

PRESS RELEASE

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Year-End Report 2018 – Strongest earnings in ten years

- 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.
- 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, a 9 per cent increase. The dividend is paid quarterly.

” 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.” - Biljana Pehrsson.

” 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., concludes Biljana Pehrsson.

Key figures	2018 Jan–Dec	2017 Jan–
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 NNAV (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.

Attached: Year-End Report 2018

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Presentation of Year-End Report

Kungsleden presents the Year-End Report for investors, asset managers, financial analysts and the press today at 08:45 (CET)

Presentation of the Year-End-Report will be held in English via telephone conference:

<http://www.financialhearings.com/event/11470>

Telephone numbers for the conference call:

- SE: +46 8 566 426 98
- UK: +44 203 008 98 02
- US: +18 557 532 235

For those who cannot participate on site the presentation can be viewed live on Kungsleden's website: <https://www.kungsleden.se/investerare/rapporter-och-presentationer/>

The report is also available on <https://www.kungsleden.se/investerare/rapporter-och-presentationer/>

Calendar 2019	
19 March	Annual report 2018
26 April	Interim report, Q1 2019
26 April	AGM 2019 in Stockholm
10 July	Interim report, Q2 2019
24 October	Interim report, Q3 2019

Kungsleden is a long term property-owner that provides attractive, functional premises that enrich people's working days. We create value by owning, managing and developing offices and other commercial properties in Stockholm and Sweden's other growth regions. A large portion of our properties belong to attractively located clusters where we also engage in the development of the whole area. Kungsleden's goal is to deliver an attractive total return on our properties and for our shareholders. Kungsleden is listed on NASDAQ Nordic Large Cap.