property because this is a small section of the property.

3. Property divested and vacated on 7 January 2019.



The property, Karlslund 5:2, already accommodates several public authorities and other organisations such as the police service, public prosecutor's office, emergency services, SOS Alarm, the Swedish Customs, the Church of Sweden and the County Administrative Board. All these bodies are members of Trygghetens Hus, a collaborative co-location project whose mission is to help improve public safety and services.

B26, Västerås City

A preliminary estimate of the investment in B26 (part of the property Mimer 5) in Västerås is SEK 130 million. A lease contract has been signed with Aros Congress Centre, who will manage the co-working concept, and with Almi, Atea and Sigholm Konsult, who are all scheduled to move in during the third quarter 2019. Leasing of other areas is ongoing. This building, which has been vacant for an extended period, is undergoing a major transformation. The co-working concept executed is based on the idea of gathering enterprises and individuals with a shared interest in creativity and business under one roof. A building permit has already been granted for the extension of two office floors and roof terrace. The project covers a total of 4,700 sq.m of leasable area. Production start was in July 2018.

Rotterdam District in Stockholm City east

The Rotterdam District development project (the property Rotterdam 1) in Värtahamnen, Stockholm (Stockholm City East

cluster), transferred to the implementation phase in the fourth quarter. A lease contract on some 3,300 sq.m was signed with trade union Vision in December, which resulted in the occupancy rate reaching 50 per cent. The project has commenced with the conversion of frontages and entrances to create a contemporary and harmonious execution. The entrances onto Hangövägen and existing restaurant are being converted to make the ground floor inviting and open for the public. The estimated investment volume for the whole project is SEK 225 million.

Other projects

Conversion of the Taktpinnen 1 office property in Norrköping is going to plan. The Gallerian development project Eskilstuna was divested in the fourth quarter in tandem with Kungsleden exiting its whole Eskilstuna portfolio in January 2019.

COMPLETED PROJECTS

Four development projects were completed in 2018, transferring to management: the office building Enen 10 in Södertälje, the Jump trampolining centre (part of Laven 6) in Umeå, the Tegnér 15 shopping district in Växjö and The Studio Hotel (Holar 1) in Kista.

POTENTIAL FORTHCOMING INVESTMENTS

Project Eden is the name of Kungsleden's land allocation in Hyllie, Malmö. This project is strategically located by Hyllie Boulevard. Eden will be certified according to LEED and The Well Building Standard, the first international construction standard focusing on human well-being at work. Eden will also be a Symbiotic Building, Kungsleden's proprietary brand concept focusing on health, service, technology and nature.

Leasing of this project, which includes some 8,000 sq.m of office premises, is ongoing, and construction start is scheduled for 2019. Leasing of a total of 9,000 sq.m at Stettin 6, an office property in Värtahamnen (Stockholm City East cluster) is ongoing.

Conceptual and leasing work on a vacant building of some 6,000 sq.m is ongoing in the centrally located Oxelbergen 2:1 district in Norrköping.

In Kista, Kungsleden is conducting a feasibility study for developing and leasing the property Borgarfjord 5 of approximately 10,000 sq.m leasable area, which becomes vacant in the third quarter of 2019.

MAJOR COMPLETED PROJECTS

2018	Category	Municipality	Leasable area, sq.m	Investment, SEK million	Rental value, SEK million
Quarter 1					
Quarter 2					
Enen 10	Office	Södertälje	6,000	155	14
Laven 6 - part of	Retail (new development)	Umeå	3,100	33	4
Tegnér 15	Retail	Växjö	16,500	117	18
Quarter 3					
Quarter 4					
Holar 1	Hotel	Stockholm	6,000	122	13
Total			31,600	427	49

FINANCING

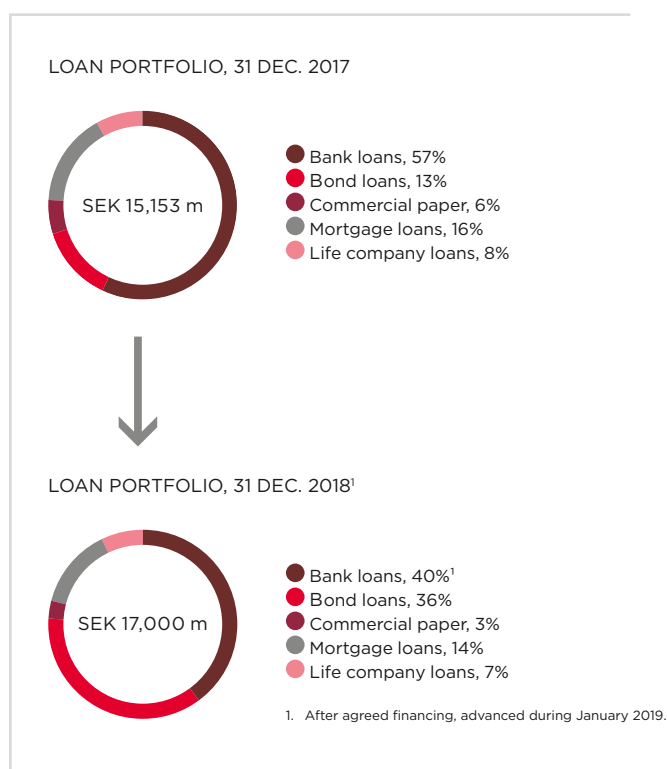
A stronger financial position enabled increased borrowing on the capital markets through the issue of unsecured bonds. This increased the diversification of funding sources. Bank loans were also re-arranged, and debt maturity was extended for a lower average financing cost.

IMPORTANT EVENTS IN THE YEAR

Kungsliden agreed the extension of a SEK 3.2 billion bank loan with short remaining maturity in the fourth quarter. This refinancing contributed to extending the average debt maturity by 0.9 years to 5.6 years (4.7), simultaneous with reducing Kungsliden's financing costs further to 1.8 per cent (2.4). The refinancing increases interest-bearing liabilities by SEK 118 million. SEK 0.9 billion of these new loans are green bank loans, secured against direct collateral in a LEED Gold-certified property. Kungsliden's ambition is that eventually, all green assets will be financed with green loans. The share of green loans is 21 per cent of Kungsliden's total loan portfolio. The new loans were advanced in January 2019.

Moody's confirmed Kungsliden's Ba1 rating with positive outlook in the year. This may rise to Investment Grade, or Baa3, providing that Kungsliden's LTV ratio remains below 50 per cent for the long term, and that the share of real estate assets not pledged as security exceeds 30 per cent of total portfolio book value. At the end of the period, the LTV ratio was 47.3 per cent, and the share of properties not pledged as security was 30 per cent.

Since its rating was granted, Kungsliden has been able to benefit from improved funding terms on the capital markets and the banking system, which contributed to its average interest rate continuing to decrease, while its debt maturity extended. With an Investment Grade rating, the conditions would be further improved for Kungsliden to borrow larger amounts at good interest terms. Kungsliden has been a frequent issuer on the capital markets. At year-end, Kungsliden had SEK 6.1 billion of outstanding bonds, of which SEK 5.6 billion within its SEK 8 billion MTN programme. Green bonds represented SEK 2.7 billion of this total.



MATURITY STRUCTURE, LOANS AND INTEREST RATE DERIVATIVES

As of 31 December 2018 (SEK million)	Bank loans ¹ and other borrowing	Bonds	Unutilised credits	Total credit facilities	Interest rate derivatives	Forward- starting interest rate derivatives	Ave. interest rate derivatives, %
2019	450	982	250	1,682	-	-	
2020	-	-	1,864 ²	1,864	-	-	
2021	492	2,400	-	2,892	-	-	
2022	-	2,500	-	2,500	2,000	-	0.3
2023	1,392	200	-	1,592	-	3,000 ³	0.9
2024	2,521	-	-	2,521	1,450	-	0.6
2025	2,498	-	-	2,498	1,000	-	0.8
2026	630	-	-	630	-	-	
2027	1,594	-	-	1,594	-	-	
2036	1,340	-	-	1,340	-	-	
Total	10,918	6,082	2,114	19,114	4,450	3,000	

1. After agreed financing, advanced during 2019.

2. Of which SEK 450 m is back-up for issued commercial paper.

3. Starts in January 2020.

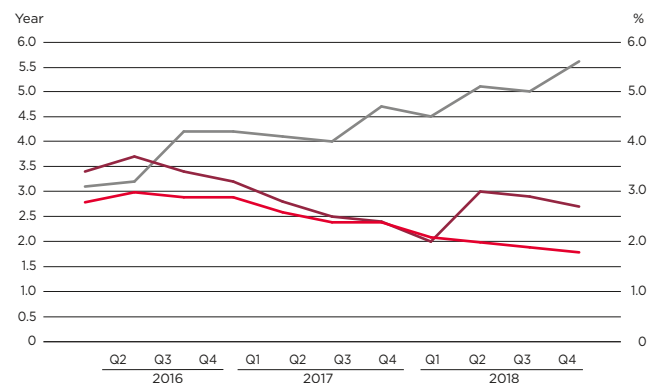


FIXED INTEREST TERM

Kungsliden works actively to adapt the group's interest fixing profile to conform with its business plan, and within the auspices of the group's Finance Policy. During the year, Kungsliden adapted the majority of its swap portfolio to current market interest rates by closing out swaps on three occasions with a total nominal value of SEK 9,220 million for a redemption amount of SEK 214 million. Simultaneously, new interest fixings were arranged at current market interest rates, which contributed to extending the average fixed interest term on borrowings to 2.7 years (2.4), with the average interest rate decreasing. The realisation of undervalues in closed out swaps means that full deductibility of redemption amounts is achievable as early as 2018, and accordingly, before the regulations limiting interest rate deductibility come into effect. At year-end, the nominal amount of the swap portfolio was SEK 7,450 million, of which SEK 3,000 million was forward-starting swaps, starting in January 2020. Kungsliden has also arranged borrowing on a fixed interest base totalling SEK 2,230 million, which means that 57 per cent of interest-bearing liabilities have longer fixed interest terms than 12 months. The interest coverage ratio, i.e. profit from property management excluding financial expenses, was 4.1 times the financial expenses for the period. The company continuously evaluates the interest rate sensitivity of it borrowing by applying stress tests, which indicate that the company has good resistance to higher underlying interest rates. Even given a high interest rate scenario where the

interest rate on all maturities momentarily increased by 100 basis points above the interest rate priced into the market, the interest coverage ratio for the next 12 months would exceed three times financial expenses by some margin. Pursuant to its finance policy, Kungsliden's interest coverage ratio should be a minimum multiple of 2.5.

FIXED INTEREST TERM, DEBT MATURITY AND AVERAGE INTEREST¹



1. After agreed financing during January 2019.

KEY FIGURES

	12 months		Quarter	
	2018 Jan-Dec	2017 Jan-Dec	2018 Oct-Dec	2017 Oct-Dec
Property related				
Property yield, %	4.8	5.1	4.8	4.8
Economic occupancy rate, %	91.5	90.5	-	-
Surplus ratio, %	66.7	66.3	68.2	64.7
<i>Actuals, investment properties</i>				
Property yield, investment properties, %	5.1	5.3	5.0	5.0
Economic occupancy rate, investment properties, %	93.1	91.9	-	-
Surplus ratio, investment properties, %	67.7	67.3	69.2	65.5
Rental revenue, investment properties, SEK/sq.m	1,342	1,153	-	-
Property cost, investment properties, SEK/sq.m	381	331	-	-
Financial				
Return on total capital, %	4.4	4.6	4.2	4.4
Return on equity, %	13.7	15.1	10.1	14.1
Interest coverage ratio, multiple	4.1	3.3	4.5	3.6
Equity ratio, %	44.5	45.0	-	-
Debt/equity ratio, multiple	1.1	1.1	-	-
LTV ratio, %	47.3	47.9	-	-
Data per share				
Dividend paid, SEK	2.20	2.00	-	-
Total return on share, %	9.4	8.8	-	-
Dividend yield on share, %	3.8	3.7	-	-
Profit from property management, SEK ¹	5.15	4.66	1.39	1.11
Net profit, SEK ¹	9.41	9.03	1.80	2.21
Cash flow before changes in working capital, SEK ¹	5.18	4.67	1.37	1.09
EPRA EPS (profit from property management after tax), SEK ¹	4.84	4.45	1.41	1.14
EPRA NAV (long-term net asset value), SEK	81.01	71.87	-	-
EPRA NNNAV (current net asset value), SEK	79.66	70.65	-	-
Equity, SEK	72.19	64.98	-	-
Outstanding no. of shares at end of period	218,403,302	218,403,302	218,403,302	218,403,302
Average number of shares ¹	218,403,302	211,171,694	218,403,302	218,403,302

1. Restated by an adjustment factor of 2.55 per cent for the bonus issue element of the new share issue executed in the first quarter of 2017.

KEY FIGURES PER SEGMENT	Stockholm	Gothenburg	Malmö	Västerås	Regional cities and other	Development properties	Total
No. of properties	50	41	41	18	58	14	222
Leasable area, 000 sq.m	493	255	226	505	426	151	2,055
Rental value, SEK million	919	249	273	574	479	128	2,622
Rental revenue, SEK million	830	235	257	539	434	81	2,377
Operating net, SEK million	580	159	180	339	295	32	1,586
Book value, SEK million	14,153	3,225	4,048	5,821	4,554	2,897	34,697
Economic occupancy rate, %	92.2	96.4	95.3	94.3	88.8	63.8	91.5
Surplus ratio, %	69.9	67.6	70.0	63.0	67.9	39.1	66.7
Property yield, %	4.3	5.5	5.1	6.1	6.1	1.2	4.8
New leasing, SEK million	85	18	16	58	21	75	274
Net leasing, SEK million	25	8	3	0	3	45	86
Investments, SEK million	371	135	33	120	210	431	1,300
Unrealised changes in value - properties, SEK million	702	117	107	449	111	132	1,619

QUARTERLY SUMMARY

INCOME STATEMENT IN SUMMARY

SEK million	2018				2017			
	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1
Revenue	607	594	597	588	567	574	591	591
Operating net	412	424	396	354	367	418	391	362
Selling and administration costs	-21	-19	-27	-27	-31	-36	-29	-24
Net financial items	-87	-89	-93	-98	-93	-107	-111	-122
Profit from property management	303	316	276	229	243	276	250	216
Profit (loss) from divestment	-19	-1	0	4	7	-12	-1	0
Unrealised changes in value, properties	331	302	404	581	367	386	288	377
Unrealised changes in value, financial instruments	-55	48	-67	1	5	15	28	37
Profit before tax	560	666	612	815	622	664	565	630
Tax	-167	-169	-84	-178	-129	-183	-125	-138
Net profit	393	497	528	637	493	481	440	492

FINANCIAL POSITION IN SUMMARY

SEK million	2018				2017			
	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1
ASSETS								
Intangible assets	11	9	9	8	9	10	11	11
Properties	34,697	34,012	33,692	32,620	30,974	30,227	30,592	29,835
Equipment	5	6	6	7	7	8	8	9
Other long-term receivables	4	12	12	12	12	12	12	12
Total non-current assets	34,718	34,040	33,719	32,647	31,002	30,257	30,623	29,867
Current receivables	201	205	49	259	231	247	286	301
Derivatives	4	24	-	-	-	-	-	-
Cash and bank balances	471	554	643	1,498	313	241	452	1,975
Total current assets	677	784	692	1,757	544	488	738	2,275
TOTAL ASSETS	35,394	34,823	34,411	34,405	31,546	30,745	31,360	32,142
EQUITY AND LIABILITIES								
Equity	15,767	15,375	14,877	14,829	14,192	13,699	13,218	13,214
Interest-bearing liabilities								
Liabilities to credit institutions	9,204	9,226	9,249	8,999	11,078	12,431	13,198	13,224
Bond loans (not guaranteed)	5,100	5,100	5,800	5,600	1,950	600	600	975
Other borrowing	2,578	2,578	1,946	2,546	2,126	2,026	2,025	2,275
Total interest-bearing liabilities	16,882	16,904	16,995	17,144	15,153	15,057	15,823	16,474
Non interest-bearing liabilities								
Provisions	5	12	12	12	12	12	12	12
Deferred tax liability	1,892	1,721	1,551	1,511	1,333	1,180	1,079	955
Derivatives	34	-	147	141	171	185	367	615
Other non interest-bearing liabilities	814	810	828	766	684	612	861	872
Total non interest-bearing liabilities	2,745	2,543	2,539	2,431	2,199	1,989	2,319	2,454
TOTAL EQUITY AND LIABILITIES	35,394	34,823	34,411	34,405	31,546	30,745	31,360	32,142

PARENT COMPANY INCOME STATEMENT – SUMMARY

SEK million	12 months		Quarter	
	2018 Jan-Dec	2017 Jan-Dec	2018 Oct-Dec	2017 Oct-Dec
Intra-group revenue	0	3	0	3
Administration costs	-34	-37	-4	-11
Operating profit (loss)	-34	-34	-4	-8
Profit from financial items	463	594	421	-25
Profit before tax	429	560	417	-33
Tax	-43	-214	-33	-219
Net profit	386	346	384	-252

PARENT COMPANY BALANCE SHEET – SUMMARY

SEK million	31 Dec, 2018	31 Dec, 2017
ASSETS		
Participations in group companies	3,018	3,998
Receivables from group companies	18,802	14,433
Other receivables	210	248
Cash and cash equivalents	470	291
TOTAL ASSETS	22,500	18,970
Equity and liabilities		
Equity	8,234	8,328
Non-current liabilities	5,137	2,123
Liabilities to group companies	7,534	7,520
Other liabilities	1,595	999
TOTAL EQUITY AND LIABILITIES	22,500	18,970

COMMENTS ON THE INCOME STATEMENT AND BALANCE SHEET

The parent company's operating profit (loss) for the financial year was SEK -34 million (-34), and net financial items were SEK 463 million (594). As of 31 December 2018, cash and cash equivalents were SEK 470 million, compared to SEK 291 million at the previous year-end.

The parent company's equity was SEK 8,234 million as of 31 December 2018, against SEK 8,328 million at the beginning of the year.

OTHER INFORMATION AND ACCOUNTING POLICIES

ORGANISATION AND EMPLOYEES

The average number of employees was 109 (109) in the year.

RISKS AND UNCERTAINTIES

Kungsleden's operations, results of operations and financial position are affected by a number of risk factors. These relate mainly to properties, tax and financing. No material changes to risks and uncertainty factors occurred in 2018. More information on Kungsleden's risks and risk management is on pages 60–61 and 83 of the Annual Report for 2017.

VALUATION OF PROPERTY PORTFOLIO

Kungsleden internally appraises and values all its property holdings quarterly, with classification at level 3 according to IFRS 13. The valuations are based on an analysis of cash flows involving an assessment of future earnings capacity and the market's required yield for each property. The internal valuations serve as the basis of reported book values. To quality-assure and verify internal valuations, external valuations are also conducted on parts of the portfolio each year. All properties in the portfolio were valued externally in 2018.

VALUATION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities such as accounts receivable, loan receivables, liabilities to credit institutions and other liabilities are recognised at amortised cost less deductions for potential impairment. For derivatives, where Kungsleden holds a number of interest rate swaps, market valuations are conducted each quarter with classification at level 2 pursuant to IFRS 13. No significant difference is deemed to exist between booked and fair values.

NEW AND AMENDED STANDARDS AND INTERPRETATIONS, NOT YET IN FORCE

As of 1 January 2019, IFRS 16 Leasing replaces IAS 17 Leases with associated interpretation statements. The new standard requires that lessees report assets and liabilities related to all leases, with the exception of agreements less than twelve months and/or of lesser value. For lessors, the new standard means almost no change from current standards. Kungsleden will be applying IFRS 16 Leases effective 1 January 2019, and accordingly, will not be applying this standard retroactively. Recognised right-of-use assets will be assigned the same value as the recognised lease liability as of 1 January 2019. Kungsleden's opinion is that the transition to IFRS 16 will not have any material effect on the group's results of operations and financial position, or its Cash Flow Statement. In its capacity as lessee, Kungsleden has conducted a detailed review and analysis of the group's lease arrangements, with site-leasehold rights identified as the most material single leases. Apart from site-leaseholds, Kungsleden has only identified a few lease arrangements, such as vehicles, office equipment, etc. The lease liability for site-leaseholds is SEK 760 million as of 1 January 2019, with the corresponding right-of-use asset recognised. Subsequently, Kungsleden will recognise the right-of-use asset at fair value because it is treated as an investment property. Due to the adoption of IFRS 16, the whole expense for site-leasehold fees will be recognised as a financial expense, which differs from the current policy, where these fees are recognised as operating expenses and charged to profit margin. However, profit from property management will remain unchanged.

ALTERED TAX LEGISLATION

In June, Sweden's Parliament approved a bill to reform corporation tax. In brief, this decision means a maximum deduction for negative net interest income can be claimed at an amount of 30 per cent of a company's taxable EBITDA. Computations of interest deduction should consider potential deductions against loss carry-forwards. Additionally, corporation tax will be reduced in two stages from the current 22.0 per cent to 21.4 per cent in 2019 and 20.6 per cent in 2021. The new rules apply from 1 January 2019. For Kungsleden, the provision for deferred tax is positively impacted by SEK 128 million due to the reduction of corporation tax. Of the total effect, SEK 8 million was recognised in the fourth quarter 2018. Kungsleden expects the effect of interest deduction limitation rules to be marginal, with a low share of interest costs not being deductible, simultaneous with a lower tax rate reducing the tax cost. Given rising interest rate levels, the effects of these new rules may mean that interest deductions cannot be utilised to the same extent, which may result in the tax cost increasing somewhat.

ALTERNATIVE PERFORMANCE MEASURES

Kungsleden applies European Securities and Markets Authority (ESMA) guidelines on alternative performance measures. According to these guidelines, an alternative performance measure is a financial metric of historical or future earnings performance, financial position, financial results or cash flows, which is not defined or stated in applicable rules for financial reporting (IFRS and the Swedish Annual Accounts Act). Kungsleden reports EPRA EPS, EPRA NAV and EPRA NNNAV in accordance with European Public Real Estate Association (EPRA) definitions.

INFORMATION BASED ON FORECASTS

Some of the items in this Year-end Report are forecasts and actual outcomes may differ significantly. In addition to the factors that have been expressly commented on, other factors may also have a material impact on actual outcomes, such as economic growth, interest rates, financing terms, yield requirements on property assets and political decisions.

REVISED SEGMENT INFORMATION

Effective 1 January 2018, Kungsleden is reporting the following six segments: Stockholm, Gothenburg, Malmö, Västerås, Regional Cities & Other, and Development Properties.

EVENTS AFTER THE END OF THE PERIOD

No significant events have occurred since the end of the year.

ACCOUNTING POLICIES

The group's Year-end Report has been prepared in accordance with IAS 34 Interim Financial Reporting, and for the parent company in accordance with Chapter 9 of the Swedish Annual Accounts Act. Relevant provisions of the Swedish Annual Accounts Act and the Swedish Securities Markets Act have been applied. IFRS 15 Revenues from Contracts with Customers came into effect on 1 January 2018. Most of Kungsliden's revenues are regulated by IAS 17 Leases and the introduction of IFRS 15 does not have any effect on Kungsliden's Income Statement or Balance Sheet.

IFRS 9 Financial Instruments came into effect at year-end, thus replacing IAS 39. This standard introduces new principles for classifying financial assets, for hedge accounting and for credit reserves. The single biggest item affecting Kungsliden is interest-bearing liabilities, which are still recognised at amor-

tised cost. IFRS 9 does not have any effect on Kungsliden's Income Statement and Balance Sheet, mainly because Kungsliden does not apply hedge accounting.

The same accounting policies and calculation methods have been applied for the Group and parent company as in the most recent annual accounts. Apart from the financial statements and their associated notes, disclosures pursuant to IAS 34.16A have been made in other sections of this Year-end Report. Preparation of this Year-end Report requires management to make judgements and estimates, and to make assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, revenue and expenses. Actual outcomes may differ from these estimates and judgements. The critical estimates made and sources of uncertainty in estimates are the same as in the most recent annual accounts.

STOCKHOLM, SWEDEN, 14 FEBRUARY 2019

Charlotte Axelsson
Chair of the Board

Ingalill Berglund
Board member

Jonas Bjuggren
Board member

Liselotte Hjorth
Board member

Ulf Nilsson
Board member

Charlotta Wikström
Board member

Biljana Pehrsson
Chief Executive Officer

This information is mandatory for Kungsliden AB to publish pursuant to the Swedish Securities Markets Act. This information was submitted for publication at 7:00 a.m. CET on 14 February 2019 by the following contacts.

Biljana Pehrsson, CEO of Kungsliden, tel: +46 (0)8 503 05204
Magnus Jacobson, CFO of Kungsliden, tel: +46 (0)8 503 05262

This Report has not been subject to review by the company's auditors.

This document is a translation of a Swedish language original Report. In case of any discrepancy between the two versions, the original shall take precedence.

KUNGSLEDEN'S SHARE

Kungsliden's share is on Nasdaq Stockholm's Large Cap list.
Market capitalisation was SEK 13.7 billion at the end of the fourth quarter.

The price paid for the Kungsliden share at the beginning of the year was SEK 59.30, and SEK 62.90 at the end of the period. The lowest closing price in the year was on 6 February at SEK 51.50. The highest closing price was on 10 August at SEK 71.75.

SHARE CAPITAL AND TURNOVER

Kungsliden has one share class, ordinary shares, and each share carries one vote. The number of ordinary shares is 218,403,302. The share capital is SEK 91,001,376. 226.6 million (251.8) Kungsliden shares were traded in the year, with a total value of SEK 14.1 billion (13.6). Nasdaq Stockholm represented 51.8 per cent of all retail trading in the Kungsliden share.

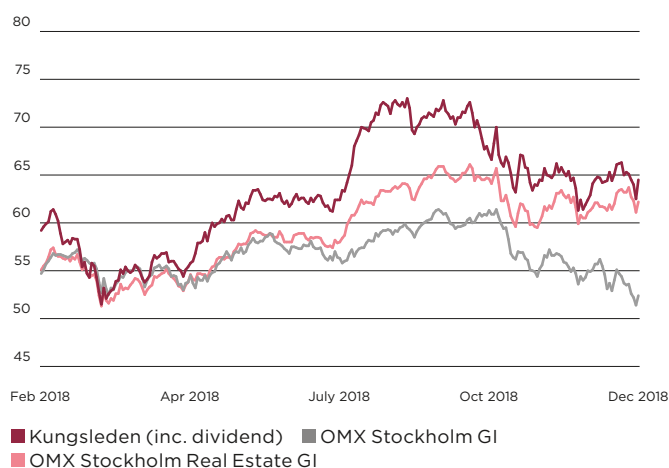
Source of price and turnover data: SIX Trust and Fidessa respectively.

KEY FIGURES PER SHARE

Data per share	2018 Jan-Dec	2017 Jan-Dec
Dividend paid, SEK	2.20	2.00
Total return on share, %	9.4	8.8
Dividend yield on share, %	3.8	3.7
Profit from property management, SEK ¹	5.15	4.66
Net profit, SEK ¹	9.41	9.03
EPRA EPS (profit from property management after tax), SEK ¹	4.84	4.45
	31 Dec 2018	31 Dec 2017
EPRA NAV (long-term net asset value), SEK	81.01	71.87
EPRA NNNNAV (current net asset value), SEK	79.66	70.65
Equity, SEK	72.19	64.98
Share price	62.90	59.50

1. Restated by an adjustment factor of 2.55 per cent for the bonus issue element of the new share issue executed in the first quarter of 2017.

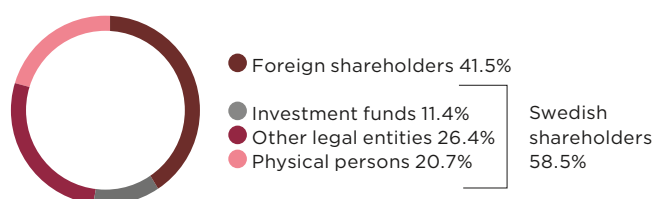
TOTAL RETURN ON SHARE JANUARY-DECEMBER 2018, SEK



SHARE DIVIDEND

The company's dividend policy stipulates that the dividend should progress consistently with profit from property management. In 2018, profit from property management increased by 14 per cent. This means that the Board of Directors is proposing to increase the dividend to SEK 2.40 per share for 2018, compared to SEK 2.20 per share distributed for the previous year.

OWNERSHIP STRUCTURE AS OF 31 DECEMBER 2018



SHAREHOLDERS AS OF 31 DECEMBER 2018

Name	No. of shares	Share of capital, %
Gösta Welandson and companies	3,637,781	14.5
Olle Florén and companies	6,750,797	3.1
Vanguard	6,262,454	2.9
BlackRock	5,600,902	2.6
Stichting Pensioenfonds ABP	5,564,085	2.5
Handelsbanken Fonder	5,500,000	2.5
Norges Bank	5,255,695	2.4
Second Swedish National Pension (AP) Fund	4,563,966	2.1
TR Property Investment Trust	4,530,553	2.1
Catella Fonder	3,253,392	1.5
10 largest shareholders	78,919,625	36.1
Foreign shareholders, other	63,419,286	29.0
Swedish shareholders, other	76,064,391	34.8
Total	218,403,302	100.0

Source: Modular Finance

DEFINITIONS

PROPERTY RELATED KEY FIGURES

Property yield

The measurement is used to highlight the yield for the operating net in relation to the value of properties.

Outcome

Operating net in relation to average book value of properties. At interim reporting, returns are converted to a full-year basis. The average book value of properties is calculated as the sum of the opening and closing balances divided by two.

Outcome per property management unit, urban concentration, category, cluster and investment- and development properties.

The value for the interim period is calculated as an average property yield for the quarters included.

Earnings capacity

Operating net in relation to the book value of properties at year-end.

Operating and maintenance cost, SEK per sq.m

Operating and maintenance cost in relation to average leasable area.

Operating net

Total revenues less property costs.

Economic vacancy rate

Estimated market rent for vacant areas in relation to rental value.

Economic occupancy rate

This metric is intended to facilitate assessment of possible rental revenue in relation to the total value of possible vacant area. Rental revenue is calculated in relation to rental value.

Property costs, SEK per sq.m

Property costs in relation to average leasable area.

Profit from property management

Profit from property management is a specific performance metric used in the property sector to facilitate comparability in the industry. Calculated as the sum of operating net, selling and administration costs and net financial items.

Average remaining contract length maturity

Remaining contract value divided by annual rent.

Rental revenue

Charged rents, rent surcharges and rental guarantees less rent discounts.

Rental value

Rental revenue plus estimated market rent for vacant units.

Contracted annual rent

Rent (exclusive of heating) plus a fixed additional supplement.

Average rent, SEK per sq.m

Rental revenues in relation to average leasable area.

Leasable area

Leased area and leasable vacant area.

Surplus ratio

Operating net in relation to rental revenues.

Other revenue

Revenues which have no direct link to lease agreements.

FINANCIAL KEY FIGURES

Return on equity

Net profit for the period after tax in relation to average equity. At interim reporting, returns are converted to a full-year basis. Average equity is calculated as the sum of the opening and closing balances divided by two.

Return on total assets

Operating net, profit from property divestment, selling and administration costs in relation to average assets. At interim reporting, returns are converted to a full-year basis. Average assets are calculated as the sum of the opening and closing balances divided by two.

LTV (loan-to-value) ratio

Interest-bearing liabilities less cash and bank balances, and in relation to the book value of properties.

Interest coverage ratio

Profit from property management excluding financial expenses, in relation to financial expenses.

Debt/equity ratio

Interest-bearing liabilities in relation to equity.

Equity ratio

Equity including minority interests in relation to total assets.

SHARE-RELATED KEY FIGURES

Dividend yield on shares

Adopted/proposed dividend/redemption in relation to the share price at year-end.

Total return on shares

The sum of the share price change during the period and during the dividend paid/redemption period in relation to the share price at the beginning of the period.

Adopted/proposed dividend per share

The Board of Directors' proposed dividend or dividend per share approved by the AGM.

Equity per share

Equity in relation to the number of shares at year-end.

EPRA EPS (profit from property management after tax) per share

Profit from property management less taxable profit in relation to the average number of shares in the period.

EPRA NAV (long-term net asset value) per share

Reported equity including recognised liability/asset for interest rate derivatives and deferred tax in relation to the number of shares at year-end.

EPRA NNAV (current net asset value) per share

Reported equity adjusted for the estimated fair value of deferred tax (3.7 per cent), instead of reported value, in relation to the number of shares at the end of the period.

Profit from property management, per share

Profit from property management for the period in relation to the average number of shares in the period.

Cash flow before changes in working capital per share

Cash flow before changes in working capital in relation to the average number of shares.

Net profit for the period, per share

Net profit for the period in relation to the average number of shares in the period.

GLOSSARY

Property costs

The costs for electricity, heating, water, property management, cleaning, property administration, insurance and maintenance less invoiced supplement for operations and maintenance.

Investment properties

The total property holding excluding development properties.

Category

The properties' primary usage by area. The type of area that accounts for the largest share of total area determines how properties are classified. Accordingly, a property with 51 per cent office space is classified as an office property. The categories are Office, Industrial/Warehouse, Retail and Other.

Clusters

Kungsliden defines clusters as a gathered property holding in a location with good accessibility, in a market with good growth and development potential. The optimal cluster has a favourable mix of offices, retail and residential, and an attractive service offering.

Contract value

Rent according to the lease agreements plus indexation and rent surcharges expressed as an annual value.

Development properties

Properties with areas of vacant possession that are planned to be vacated, short-term leased or demolished to enable development. Individual properties are classified as development properties on a quarterly basis, which may affect comparisons between periods. If a property changes classification between development and investment property, the comparative period is not affected.

Segments

Stockholm means Greater Stockholm, Gothenburg means Greater Gothenburg and Malmö means Greater Malmö.

Average interest rate

The average interest rate is calculated by setting the interest costs from loans and interest rate swaps, the initial direct costs and the costs associated with unutilised credit lines in relation to the outstanding loan volume on the reporting date.

Unrealised changes in value

Result of change in estimated market value of properties compared with the previous reporting period.

Maintenance

Measures to maintain the property and its technical systems. Current and planned actions involving exchanges or renovation of building parts or technical systems. Also includes tenant improvements.

ESMA guidelines

See additional information on page 23.

KUNGSLEDEN ENRICHES PEOPLE'S WORKING DAY

Kungsleden is a long-term property owner that 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 markets. A large share of our properties are situated in attractively located clusters where we participate actively in the development of the whole area.

Kungsleden's objective is to deliver an attractive total return on our properties, and to shareholders.

Kungsleden is listed on Nasdaq Stockholm Large Cap.

VISION

We create attractive and sustainable places that enrich people's working day.

BUSINESS- PROPOSITION

We shall own long-term, actively manage, refine and develop commercial properties in growth regions in Sweden and deliver attractive total returns.

OUR MISSION

We shall own properties in a selected location – a cluster – which gives us the ability to adapt and sharpen our offer based on the needs of tenants and to actively participate in the development of the whole area.

CLIENT PROPOSITION

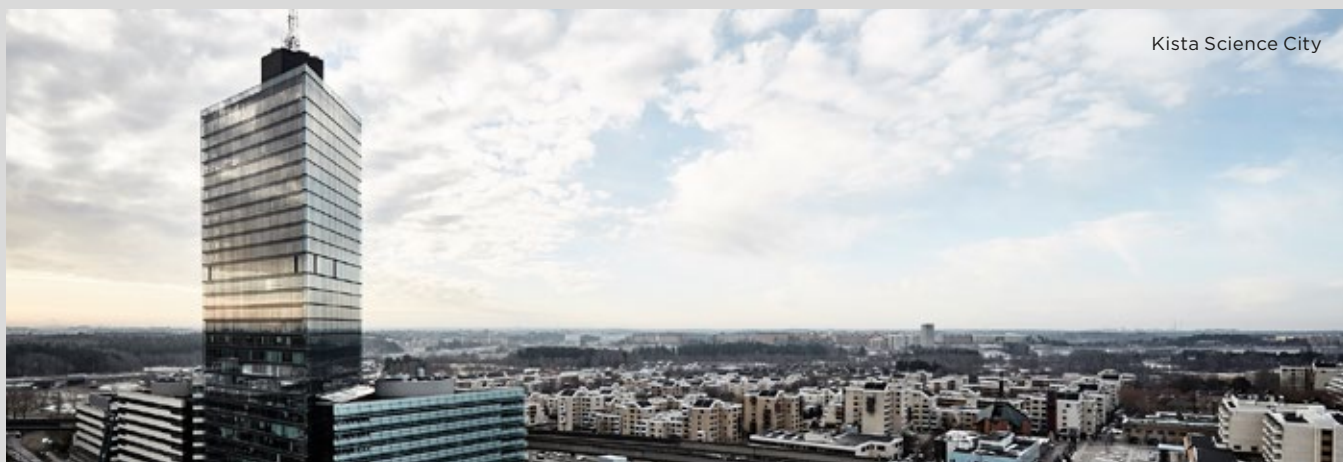
We shall provide attractive and functional premises in the right locations and at the right price. We shall always deliver that something extra.

CORE VALUES

- Professionalism
- Consideration
- Joy

CLIENT PLEDGE

- You should always feel welcome
- We make a contribution to your business
- We simplify and facilitate for our clients



Kista Science City

KUNGSLEDEN 2023

One of Sweden's largest real estate companies with a high-quality property portfolio worth approximately SEK 40 billion.

Clients: Providing attractive and functional premises in the right locations at right price, always delivering something extra and offering the best rental value.

Employees: An effective organisation with motivated professionals generates good results and is fundamental to us becoming the most successful property company.

Value-creating management and property development: Working proactively to create value through client-driven and profitable investments in our properties, which generate higher rental revenue and optimise operating costs to maximise operating net and increase property values.

Sustainability: Focusing on the environment, corporate social responsibility, business ethics, diversity, and health and safety.

Innovation and digitalisation: New business development within the company, as well as properties and clusters, is achieved through creative solutions. The digital perspective is an integrated component of our client dialogue and corporate culture.

The share: An attractive investment with good long-term total returns for our shareholders.

Local presence is important to Kungsleden. This allows us to make property management more efficient and meet customer needs in the best possible way. Accordingly, we have eight offices nation – **DANDERYD, GOTHENBURG, KISTA, MALMÖ, NORRKÖPING, STOCKHOLM** (head office), **VÄSTERÅS** and **ÖSTERSUND**.

kungsleden.se/en

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Calendar 2019

Interim Report Jan-Mar 2019 26 April	AGM 26 April	Interim Report Jan-Jun 2019 10 July	Interim Report Jan-Sep 2019 23 October
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The Annual Report for 2018 will be published on the company's website on **19 March 2019**. The Annual General Meeting 2019 will be held on **26 April 2019** at the company's premises.

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