



kungsleden

2020 Annual and Sustainability Report



We inspire people every day

People spend a major part of their lives in our buildings. At Kungsleden, we start from them. We create sustainable places that engage, inspire and bring out the best in the people who work in and visit our buildings. By ensuring that people thrive and have a high sense of well-being, we help our customers' businesses to achieve better results and to grow their companies.

At Kungsleden, people work with other people. This is how we make a difference every day and create world-class hospitality.

kungsleden

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Formal Annual Accounts
The statutory Annual Report according to the Annual Accounts Act appears in the pages 78-120. Information about the the statutory Sustainability Report appears on page 136. The Administration report comprise of the pages 64-92. This document is a translation of a Swedish language original. In case of any discrepancy between the two versions, the original shall take precedence.

Property value
40.7
BSEK

Profit from property management
1,257
MSEK

LTV ratio
45.0
%

Total returns (according to MSCI)
7.0
%

Return on equity
9.1
%

Customer Satisfaction Index
73
73/100

Employee Satisfaction Index
8.0
8/10

Environmentally certified properties
42
%

This is Kungsliden

Kungsliden is people who create places and experiences for people. We deliver attractive and sustainable services in places that offer people a more inspiring working life. This creates value for our customers who achieve better results.

Kungsliden is a long-term property owner focused on commercial properties in Sweden's growth regions. We own 211 properties with total value of MSEK 40,718. The company is listed on the Nasdaq Stockholm Large Cap.

OUR VISION

We create attractive and sustainable places that inspire people.

OUR BUSINESS PROPOSITION

To actively manage, improve and develop commercial properties on a long-term basis in Sweden's growth regions and deliver attractive total returns.

OUR CUSTOMERS

A broad spectrum of businesses and industries are represented among our customers, from sole proprietorships to large international groups and public administrations. No matter their size or operations, we always endeavour to create an attractive and sustainable cohesive approach that strengthens the customer. This is reflected in the excellent results from our customer satisfaction indexes (CSI for 2020: 73).

We create attractive and sustainable places that inspire people.

OUR VALUES

Professionalism, caring and joy.

OUR CUSTOMER PROMISE

- We focus on you. Always. In everything.
- We make you feel welcome
- We contribute to your business.
- We partner with you and act quickly to make your day at work easier.

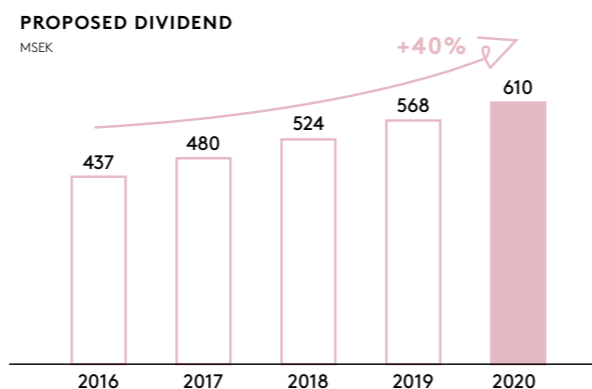
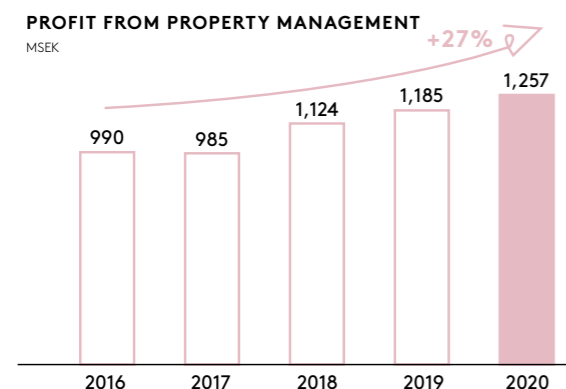
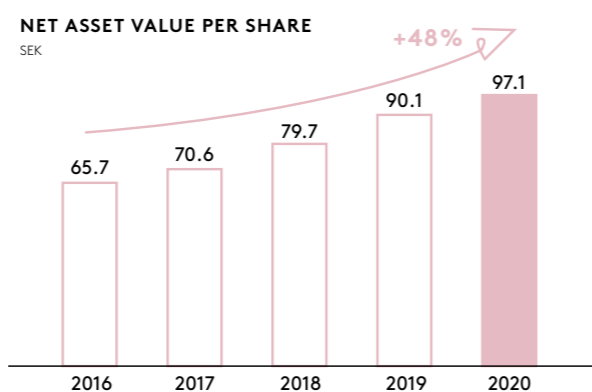
OUR CUSTOMER PROPOSITION

An experience that's out of the ordinary. We deliver a complete solution: the right premises for your business and your people, in the right location, with the right services nearby.

2020 in brief

Kungsliden continued to deliver solid results with increased profit from property management, high new leasing and increased rental revenue. This was achieved despite the pandemic impacting the entire world during the year. Going forward, we have set one of the most ambitious emissions reduction target in the industry – to be climate positive across its value chain by 2035.

- Revenue for 2020 increased to MSEK 2,530 (2,423)
- Profit from property management increased by 6 per cent to MSEK 1,257 (1,185). The increase was due to higher rental revenue and operating net of 6 per cent and reduced selling and administration costs.
- Net leasing for the full-year was MSEK 22 (58).
- Unrealised changes in value on properties amounted to MSEK 948 (1,762), up 2.5 per cent. The increase in value was due to the reduction in required yield and higher rental revenue.
- At the end of the period, property value was MSEK 40,718 (38,310 million at the beginning of the year).
- Net profit after tax was MSEK 1,636 (2,245), or SEK 7.50 per share (10.28).
- Current net asset value increased to SEK 97.13 per share (90.10).
- The Board of Directors proposes an increase in the dividend to SEK 2.80 per share (2.60), which corresponds to an increase of 8 per cent. The dividend is paid quarterly.



SIGNIFICANT EVENTS DURING THE YEAR

Q1

The Blästern project Hagastaden, Stockholm, was completed and Convendum gained full access its premises at the end of February.

B26 in Västerås, a new creative co-working arena with space for more than 550 people in individual and separate office space, was also opened in February.

Kungsliden decided to relocate its head office to the Rotterdam District in Värtahamnen. The move is scheduled to take place when the project is completed in 2021.

Q2

Moody's confirmed Kungsliden's Investment Grade rating Baa3 with stable outlook.

Kungsliden signed an agreement with the City of Stockholm regarding land allocation with 14,000 sq.m. of building rights for offices and hotel premises in Västberga. Kungsliden already owns the neighbouring property, which with this transaction, will enable development of a total of 22,500 sq.m. of offices.

Q3

The Västerås City cluster expanded through the acquisition of the Mimer 6 property, consisting of a parking facility and building rights on just over 40,000 sq.m. gross total area (GTA).

As the first property company in Sweden, Kungsliden has adopted the target to become climate positive across its value chain by 2035, and has set an interim target to become climate positive in property and facility management by 2025.

Q4

An Extraordinary General Meeting resolved in accordance with the Board's proposal to reinstate the dividend of SEK 2.60 per share to be paid to shareholders for the 2019 financial year. This was after the Board had decided in April to wait on making a dividend decision due to the pandemic.

In November, the Board decided to repurchase own shares to optimise the capital structure, thereby increasing shareholder value.

Focus on future sustainable growth

2020 was a highly remarkable year in which an unanticipated virus impacted our entire world. However, at Kungsliden we could deliver strong earnings and meet our ambitious targets despite the coronavirus pandemic and its consequences. Now as we enter 2021, we have a new five-year plan and new financial targets focusing on growth, sustainability and an even strong financial position.

2020



A

global crisis often takes the form of something entirely unexpected occurring that no one could have predicted. That is what happened in 2020 with Covid-19. Market conditions at the start of the year were optimal. The situation

changed and became highly uncertain in the spring as the pandemic spread at an ever-faster rate around the world.

Despite the pandemic, 2020 was a strong year for Kungsliden and we delivered on all of the targets we had set. Demand in our main markets of Stockholm, Gothenburg, Malmö and Västerås was solid. 74 per cent of our portfolio is made up of offices and 16 per cent logistics, warehouses and industry. About 4 per cent of the property value consists of retail, the majority of this being food, discount retail, as well as building supplies and furniture retailing, for which demand was healthy. We have been in regular and close contact with our customers, particularly those affected by the pandemic.

During the year, we signed almost 300 new lease contracts, renegotiated leases for a total of MSEK 238 and raised rents by an average of 12 per cent. Both the surplus ratio and average rent are the highest to date. We reported our highest ever profit from property management – MSEK 1,257.

In mid-February 2020, we successfully opened B26, our co-working arena in central Västerås that has become an important hub in the city. In April, we inaugurated the prison in Östersund that we constructed on behalf of the Swedish Prison and Probation Service. During the year, we also commenced construction of our own office project, Eden, in Hyllie, Malmö. Eden is our first Symbiotic Building that combines sustainability, health, digital solutions and intelligence – with the focus on people. Eden was almost fully leased by year-end.

2020 was also one of the strongest transaction years in Sweden, following the record-breaking 2019, with a volume of SEK 181 billion. The value

of Kungsliden's property portfolio increased by SEK 2.4 billion to SEK 40.7 billion during the year due to completed projects, project investments, improved rental revenue and lower required yield. In spite of market turmoil, we successfully issued bonds for SEK 2.6 billion. In doing so, we boosted our share of green financing to 38 per cent, meaning that our liquidity coverage is favourable. Our LTV ratio at year-end was the lowest in our history at 45.0 per cent.

Our dedicated focus on sustainability is also about how we can reduce our carbon footprint as a company, for example, by reducing energy consumption, and using solar panels and sustainable materials in our buildings. To accelerate progress, we have adopted a sustainability strategy which means that, as the first property company in

“During the year, we signed almost 300 new contracts and renegotiated leases for a total of MSEK 238.”

Sweden, we have set the target to become climate positive across our value chain by 2035, and set an interim target to become climate positive in property and facility management by 2025. In February 2021, we set new financial targets and a new business plan for the next five years, focusing on sustainable growth and an even stronger financial position. One of the targets is that our property portfolio will grow from SEK 41 billion to SEK 55 billion through continuing successful property development, rent growth and strategic acquisitions. Our profit from property management is to increase by more than

30 per cent to at least MSEK 1,650 by 2025. Our long-term LTV ratio is not to exceed 45 per cent and the aim is to further improve our investment grade rating.

We believe in a broader economic recovery if vaccinations continue according to plan and countries gradually ease restrictions. As economies grow, so too does demand for offices and commercial premises.

Crises bring change. We will see new ways of working after the pandemic with demands for more flexible solutions for offices, more meeting places and a greater focus on health and well-being. We are looking forward to this and are well prepared to meet changing customer demands.

Crises bring people closer together. Despite social distancing, we are closer to our customers and closer to each other in the company, with Kungsliden enjoying record-high employee commitment. We have an attractive property portfolio in growth markets and creditworthy customers. With our intensified focus on sustainability, we are well positioned for achieving our targets.

Stockholm, 23 March 2021



Biljana Pehrsson, CEO

Why invest in Kungsleden?

Four questions to Ylva Sarby Westman, Deputy CEO/CFO

WHY INVEST IN KUNGSLEDEN?

"We have an exciting growth journey ahead in which we will markedly increase our rental revenue and property values in the future. We will invest more than SEK 1 billion annually in value-creating projects over the next few years and also acquire properties in our priority markets. We will continue to work actively to realise the potential inherent in our high-quality property portfolio when leases are renegotiated or new leases signed, which will further boost our rental revenue. We are also working on realising a large number of building rights for which we will develop the commercial building rights for offices and warehouse/logistics ourselves and gradually divest residential building rights to create investment scope in our priority segments.

"We make managing the portfolio more efficient by leveraging our cluster strategy and, above all, we can offer our tenants better service and a world-class sustainable customer proposition."

WHAT IS ATTRACTIVE ABOUT KUNGSLEDEN COMPARED WITH OTHER PROPERTY COMPANIES?

"There are many good property companies but I think investors should consider Kungsleden because we have great future potential in our leases, projects and building rights. Almost 90 per cent of our portfolio is concentrated to the growth markets of Stockholm, Gothenburg, Malmö and Västerås, where there is long-term demand for premises. We are also positioned in the right micro locations with high accessibility and a solid service offering, and we are working intensively to continuously adjust our customer proposition according to market demand.

"Our sustainability efforts are well advanced and we have a strong financial position with a low LTV ratio and high liquidity coverage."

HOW WILL KUNGSLEDEN GROW AS A COMPANY?

"We are continuing to expand our property portfolio with development projects and acquisitions. We have gradually built up our own project business that has an annual investment volume of SEK 1-1.5 billion per year. We currently have several attractive projects in the construction phase in Vårthamnen in Stockholm and Hyllie in Malmö."

KUNGSLEDEN HAS AMBITIOUS SUSTAINABILITY TARGETS COMPARED TO OTHER PROPERTY COMPANIES. HOW DOES THIS BENEFIT THE OPERATIONS?

"Kungsleden has been refining its sustainability agenda for many years, for example, through energy optimisation and certification of the property portfolio. This enhances our competitiveness in relation to our most important stakeholders such as new and existing customers, shareholders and employees.

"Financially, it also enables us to raise green bonds and bank loans, which are more attractively priced and help lower our financial costs."

YLVA SARBY WESTMAN,
DEPUTY CEO/CFO

5 REASONS TO INVEST IN KUNGSLEDEN

1 WE'RE STANDING FIRM

Kungsleden has a strong financial position and healthy earnings capacity, low LTV ratio, high equity ratio and high interest coverage ratio.

2 WE CREATE VALUE FOR CUSTOMERS

Kungsleden's entire operations are centred on creating value for our customers. Working closely with our tenants, we create attractive and sustainable places that inspire people and simplify everyday life for their employees. In doing so, we contribute to customers' business and sustainability.

3 WE ARE RESPONSIVE

We continuously adapt our customer proposition according to customer needs. We are specialised in office properties, but also warehouses, industry and logistics, and our portfolio is largely grouped in clusters. This allows us to better adapt and improve our proposition and we can play an active role in developing whole locations.

4 WE'RE SUSTAINABLE OVER TIME

Our sustainability activities are a natural and integrated part of Kungsleden's business. With our ambitious targets, we apply a broad cohesive approach to sustainable value creation. We focus on the health and well-being of people, the environment and climate, fostering a positive culture and serving as a force for good in society. Our target is – as the first in the industry – to be climate positive by 2035.

5 WE INVEST IN GROWTH

Kungsleden is investing in growth. We are completing a number of ongoing projects and plan to realise the potential of our considerable pipeline of new project opportunities. We are also continuously investing in development and improvement of our existing portfolio, which generates growth in rental revenue through leasing and renegotiations. We will also acquire properties that complement our portfolio.

Business environment trends

As part of Kungsleden's strategic planning, we identify trends in our business environment that impact us and present business opportunities. Our analysis of the business environment also helps us to create long-lasting, attractive and inspiring places. The coronavirus pandemic of 2020 affected developments and some of the trends we see ahead.

STRENGTHENING TRENDS

GOOD HEALTH AND WELL-BEING

People are increasingly focusing on health and well-being in both their working lives and free time. Stress and a demanding job need to be balanced with healthier environments both indoors and out, the chance to exercise, flexibility and time for leisure and private life. The pandemic has increased people's interest in health even more.

Business opportunities: Kungsleden focuses on people when we develop and design offices and spaces, based on science, that benefit both health and well-being. Innovation, new technology and new services can counteract much of what causes stress and ill health. Opportunities for exercise, social interaction, job satisfaction and flexibility at work are key factors for us.

DIGITALISATION

Modern-day society and the economy are undergoing digitalisation on all fronts. This trend intensified significantly during the pandemic, in the work place, our public institutions and in people's homes. It presents new business models, work methods, services and solutions.

Business opportunities: Using smart and secure digital services and solutions, Kungsleden can simplify everyday life, make it more enjoyable and more inspiring for the employees of tenants. Similarly, we can digitise our own operations to further hone our processes and become more efficient and sustainable in our deliveries to customers.

THE OFFICE AS A BRAND

Competition for the best employees is intensifying and the talented people of today expect more from their employer. The location of the office, design and service offering are also growing in importance as companies and organisations build their brand in the labour market.

Business opportunities: Kungsleden is building a strong brand in the office market through its quality, unique solutions and a broad range of options for different customers with varying requirements. We are thus able to meet customer-specific requirements and help customers to distinguish and strengthen their own brand towards potential employees.

TRANSFORMING THE OFFICE

Work methods and technology have evolved so that many people can do much of their work at home or elsewhere. Therefore, what the office is most needed for today is for meetings in person, collaboration, exchanging ideas and know-how, team and culture building, and driving business. The pandemic further reinforced the need for the office to function as a dynamic meeting place.

Business opportunities: Together with our customers and based on scientific knowledge, smart technology and innovative services, Kungsleden designs office environments and spaces that optimally promote job satisfaction, dynamics, meetings and positive interaction. Customers' employees feel better and can perform better, thereby building value for our tenants.

SUSTAINABILITY AND THE SUSTAINABLE DEVELOPMENT GOALS

Governments, companies and organisations around the world are focusing on realising the sustainable development goals (SDGs) established by the UN. In particular, there is intense focus on efforts to reduce the human impact on the climate.

Business opportunities: By accelerating the pace of sustainability activities, Kungsleden can realise the sustainable offices, buildings and city districts of the future that our customers want. We concentrate on technical and scientific achievements to enable a healthy and vital working life that does not adversely impact the environment or the climate.

WEAKENING TRENDS

GLOBALISATION

The long ongoing globalisation of trade, business and the economy at large is continuing to have far-reaching effects at both global and local level. Although the pandemic is slowing this trend for 2020 and 2021, globalisation will continue to impact us as a company in the long term.

Business opportunities: Kungsleden attracts investors from outside Sweden and foreign ownership in the company has increased, thus making the Kungsleden share a more attractive investment. We generated positive interest during the pandemic since Swedish society was not in a full lockdown. By promoting diversity and inclusion, we also become attractive to tenants who have employees from many different countries.

URBANISATION

People and businesses are increasingly being concentrated to large cities. It is in these dynamic centres that economic growth takes place and new opportunities arise. Even here the pandemic has slowed this trend in the short term. However, the pandemic is transient while the attraction of the city is permanent.

Business opportunities: Kungsleden achieves success by focusing on developing clusters of commercial properties in selected urban markets, primarily in Stockholm. Growth potential can be found in attractive locations with a wide range of services, good transport links and an inviting and pleasant surrounding environment.

Market overview

Despite what in many respects was a turbulent year, the Swedish real estate market continued to perform strongly. With a transaction volume of almost SEK 181 billion, it was the third strongest real estate year ever. The driving forces behind the development in the Swedish real estate market remain strong and include the high volume of capital being allocated to the sector, the established low interest-rate scenario and a proven, stable and functioning rental market.

NEWSEC 14 JANUARY 2021

MACROECONOMIC OUTLOOK

The economic trend for the year was heavily dominated by the spread of coronavirus. As economies shut down, several waves of higher infection rates emerged and uncertainty rose, global financial growth slowed following several years of an upward trend. However, Sweden's economy fared relatively well in global terms. The stock markets have now recovered after the initial decline caused by the coronavirus pandemic, ending 2020 up about 4 per cent compared to the start of the year.

Swedish GDP fell sharply following the spread of coronavirus but recovered better than expected. The rapid recovery of the Swedish economy slowed slightly at the end of the year due to the stricter official advice and recommendations following a rise in the number of infections. Full-year GDP growth in Sweden was preliminarily at -2.80 per cent according to Swedbank, and recovery is expected to remain volatile.

Downward pressure on inflation kept interest rates low, thus driving investments towards such sectors as the property sector, which is considered to generate solid, risk-adjusted returns. Newsec's forecast is that recovery will be gradual and it may not be until the end of 2022 before the Swedish economy is back to the same levels as before the outbreak of coronavirus.

SWEDISH REAL ESTATE MARKET

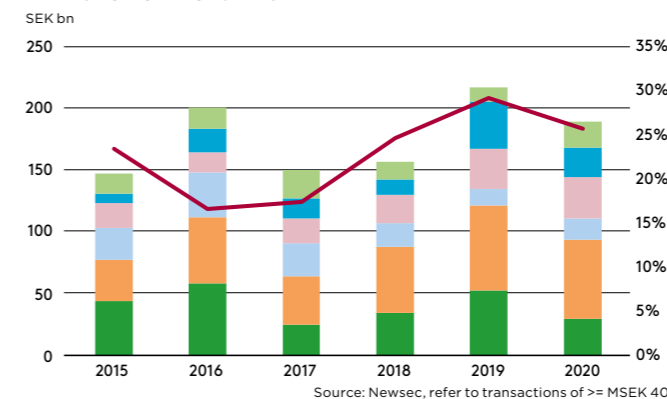
Despite a declining economy, the Swedish real estate market performed very strongly in 2020. The real estate market is driven by sustained low interest rates with the property sector deemed to be an attractive investment segment with high returns in relation to risk. The total transaction volume for the full-year was approximately SEK 189 billion, thus entering the history books as the third highest transaction volume in Swedish history.

International capital continued to be allocated to the Swedish real estate market, with international investors accounting for a total of 26 per cent of the total transaction volume in 2020. In geographical terms, Stockholm continued to account for the largest share of the total transaction volume, at 37 per cent. The transaction volume in Gothenburg was 8 per cent and Malmö 8 per cent. Property investments in other large cities, including Västerås, and Rest of Sweden increased during the year and jointly accounted for 47 per cent of the total transaction volume.

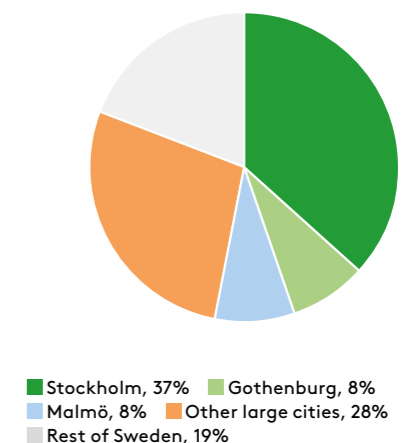
Offices – the property segment in which Kungsliden has its largest holdings – represented 16 per cent of the total transaction volume and thus was the third most invested segment during the year after residential and logistics. The high investment volume shows continued high liquidity and sustained investor interest in the segment.

With historically low interest rates that are not expected to change over the next three years and a continued high volume of capital seeking returns, the performance of the real estate market is expected to remain strong over the next few years.

TRANSACTION VOLUME SWEDEN



TRANSACTION VOLUME SWEDEN BY GEOGRAPHY, 2020



OFFICE MARKET

The urbanisation trend waned during the coronavirus pandemic since it was easier to work remotely and due to fear of contagion in urban environments. This placed higher demands on having a presence in locations with good growth potential and areas in which people want to live and spend time.

Kungsleden groups its properties in selected locations known as property clusters in order to offer an attractive proposition to its tenants. These clusters are locations with a wide range of services, high accessibility and in high-growth and high-energy markets. Grouping properties in clusters in carefully selected areas allows Kungsleden to carve out a strong market position, make property management more efficient and drive the development of the area.

STOCKHOLM

In recent years, rent levels in Stockholm's office market have increased sharply, primarily in central locations and attractive inner suburbs. Demand for office premises was driven by a sharply increasing services sector in which the supply of attractive offices outstripped demand. This was due to a low net addition of offices on account of office buildings being demolished or remodelled for other purposes. The coronavirus pandemic had a slight impact on the Stockholm office market. Several companies were cautious about signing new lease contracts, which resulted in slightly elevated vacancy rates, although these remain at historically low levels. The cautious market also led to rent levels remaining relatively unchanged during the year.

However, the conditions for steady rent growth are favourable, with a sustained strong services market and continued limited supply of attractive office premises. The sub-markets that will probably note the best performance and success are those areas with good transport links and a strong service offering, and where it is possible to densify and make existing space more efficient or demolish structures to build new office buildings. Accordingly, the trend of the Stockholm office market being concentrated to fewer but larger sub-markets is expected to continue.

GOTHENBURG

Gothenburg's office market has performed very strongly for several years with falling vacancy rates and rising rent levels. The market features a shortage of modern office space, which has resulted in long waiting lists for companies in their search for new premises.

Signals clearly indicated that rent levels would continue to rise before the outbreak of the coronavirus pandemic. No major impact on market rent levels has since been noted, although a slight decrease in top rents was reported.

The rate of production of new office properties accelerated considerably in 2019 and 2020 due to major new-build plans ahead of the city's 400th anniversary in 2021. A weaker economy combined with the coronavirus pandemic and several large-scale projects under construction resulted in a slight increase in vacancy rates and it is likely that these rates will increase further in the future.

MALMÖ

Malmö is a prosperous city experiencing population growth and a strong business start-up climate. In recent years, the traditional CBD has become less attractive due to limited new construction. The highest rents can instead be found in newly built areas such as Hyllie and Universitetsholmen. Hyllie offers newly produced offices, good public transport links to central Malmö and Copenhagen airport, and is also close to the Öresund region and Copenhagen. Malmö's office market has a good balance between supply and demand, due to the stable addition of new office premises. The trend in office rents has been steadily positive for several years. Vacancy rates have decreased in recent years, but remain somewhat above Gothenburg and Stockholm.

VÄSTERÅS

Västerås has performed strongly in the past few years with a sharp rise in population growth. Rent levels in Västerås are generally under pressure due to the large supply of former industrial premises that have been converted into low-rent offices. The trend in the Västerås office market has been positive with falling yield requirements and rising rent levels. Despite this, rent levels in Västerås are low in relation to other comparable cities, thus offering high rent potential.

Västerås notes widespread demand for modern offices in locations offering high levels of service and good public transportation links. The Västerås Travel Center is being developed, which will add new offices to the stock and drive rent levels. Construction is scheduled to take about 15 years and will put Västerås on the map as a key hub with the possibility of a brand new CBD.

STOCKHOLM

Population*	975,904
Forecast population 2025	1,059,061
Population growth 2019-2020	1.90%
Employment rate	94%
New business start-ups**	18.1
Market rents, offices, CBD	SEK 7,100 per sq.m.
Top rents, offices, CBD	SEK 9,200 per sq.m.
Vacancy rate, CBD	3.00%
Yield requirement, CBD	3.25%

VÄSTERÅS

Population*	127,799
Forecast population 2025	150,000
Population growth 2019-2020	1.30%
Employment rate	92%
New business start-ups**	10.4
Market rents, offices, Central Västerås	SEK 1,900 per sq.m.
Top rents, offices, Central Västerås	SEK 2,700 per sq.m.
Vacancy rate, Central Västerås	4.50%
Yield requirement, Central Västerås	5.35%

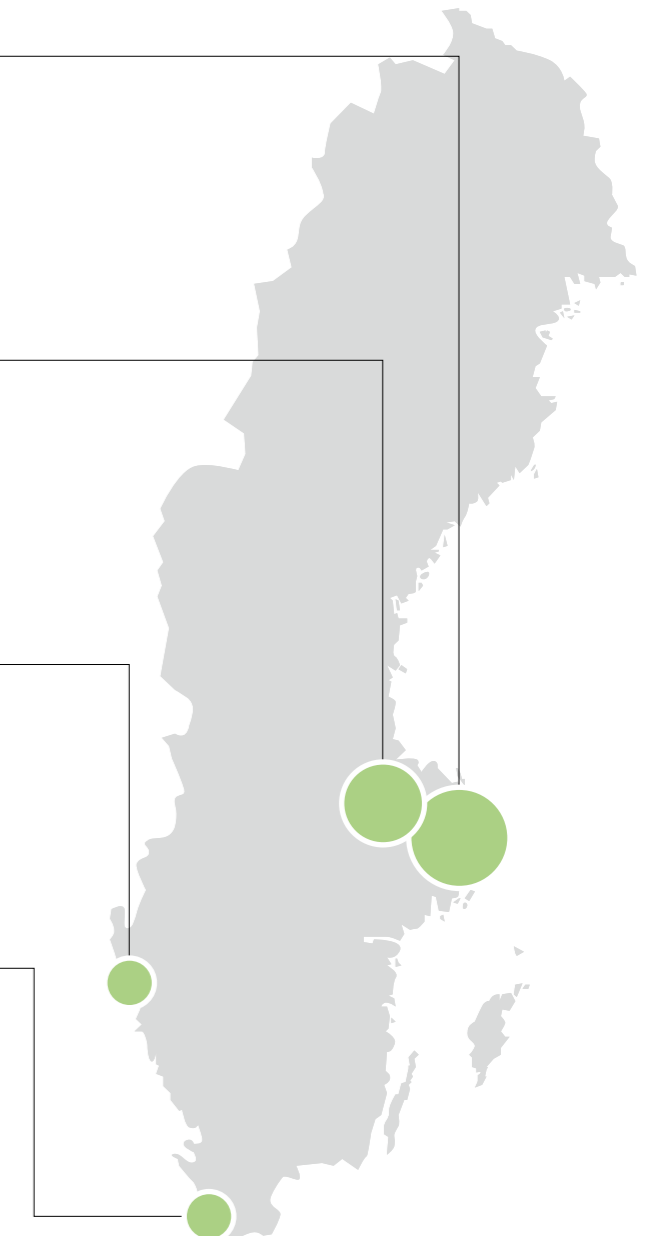
GOTHENBURG

Population*	579,281
Forecast population 2025	624,534
Population growth 2019-2020	1.50%
Employment rate	93%
New business start-ups**	12.7
Market rents, offices, CBD	SEK 2,900 per sq.m.
Top rents, offices, CBD	SEK 3,500 per sq.m.
Vacancy rate, CBD	3.30%
Yield requirement, CBD	3.90%

MALMÖ

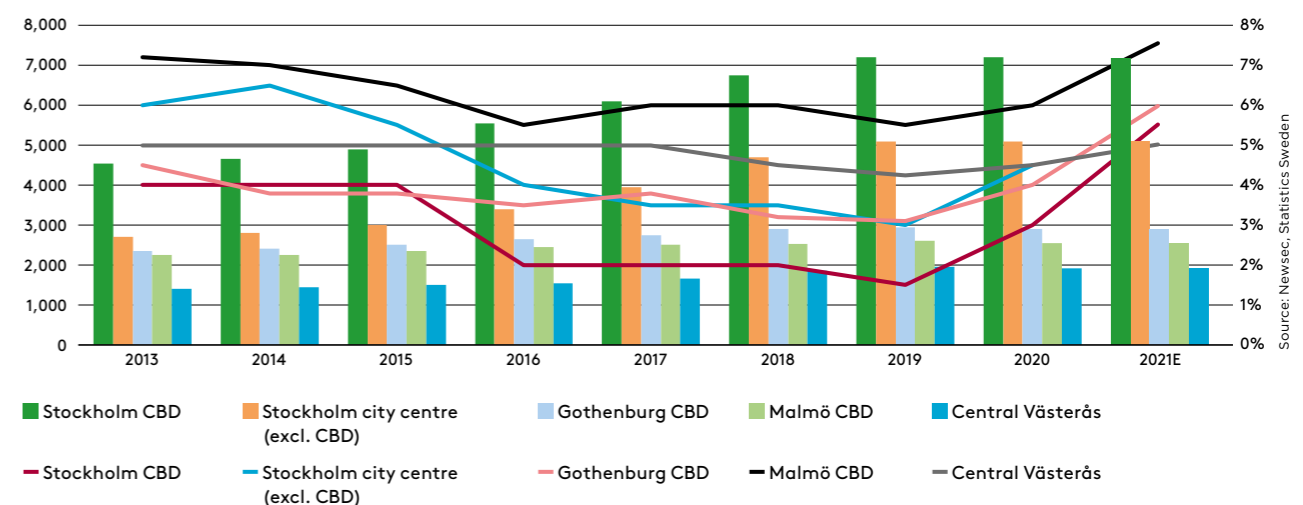
Population*	343,821
Forecast population 2025	362,144
Population growth 2019-2020	1.90%
Employment rate	86%
New business start-ups**	13.7
Market rents, offices, CBD	SEK 2,500 per sq.m.
Top rents, offices, CBD	SEK 3,100 per sq.m.
Vacancy rate, CBD	6.00%
Yield requirement, CBD	4.50%

* Refers to the population of the municipality
 ** Number of new customers per 1,000 residents
 Source: Newsec, Statistics Sweden



RENT LEVEL, SEK PER SQ.M. (bars)

VACANCY RATE, % (lines)



A value-creating business model

Based on our vision – we create attractive and sustainable places that inspire people – our business model builds on three interacting core actions – management close to customers, value-creating development and improvement, as well as strategic acquisitions and optimisation. Through these, we create value for customers, employees, society, shareholders and other stakeholders.

KEY ACTIVITIES IN OUR BUSINESS MODEL

Property management close to customers

Kungsliden’s property management focuses on people. Our properties are a way for us to create places and environments for a better working life in close cooperation with customers and with high sustainability ambitions. We own multiple properties in the same selected locations – clusters that allow us to adapt and sharpen our proposition according to tenant needs, and make an active contribution to development of the whole location.

Value-creating property development and improvement

Kungsliden develops, improves, modernises and customises properties with a focus on people. We always apply a cohesive view that focuses on health and well-being. Using modern solutions, services and sustainable materials, and through climate change adaptation, we create vibrant and attractive premises and locations that simplify people’s everyday life, boost their job satisfaction, inspire them and contribute to sustainable urban development.

Strategic acquisitions and optimisation

Kungsliden is expanding and continuously optimising its property portfolio, with a main focus on sustainable and attractive offices in Stockholm, Gothenburg, Malmö and Västerås. At least half of our property value should be in Stockholm, and at least 70 per cent of the portfolio should consist of offices. Our sustainability targets are ambitious and this aspect is central to evaluating acquisition and investment candidates.



1. ASSETS WE BRING TO OUR BUSINESS MODEL

Good customer relations

- An organisation that works close to customers and has a sharp customer focus
- Approx. 1,500 unique tenants across various sectors

Committed people

- Committed professionals with rigorous skills
- A consistent strategy with good performance

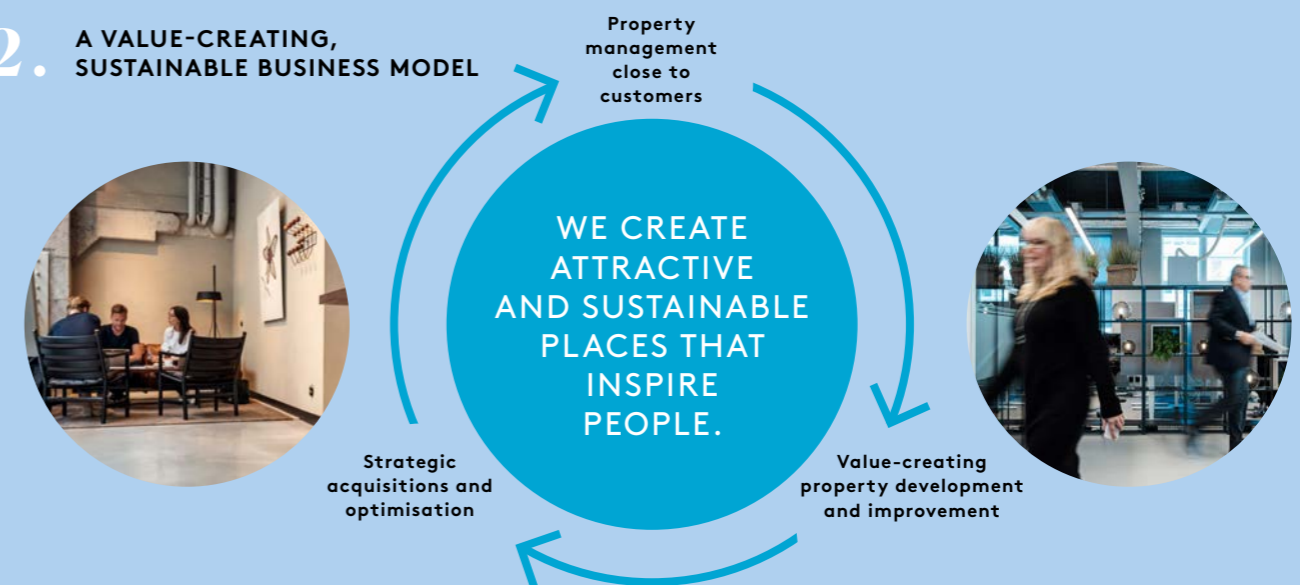
An attractive portfolio

- High-quality and attractive premises in desirable locations, focusing on offices
- Nearly 90 per cent in priority growth markets, and the majority concentrated in clusters

A strong financial position

- Moody’s rating Investment Grade (Baa3)
- Robust financial position, high interest coverage ratio and good earnings capacity

2. A VALUE-CREATING, SUSTAINABLE BUSINESS MODEL



3. THE VALUE OUR BUSINESS MODEL CREATES FOR KEY STAKEHOLDERS

Customers

Customers are at the centre of everything we do. We contribute to their businesses by providing inspiring environments for their people and customers. We partner with our tenants, and work quickly to simplify their day at work. We measure customer satisfaction every year through surveys that generate supporting data for continuous improvement.

Employees

We offer an attractive and healthy workplace with good potential for personal development. We have a strong corporate culture, with our people stating that our primary strengths are the clarity of our goals and vision. We encourage active and healthy lifestyles, with packages including private health insurance for everyone. We continuously monitor the well-being and job satisfaction of our employees. We make improvements centrally and locally where necessary based on the results.

Shareholders

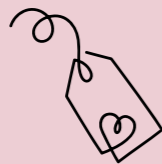
Consistent execution of our strategy creates good potential to increase our operating net and property values. We invest in our current holdings and projects, which contributes to portfolio value growth. We also keep financial risk low, with an LTV ratio of less than 50 per cent. We increase dividends to shareholders as our profit from property management increases.

Community

We contribute to vibrant environments and sustainable social development, and we make our locations more attractive. We want to create spaces where it’s inspiring, safe and enriching to be at any time of day. We’re reducing our climate impact and developing our properties sustainably, with a cohesive view of health and well-being. Sometimes we partner up so we can go further. We’re the main sponsor of youth charity Fryshuset, and offer internships jointly with the Jobbsprånget nationwide headstart project for recently immigrated graduates.

STRATEGIC PRIORITIES

The foundation of Kungsleden’s strategic direction consists of our vision of creating attractive and sustainable places that inspire people. Proceeding from our vision, our business model is based on three core activities: management close to customers, value-creating development and improvement, as well as strategic acquisitions and optimisation. Our long-term objective is to become Sweden’s most profitable and most successful listed property company, with the most satisfied customers in the market and the most dedicated employees. We will also generate attractive total returns for our shareholders. Our strategic priorities below are based on developments in the business environment and resulted in a number of completed and planned activities in 2020.



STRATEGIC PRIORITIES	Further develop the customer proposition	Grow our property portfolio	Increase the pace of sustainability activities
STRATEGY	<ul style="list-style-type: none"> - Our attractive and functional premises in the right locations, for the right price give our customers an experience that’s out of the ordinary. - We are a close and flexible property manager who interfaces with customers through our own staff. - We work proactively to create value for our customers. 	<ul style="list-style-type: none"> - We invest in projects and acquisitions. - We capitalise on the potential of rents and building rights. - We continue to focus on office properties in the priority growth markets of Stockholm (at least 50 per cent), Gothenburg, Malmö and Västerås. - Most of our portfolio is in clusters 	<ul style="list-style-type: none"> - Our sustainability activities are based on the UN Sustainable Development Goals and are a natural and integrated part of our business. - We create city districts, properties and offices that combat climate change while continuously improving people’s health and well-being.
ACTIVITIES 2020	<ul style="list-style-type: none"> - “3 min” concept of turn-key offices for simple occupancy - Climate-smart premises - Symbiotic Building, our concept for properties of the future focusing on intelligent technology, health and well-being - New visual identity and new brand strategy for selected development properties 	<ul style="list-style-type: none"> - Opening of B26 co-working arena in Västerås - New acquisition in Västerås City - Inauguration of jail in Östersund - Ongoing work with development properties 	<ul style="list-style-type: none"> - New sustainability strategy - New target of becoming climate positive by 2035 - Efforts to reduce the energy consumption of the property portfolio, for example, by installing fossil-free energy. - Electric vehicle fleet for property management

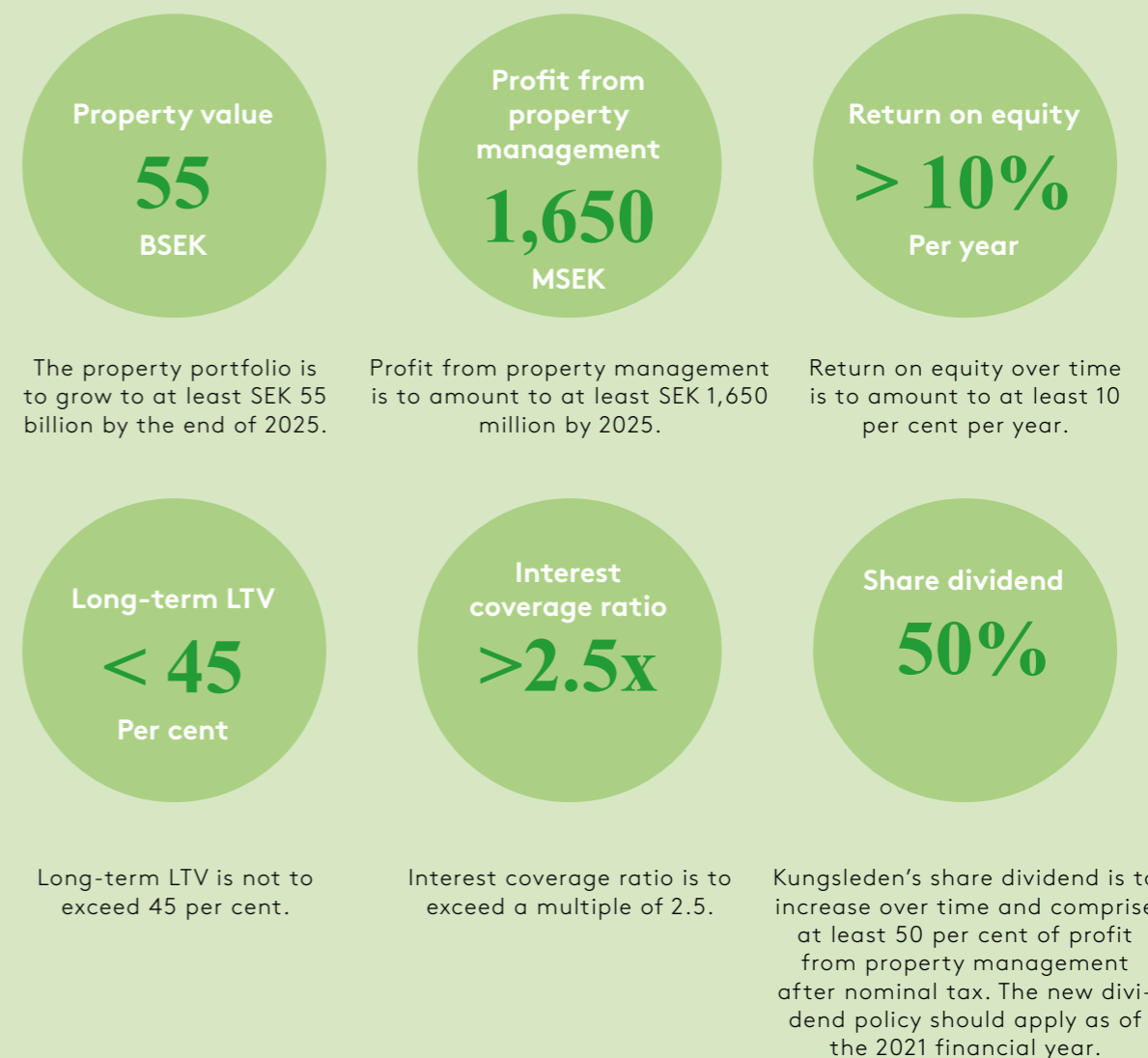
STRATEGIC PRIORITIES	Engage our people	Digitalisation	Innovation
STRATEGY	<ul style="list-style-type: none"> - We are to offer the industry’s most attractive workplace with many development opportunities and an efficient, long-lasting organisation. - We are to have well-defined core values and focus on leadership. - We continuously evaluate and develop how we work, centrally and locally. 	<ul style="list-style-type: none"> - We integrate the digital perspective into our customer dialogue and our corporate culture. - We actively monitor trends and innovation to understand their impact and how they can create value for our customers and ourselves. - We have the courage to try new working methods and services. 	<ul style="list-style-type: none"> - We develop new businesses through partnerships, a creative culture and focus on brainstorming. - We engage with our customers, each other, our business environment and the future. - We think actively, and operate on a broader base than traditional property owners.
ACTIVITIES 2020	<ul style="list-style-type: none"> - New facility management organisation - Digital tools that support employees working from home - Managerial training with a focus on the work environment - Partnership with Fryshuset foundation to support single mothers during the pandemic to promote internal pride. 	<ul style="list-style-type: none"> - New collaborations to produce leading-edge technology in development properties - Development of internal systems to enhance the work efficiency, for example, new CRM system, intranet and image bank. - Started working on new external website 	<ul style="list-style-type: none"> - Further development of Symbiotic concept - Climate-smart premises - Innovation in major projects, such as Eden and Stettin.

TARGETS AND PERFORMANCE

FINANCIAL TARGETS	Target 2020	Outcome	Performance
RETURN ON EQUITY	Over time, Kungsliden should achieve higher return on equity than comparable listed real estate companies.	<p>13.7 13.6 9.1 2018 2019 2020 %</p>	Despite an eventful year where affected by a global pandemic we succeed in achieving a return on equity of 9.1 per cent.
PROFIT FROM PROPERTY MANAGEMENT	1,200 MSEK	2020 1,257 MSEK	Goal exceeded.
VALUE-CREATING INVESTMENTS	Approx. 1 BSEK annually	<p>1,300 1,509 1,395 2018 2019 2020 Bn Target</p>	Goal exceeded.
LTV RATIO	≤50 %	<p>47.3 45.8 45.0 2018 2019 2020 % Target</p>	Goal achieved.
INTEREST COVERAGE RATIO	>2.5x	<p>4.1 4.6 4.5 2018 2019 2020 x Target</p>	Goal exceeded.
SHARE DIVIDEND	Dividends should increase, keeping pace with profit from property management.	<p>2.20 2.60 2.80 2018 2019 2020 SEK</p>	Profit from property management increased by 6 percent. The board proposes that the dividend is increased by 8 percent, from SEK 2.60 to SEK 2.80 per share.
SUSTAINABILITY TARGETS	Target 2020	Outcome	Performance
ENERGY OPTIMISATION	2015–2020 20% less energy in like-for-like portfolio terms	by year-end 2020 28% less energy	Goal achieved.
GREEN FINANCING	In the long term, the company is endeavouring to finance all green assets with green bank loans.	2020 38%	38 per cent of arranged financing consists of green bonds and green bank loans.
GREEN LEASES	2020 120	2020 122	122 new green leases were signed in 2020. We offer green leases as standard for all new tenants.
OPERATIONAL TARGETS	Target 2020	Outcome	Performance
YEARLY RENT INCREASE	Yearly increase 3% in like-for-like portfolio terms	2020 4%	Goal achieved.
TOTAL RETURNS	2020 5.4%	2020 7.0%	Our investment properties delivers a total return according to MSCI at 7.0 per cent and thus exceeds the index, on 5.4 percent.
CUSTOMER SATISFACTION INDEX (CSI)	2020 75	2020 73	Despite the pandemic, which has affected the number of physical contacts with our tenants, we almost reach the goal of 75.
EMPLOYEE SATISFACTION INDEX (ESI)	2020 7.8	by year-end 2020 8.0	We exceed the goal and achieve our highest result ever.

KUNGSLEDEN'S NEW FINANCIAL TARGETS WITH A FOCUS ON GROWTH

Kungsliden is establishing new financial targets with a focus on growth and an even stronger financial position. The new targets stipulate that, for example, profit from property management is to increase by more than 30 per cent to SEK 1,650 million by 2025 and that the long-term LTV ratio is not to exceed 45 per cent.



On page 44 you can read more about our new sustainability strategy with the goal of becoming climate positive in the entire value chain by 2035.

Our customers

Regardless of our customers' type of business, Kungsleden endeavours to create attractive and sustainable places that strengthen them. The people who have their workplace in one of our properties are to thrive, be inspired and have the best possible conditions for performing their work.



“We contribute to our customers' success by providing the right type of premises in the right location and with the right services nearby.”

POSITIVE OVERALL EXPERIENCE

By working in a responsive manner and closely with our customers, and focusing on their existing and future needs, Kungsleden creates attractive and sustainable workplaces, locations and environments for a better and more inspiring working life. We can leverage our cluster strategy to enable us to both deliver a positive overall experience and offer customers a wide range of premises in the same area.

We contribute to our customers' success by providing the right type of premises in the right location and with the right services nearby. This enables employees to thrive and achieve and have a high sense of well-being at work. It is also easier to attract and retain personnel.

BROAD MIX OF CUSTOMERS

A broad spectrum of businesses and industries are represented among our customers, from large international groups to sole proprietorships. In addition to companies, we have public bodies such as government authorities, schools and health care facilities. Some examples of our customers are ABB, Nelly, Cap Gemini, Jaguar, Eatery, Convendum, Systembolaget and Pdl Group. Public tenants represent 18 per cent of the total rental value.

We conduct a yearly customer satisfaction index (CSI) survey so that we can develop working methods and our customer proposition. The index for 2020 remained high at 73 (75). Naturally, we would have liked to have seen a higher result but the fact that this was not achieved it is hardly surprising given a year dominated by the pandemic, empty offices at certain times and a slightly curtailed service offering, particularly in the Stockholm region.



LOCATION, FLEXIBILITY, SERVICE AND SUSTAINABILITY

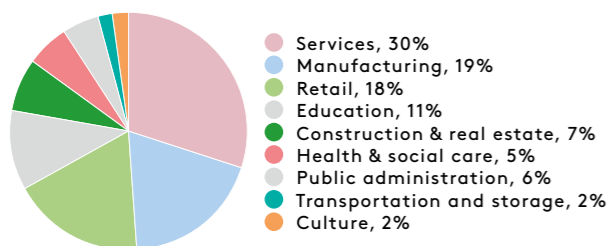
Customers continuously set high demands for location, flexibility and service levels in today's rapidly changing society and working life with fierce competition for the best employees. The B26 property in Västerås that opened in January 2020 is an example of how we are meeting this demand. This building combines co-working, conference facilities, a restaurant and other services with more traditional office premises.

Just like Kungsleden, our customers are also increasing their focus on sustainability. We have set the target of being the first property company to be climate positive across the value chain by 2035. At the same time, we are concentrating on creating locations, buildings and premises that focus on people and

put a premium on health, well-being and job satisfaction among both individuals and the surrounding community. The fact that many people worked from home during the pandemic has not reduced interest in office premises, as is reflected in the favourable outcome for new leasing and renegotiation during the year. However, higher demands may be placed on office premises in the future. Employees who chose to work at the office want something more than what they can have at home. The environment needs to be attractive and suitable with a high level of service, good options for meetings and generally offer a positive experience. For this reason it is particularly important that we listen to customer preferences and develop our properties and range of services to satisfy them.

Kungsleden's clusters		Leasable area, sq.m.	Book value, SEK bn
Stockholm	Kista City	147,000	4.6
	Stockholm City East	85,000	4.3
	Danderyd Office	100,000	3.4
	Stockholm City West	40,000	2.4
	Västberga	38,000	0.5
Gothenburg	Högsbo	109,000	1.5
	Gothenburg South Central	40,000	1.6
Malmö	Hyllie	48,000	1.5
	Fosie	52,000	0.7
Västerås	Västerås City	154,000	4.2
	Finnslätten	237,000	2.3
Rest of Sweden	City of Östersund	82,000	1.4

TENANTS BY SECTOR



LARGEST TENANTS

Tenant	Rental value, MSEK	Average term, years
ABB	211	3.7
Swedish Social Insurance Agency	53	4.1
Biz Apartments	42	9.6
Municipality of Västerås	41	4.8
Hitachi ABB Power Grids Sweden	39	3.8
Blique	31	20.0
ICA	30	2.2
Northvolt	28	3.8
Municipality of Stockholm	27	3.5
AFRY	26	4.0
10 largest tenants	528	5.2
Other	1,932	3.8
Total leases	2,460	4.0



KUNGSLEDEN WANTS TO INVOLVE US

The Eatery chain opened a new restaurant in Kungsleden's Stettin 6 property on the corner of Tegeluddsvägen/Lindarängsvägen in Stockholm in May 2020. Eatery's General Manager Anna Bengtsson valued the open communication with Kungsleden about all aspects.

She considers Kungsleden a landlord that is committed to its area and is very active in marketing it, attracting interesting office tenants and helping the restaurant. "We have a great working relationship and good communication. Kungsleden makes

"They wanted to involve us in decisions so that we could create the right atmosphere together, which we very much appreciated."

Eatery now has eight restaurants throughout Stockholm. Two are scheduled to open in 2021. The niche of the restaurants differs. Some offer function rooms and conference facilities. Several others specialise solely in office lunches, while others are open later.

"At Gärdet, we serve food and drink in the evenings and at weekends as well," says Anna Bengtsson, who has overall responsibility for the restaurants.

The new restaurant changed its original focus due to people working from home during the pandemic.

"Instead of primarily being a lunch restaurant for the many offices in the area, we have become more of a neighbourhood restaurant for local residents. But this also fits our slightly more relaxed and friend profile," says Anna Bengtsson.

informed choices about the interior design and greenery, for example, that we can use in our marketing. They also wanted to involved us in decisions so that we could create the right atmosphere together, which we very much appreciated. Moreover, they were also happy to be involved when we needed to communicate our offering," says Anna Bengtsson.

She was also pleased with the relationship around facility management.

"The system for reporting faults works well and Kungsleden is quick to respond and fix things."

Property management close to customers



“Having our own facility management services gives us better knowledge of our customers and their needs.”

Kungsleden’s property management focuses on the people in our properties. It is a way for us to create places and environments for a better working life in close cooperation with customers. This is how our property management creates value for customers.

ALWAYS CLOSE

Kungsleden’s property management resources consist of three regions with offices in ten strategic locations. Our local teams possess substantial knowledge of not only the properties for which they are responsible, but also about local markets and the needs of current and potential customers.

We work closely with customers from the very beginning of the process – from the selection and modification of the premises, throughout the contract term and when their needs change or it is time for renewal. The aim is to offer our tenants an experience that is out of the ordinary, that simplifies their employees’ everyday life and contributes to their business and sustainability. This allows us to retain customers year after year, even when their needs change. A renegotiated contract is an important measure of success, and as we optimise our property portfolio, average rents can increase.

SPECIALISATION AND OWN FACILITY MANAGEMENT

Our property management employees specialise in different fields so that we can work closely with customers. It means that the property managers are not responsible for all aspects and thus have more time for important discussions with our customers about their specific requirements. We established an in-house facility management organisation in

2020 that currently comprises 20 caretakers and service technicians stationed in Gothenburg, Malmö and Stockholm.

Having our own facility management services gives us better knowledge of our customers and their needs. We can assume greater and more direct responsibility for the places we create. This enhances efficiency and raises the service level for tenants, which is reflected in the scores for corrective maintenance in this year’s customer survey in the relevant areas. Our in-house facility management organisation will continue to be built up in 2021 and expanded to Västerås.

CLUSTERS FOR EFFICIENCY AND DEVELOPMENT

We concentrate our properties into clusters, desirable places with attractive locations and good transport links. This enables us to offer efficient property and facility management, and at the same time become experts in the area and can develop our proposition. A broad local offering in the same area makes it easier for our tenants to relocate to new premises owned by us when their needs change, without affecting travel patterns or anything else for their employees.

As a large player in a specific area, we are also in a better position to influence development of whole location in terms of, for example, environmental initiatives, infrastructure, service provision and outdoor environments. Our voice becomes stronger and we can have a greater

say in developments. In this respect, we aim to work together with municipal decision-makers and administrations as well as industry colleagues with properties in the same area.

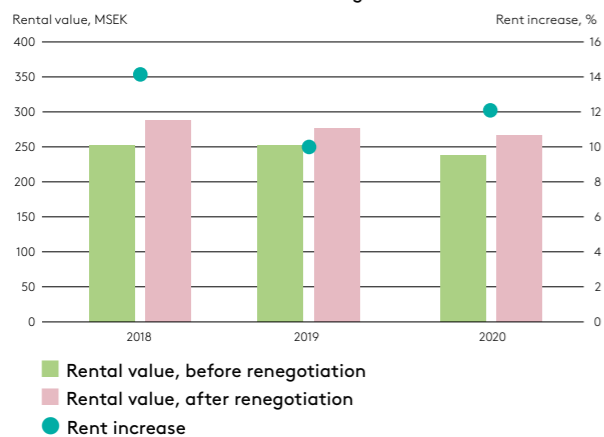
PANDEMIC BRINGING US CLOSER TO OUR CUSTOMERS

The Covid-19 pandemic broke out in March 2020 and, like for many others in society, it presented an unexpected challenge to our property management organisation. Kungsleden focused on finding solutions to help tenants suffering the consequences of the pandemic to cope with the crisis. We applied for govern-

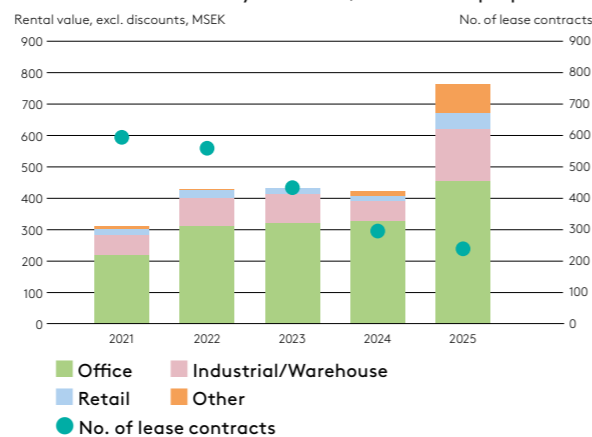
ment aid in only a small number of cases and mainly worked on offering various discounts and deferrals.

The crisis has also brought us even closer to our customers. We asked them about their outlook on the future and the opportunities and new business concepts that they, despite everything that has happened, may be able to focus on given the situation. One example is that restaurants started to offer take-away for the first time. Similarly, we were able in many cases to help our tenants make various adjustments to support their businesses during the pandemic.

Rental value before and after renegotiation



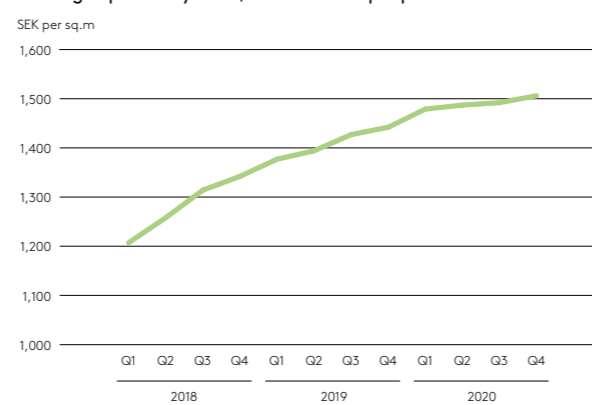
Lease contract maturity structure, investment properties



Net leasing by quarter



Average quarterly rent, investment properties



“OUR NEW OFFICE IS LESS STATIC”

Jaguar Land Rover Sweden and Hyundai Sweden decided to renew its lease with Kungsleden when their current contract expired. The office in the Hyllie district of Malmö was too small so they have decided to move a few hundred meters away to larger premises in Emporia Office in March 2021.

“Hyllie is a great geographic location for us since our Parent Company is in Denmark,” says Tove Nylin, HR Business Partner at Nic. Christiansen Gruppen, the Danish Group that owns both companies.

The office’s roughly 40 employees import cars for onward distribution to resellers across Sweden. Many also travel a great deal on business, so the proximity to Copenhagen airport is also practical.

“It is also easy to get here with public transport and, with the Emporia shopping centre, almost everything is within easy reach,” she says.

When the contract for the current premises at Arenagatan 8B expires after five years, the companies not only decided to remain in Hyllie, but also wanted new premises with the same landlord.

“On the whole, we are very happy with Kungsleden. They are sensitive to our needs, quick to respond, good at communicating and keep their promises. This applies to both reporting technical faults and when we were discussing our new premises,” says Tove Nylin.

Alongside providing more space, the new premises had to make working more flexible

“Kungsleden is sensitive to our needs, quick to respond, good at communicating and keeps its promises.”

since the employees often work in different constellations. When Hyundai Sweden joined the Group as recently as autumn 2018 another target was to create better cohesion with more cross-synergies.

“Our aim is to work closer together. The new office will be less static and not have designated places. You must be able to sit with the team you are currently working with. We also need plenty of rooms and spaces for meetings, which we will have at Emporia Office,” she concludes.

Value-creating property development and improvement

Continuous and long-term work aimed at improving and developing current and new properties is vital for Kungsliden's ability to create attractive and sustainable places that inspire people. We develop value based on a cohesive view of people's needs.

FOCUSING ON PEOPLE

Continuous development, improvement, enhancement, modernisation and customisation of our properties and clusters is decisive for Kungsliden's value growth. We make long-term investments to enhance the quality and attraction of our portfolio, and improve cash flow. Developing a property can involve a broad range of aspects ranging from new service propositions, small-scale refurbishments or alterations to layouts, to extensive new production and conversions featuring entirely new concepts. We carry out detailed analyses of what can make our projects unique and aim to create an attractive identity for them.

We focus on people as part of this effort, and apply a cohesive view of health and well-being. We are open to new ideas and make use of modern technical solutions and services for simplifying everyday life for the people who work in and visit our properties. All of our projects – both large and small – contribute to sustainable urban development through the choice of materials, climate adaptation and greenery, and our endeavour to create vibrant urban environments that allow for meetings, inclusion and diversity. Our future concept – Symbiotic – integrates all the necessary elements to ensure that our tenants' businesses can offer healthy, inspiring and sustainable working lives for their employees.

LONG-TERM APPROACH AND COOPERATION

Developing and improving properties often involves protracted processes. That is why we

apply a long-term approach and take a holistic view to our value creation. We create value in the short and long term for our customers and their employees, as well as for visitors, residents and anyone else who frequents our properties and the surrounding location. This is where Kungsliden's cluster strategy generates benefits by providing us with a stronger position in locations in which we are a major player.

We are also convinced that our own value-creating activities and sustainable local urban development efforts benefit from cooperation. By maintaining continuous dialogue with local decision-makers and partnering with businesses and academic communities, the public sector, as well as people who live and work in the location, we can create attractive places that inspire people. Kista Science City and Värtahamnen in Stockholm, and Finnslätten in Västerås are examples of areas in which we actively participate in local development initiatives.

ONGOING PROJECTS

Eden by Kungsliden in Malmö's Hyllie district is now being carried out. The approximately 8,000 sq.m. building will be the first to realise our Symbiotic building concept for future flexible and sustainable offices (see page 54 for more information). Some of the other projects we are developing are the Rotterdam District and Stettin 6 in Värtahamnen and Gärdet, Stockholm, respectively, Building 357 in Finnslätten, Västerås and Oxelbergen 1:2 and Taktipinnen 1 (SMHI) in Norrköping.

Several projects will be completed in 2020. These include the Swedish Prison and Probation Service's new premises in Östersund, improvement of Blästern 14 in Hagastaden with the Blique by Nobis design hotel and premises for the co-working company Conventum, and the B26 project in Västerås. This project is converting a formerly vacant part of the Mimer 5 property into an innovative co-working concept that is helping breathe new life and movement into this district.

FUTURE PROJECTS

Looking to the future, Kungsleden is focused on strong growth by, for example, realising the potential of our building rights and our pipeline of commercial project, which is currently estimated at SEK 13 billion. The execution of investment programmes adopted requires long-term processing and planning of future project investments. We are developing projects in both the existing portfolio and through new land allocations. Since zoning plan processes are often protracted, we concentrate on

making the purpose of the property flexible to ensure we can meet future demand.

We have the highest share of building rights in Kopparlunden and Finnslätten in Västerås. During the year, we also took further steps in our long-term plan to develop Kungsleden's cluster in Västberga in southern Stockholm. An agreement was signed with the City of Stockholm for a new land allocation for 14,000 sq.m of offices and hotel adjacent to a property that we own in the area, which will facilitate total development of 22,500 sq.m.

Work on the welcoming a:place office project (Borgarfjord 5) totalling 10,000 sq.m. in Kista is about to commence. Leasing work and project planning are under way and construction is scheduled to be start in 2021. In Västerås we strategically acquired Mimer 6, which is neighbour with B26 in the heart of our Västerås City cluster. The property comprises a multistorey car park with more than 600 spaces and development rights for 29,000 sq.m. of office space and 12,000 sq.m. of multistorey car park.

Major current projects

Property name	Category	Municipality	Completed	Leasable area, sq.m.	Estimated rental value, MSEK	Occupancy rate, %	Book value, MSEK	Estimated investment, MSEK	Of which completed, MSEK
Eden by Kungsleden ¹	Office	Malmö	2021	7,900	25	85	243	384	228
Finnslätten 1 – part of	Office, Industrial	Västerås	2024	21,000	28	13	172	250 ²	69
Stettin 6	Office	Stockholm	2021	25,000	57	80	1,338	230	141
The Rotterdam District	Office	Stockholm	2021	21,300	61	71	1,106	225	138
Taktpinnen 1	Office	Norrköping	2022	16,000	25	100	296	136	65
Oxel - part of Oxelbergen 1:2	Office	Norrköping	2021	6,000	12	27	80	91 ²	55
Total				97,200	208	68	3,236	1,316	696

Completed projects

Property name	Category	Municipality	Leasable area, sq.m.	Investment, MSEK	Rental value, MSEK	Project return, MSEK	IRR, %
Blästern 14	Hotel, Office	Stockholm	17,000	595	62	327	11.4
B26 Mimer 5 – part of	Office	Västerås	4,700	147	12	27	8.5
Karlslund 5:2 – part of	Social Services Property ¹	Östersund	3,300	140	11	61	9.3
Total			25,000	882	85	415	

1. New development
2. Investment frame – the project is being completed as premises are leased.

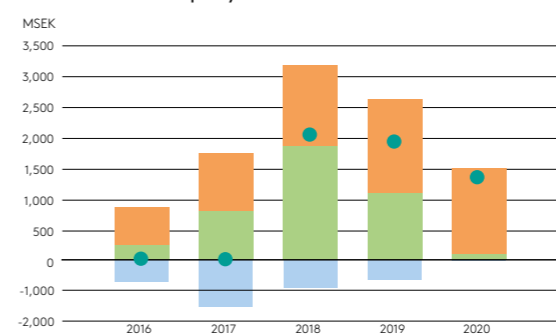


The ROTTERDAM DISTRICT

Investment programme

MSEK	2017	2018	2019	2020	Plan 2021-2023
Development projects	312	578	598	594	1,800
Tenant improvements and other value-creating investments	499	596	799	638	2,100
Maintenance investments	114	126	112	163	300
Total investments	925	1,300	1,509	1,395	4,200

Net investments per year



Type	Zoning plan ongoing	Zoning plan planned
Commercial building rights, sq.m.		
Stockholm	18,000	155,500
Gothenburg/Malmö	62,500	82,500
Västerås/Mälardalen	101,000	149,000
Residential building rights, sq.m.		
Stockholm	50,000	37,500
Gothenburg/Malmö	36,000	48,000
Västerås/Mälardalen	94,000	19,000
Total	361,500	491,500

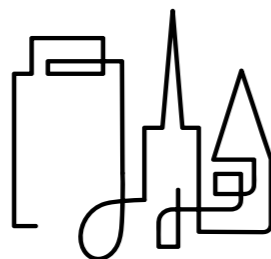
Strategic acquisitions and optimisation

Kungsleden can create value with attractive, sustainable and inspiring places through its large and efficient management units. To realise this, we continuously expand and optimise our property portfolio with a well-defined main focus.

OFFICE CLUSTERS IN SELECTED LOCATIONS

Our focus is directed to sustainable and attractive offices in Stockholm, Gothenburg, Malmö and Västerås. We primarily look for properties that complement the clusters that we already have in our portfolio or those that present an opportunity to establish new clusters in attractive, highly accessible locations. At least half of our property value should be in Stockholm, and at least 70 per cent of the portfolio should consist of offices. Our sustainability targets are ambitious and this aspect is central to evaluating acquisition candidates.

We closely monitor developments in the real estate market and continuously analyse and evaluate investment opportunities. Our acquisition and divestment activities provide important market know-how that adds to our internal valuation process. Each year, we conduct a location analysis, which includes an appraisal of our own portfolio combined with national growth statistics, forecasted rent growth, transaction market liquidity and municipal indices.



ACQUISITIONS AND DIVESTMENTS DURING THE YEAR

The Mimer 6 property was acquired in 2020, strategically located at the very centre of Kungsleden's Västerås City cluster. It allows us to further develop the centrally located cluster with more modern and sustainable office premises. We divested two properties in Täby. The vacant Fräsen 1 property was divested for a selling price of MSEK 31. The property is expected to be vacated in the first half of 2021. The Tändstiftet 2 property, which is in need of an extensive tenant adaptation, was divested to the tenant Europeiska Motor AB for MSEK 46. The price exceeded the property's book value and the date of closing was in January 2021.

Property acquisitions

Property	Municipality	Category	Leasable area, sq.m.	Purchase consideration, MSEK
Mimer 6	Västerås	Office	41,000	63

Property divestments

Property	Municipality	Category	Leasable area, sq.m.	Purchase consideration, MESEK
Fräsen 1	Täby	Office	1,900	31
Tändstiftet 2	Täby	Other	2,200	46



Our properties

Kungsliden wants to make it possible for people to have a stimulating working life in sustainable places. With our high-reaching sustainability ambitions, we develop and manage attractive and functional properties and clusters in desirable locations in selected Swedish growth locations, with Stockholm representing the main market.

OFFICES IN PRIORITY GROWTH MARKETS

Kungsliden owns 211 properties with a book value of MSEK 40,718. The vast majority, 87 per cent, of the portfolio is in one of our four priority growth markets: Stockholm, Gothenburg, Malmö and Västerås. Offices represent 74 per cent of the property value, and 70 per cent of the value is found in one of our 12 clusters.

In recent years, we have focused on optimising our holdings and improving the quality of our portfolio. Now, Kungsliden has fewer properties, but higher average rent per square metre, and a higher property value. We sold a large base of properties in non-priority municipalities, and made acquisitions in our four growth markets. Meanwhile, the investment volume in existing properties has increased. The share of Office has risen steadily in the last three years – from 71 per cent of property value to 74 per cent – while Industrial/Warehouse and retail have decreased. At year-end, Stockholm represented 46 per cent of the total property value.

A LONG-TERM PROPERTY OWNER

Our ownership is distinguished by a long-term view. We work continuously on developing, improving, modernising and adapting our properties for tenants. This work has resulted in a significant increase in investment volume, and in the company's earnings and profitability. Over the past four years, Kungsliden has invested SEK 5 billion in its portfolio.



The investment plan for 2021-2023 is estimated at approximately SEK 1.4 billion annually, and involves a continued focus on both expanding and increasing the quality of our property holdings.

VALUING OUR PROPERTY HOLDING

We conduct an internal valuation of our property holdings every quarter, based on an analysis of cash flow that estimates the future earnings capacity of individual properties and the market's required yields. This internal valuation is the foundation of reported property values.

To quality-assure and verify its internal valuations, Kungsliden also conducts external valuations each quarter on parts of his portfolio. This took place for most of the portfolio in 2020.

VALUE TREND 2020

For the full-year 2020, unrealised changes in value in the property portfolio were MSEK 948. The increase in value was due to the reduction in required yield and higher rental revenue. At the end of the period, the average required yield was 5.1 per cent – compared to 5.2 per cent at the beginning of the year.

“We work continuously on developing, improving and adapting our properties for tenants.”

FACTORS IMPACTING VALUE MSEK

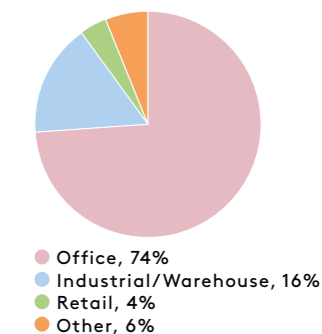
	2020	2019
Changed required yield	647	1,017
Changed operating net	448	991
Changed assumptions of investments and other factors impacting value	-147	-306
Acquisitions	1	59
Total unrealised changes in value	948	1,762

FIVE-YEAR OVERVIEW, PROPERTY-RELATED KEY RATIOS PER YEAR

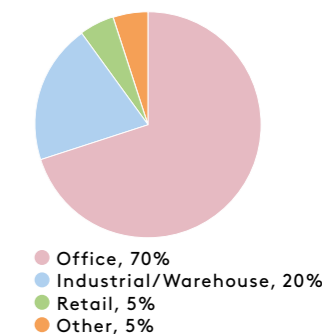
	2020	2019	2018	2017	2016
No. of properties	211	209	222	222	269
Leasable area, '000 sq.m	2,001	1,997	2,055	2,159	2,580
Rental value, MSEK	2,760	2,647	2,622	2,567	2,672
Rental revenue, MSEK	2,501	2,418	2,377	2,319	2,422
Total revenue, MSEK	2,530	2,423	2,385	2,323	2,430
Property costs, MSEK	787	773	800	785	827
Operating net, MSEK	1,743	1,650	1,586	1,538	1,602
Book value, MSEK	40,718	38,310	34,697	30,974	29,533
Economic occupancy rate, % ²	90.7	91.5	91.5	90.5	90.6
Surplus ratio, %	69.7	68.2	66.7	66.3	66.2
Property yield, % ¹	4.4	4.5	4.8	5.1	5.6
New leasing, MSEK	156	210	274	201	216
Vacated, MSEK	-134	152	189	132	117
Net leasing, MSEK	22	58	86	69	99

1. The definition of occupancy rate was adjusted for 2019, 2018 and 2017.
2. Comparative figures for 2016 have not been restated.

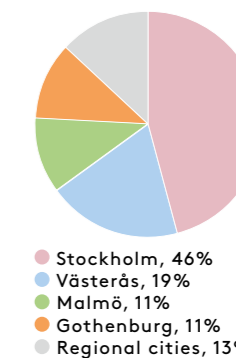
PROPERTY VALUE BY CATEGORY



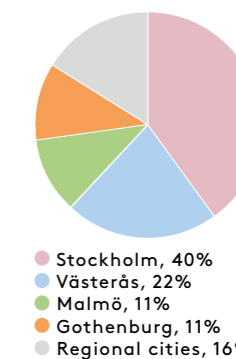
RENTAL VALUE BY CATEGORY



PROPERTY VALUE BY GEOGRAPHY



RENTAL VALUE BY GEOGRAPHY



People, Planet and Culture

SUSTAINABILITY AND CULTURE AT KUNGSLEDEN

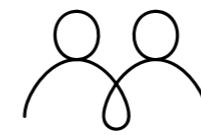
As a property owner with a long-term approach, sustainability is a factor for success that ensures our future competitiveness. Our sustainability activities encompass everything from our journey towards becoming climate positive to a sustainable, secure and stimulating work environment for our employees.

38%
Green financing

464
Of all lease contracts are green leases

42%
environmentally certified properties

Women/men, %
48/52
gender division company-wide



People



Planet



Culture

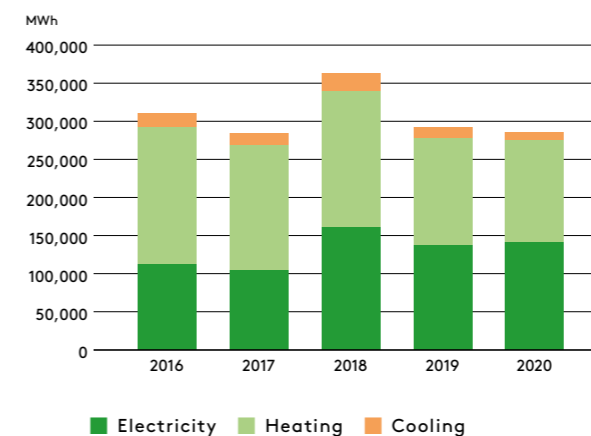
Everyone at Kungsliden works to achieve the same vision and we share the same core values. Our three core values – professionalism, caring and joy – guide us in how we conduct ourselves internally and towards others.



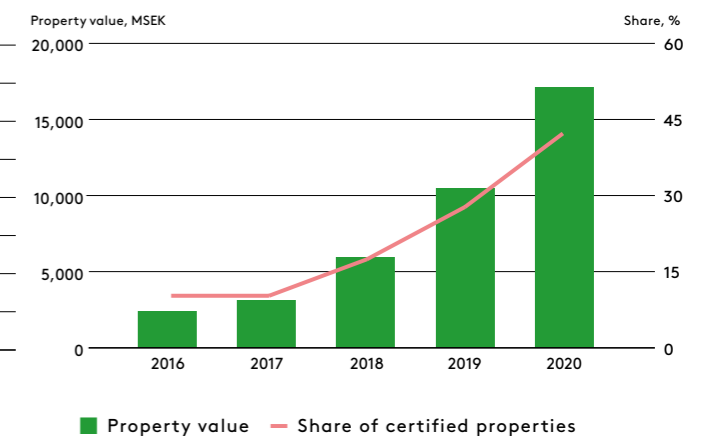
Kungsliden believes that the issue of climate change is business-critical. For this reason, our entire value chain will be climate positive by 2035.
Read more about this venture on page 48.

Kungsliden focuses on developing sustainable and inspiring places that benefit people's health and well-being.
Read more on page 52.

ENERGY CONSUMPTION



ENVIRONMENTALLY CERTIFIED PROPERTIES



A business and workplace that are sustainable over time

NEW SUSTAINABILITY STRATEGY BROADENS OUR PERSPECTIVE

Kungsleden has driven a highly ambitious sustainability agenda for a number of years and we have assumed a great responsibility to ensure that our targets are met. Our activities contribute to 12 of the UN Sustainable Development Goals (SDGs) and serve as a natural foundation for the business. Our sustainability efforts provide a platform that allows us to create attractive and sustainable places that inspire people.

We adopted a new sustainability strategy in 2020 that advances our work and broadens our perspective. We want to answer the need for sustainable value creation by taking a cohesive view of health and well-being with a focus on people. This is to take place within the framework of the Earth's limited resources and be supported by a positive culture that helps us to act in the right way and serve as a force for good in society.

For this reason, our new strategy highlights three sustainability areas: People, Planet and Culture. Each of these has a number of focal points with defined targets to follow up. We are focusing on realising the sustainable offices, buildings and city districts of the future. We make use of technical and scientific achievements to enable a healthy and balanced working life that does not damage the environment or impact the climate. Our sustainability activities are now moving beyond environmental certification and we have the target of achieving climate-positive property management operations by 2025 and across our value chain by 2035.

“Our target is to achieve climate-positive property management operations by 2025 and across our value chain by 2035.”

IMPORTANT ACTIONS 2020

During the year, we prepared our new sustainability strategy with People, Planet & Culture as the overarching sustainability aspects. The strategy serves as the foundation for our ambitious emissions reduction target, our focus on further developing the Symbiotic concept, our digitalisation programme and advancing our important work on social commitment.

1. In the area of People, we mainly further developed the Symbiotic concept during the year under which we are combining “green” and “social” aspects into one, and focusing on people to create intelligent locations, buildings and offices that improve the quality of life, health and well-being. Eden in Malmö will be the first Symbiotic building that we will realise.

OUR SUSTAINABILITY STRATEGY



PEOPLE

A cohesive view of health and well-being with a focus on people

FOCAL POINTS

1. Good health and well-being
2. Sustainable and vibrant cities
3. Intelligence and service



TARGETS/KPI

1. Develop and implement Symbiotic District
2. Develop and implement Symbiotic Building
3. Develop and implement Symbiotic Office



PLANET

We share an ecosystem of limited resources and do what we can to reduce climate change

FOCAL POINTS

1. Climate and energy
2. Sustainable flows of materials
3. Climate adaptation and water
4. Green economy
5. Biodiversity



TARGETS/KPI

1. Climate positive across the value chain by 2035
2. Climate positive management by 2025
3. Develop and implement Climate-smart premises
4. All new major projects to feature solar panels¹
5. 25% reduction in energy consumption of the property portfolio by 2025 (base year: 2020)



CULTURE

We have a positive culture that helps us to act in the right way and serves as a force for good in society.

FOCAL POINTS

1. Social commitment
2. Transparency and business ethics
3. Occupational health and safety



TARGETS/KPI

1. All new major projects are to have at least activity to promote local social commitment
2. Zero tolerance for accidents
3. Zero tolerance for non-ethical behaviour, corruption and violations of human rights

¹ For projects of more than MSEK 50 and where technically feasible

2. In Planet, we launched our new emissions reduction target of being climate positive by 2035, significantly increased the percentage of environmentally certified properties, carried out new projects with solar panels and geenergy installations, and purchased 100 per cent renewable electricity in our properties. We have worked on the “climate smart” premises project to look at how we can increase the level of reuse, reduce our climate impact in connection with modifications and offer eco-friendly premises to our customers. We also joined the Science Based Targets initiative (SBTi) during the year and our emissions reduction target is in line with limiting global warming to a maximum of 1.5°C. We continued to invest in digitalisation, with more properties connected to our monitoring system for energy, water and waste data, as well as automation of LEED certification.

3. In Culture, we continued to promote a more inclusive society by increasing diversity at the company. This took place as part of our recruitment process and our ongoing work on our core values to counteract prejudice and strengthen inclusion at our workplaces. We arranged diversity training for all our employees in a continued productive collaboration with Fryshuset and delivered food parcels to single mothers. Our activities regarding the company's own work environment during the year were partly dominated by the fact that

we now conduct our own facility management. This presents new challenges that have been addressed, for example, by offering training courses focusing on systematic occupational health and safety for managers and local safety officers. Naturally, protecting employees from contagion was a key area due to the ongoing pandemic, plus the changed psychosocial situation for those working remotely. We greatly benefited from existing digital tools that we could use to reorganise rather than cancel work aimed at promoting a healthy work environment and the monitoring of these activities.

GRI, EPRA AND TCFD REPORTING

Our sustainability reporting is compliant with the core level of the Global Reporting Initiative (GRI) framework, which provides transparency and enables comparative monitoring. Our reporting also complies with the most recent recommendations (Best Practices Recommendations on Sustainability Reporting) of the European Public Real Estate Association (EPRA).

This year's report has also been adapted to fulfil the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) so that we can describe the climate-related risks and opportunities that have been identified and the action we are taking.

This sustainability work was coordinated by our Sustainability Manager but we collaborate closely on sustainability issues across the organisation.

Climate positive by 2035

Kungsliden believes that the issues of sustainability and climate change are business-critical. To respond to the greatest challenge of our time, we do not only want to reduce our climate impact but actively prevent climate change by eliminating more emissions than our business and value chain give rise to. We will achieve this by 2035.

FULL STEAM AHEAD

The carbon footprint of the property sector is extensive, both when new buildings are constructed and during the management phase. Properties account from about 30 per cent of the world's total climate impact. Kungsliden has been working for some time to reduce our emissions from energy consumption and transportation, and to improve energy efficiency in development projects and our ongoing property and facility management. For example, the vehicles used by technical maintenance personnel are electric and we purchase 100 per cent renewable energy.

limiting global warming to a maximum of 1.5°C. However, Kungsliden's ambitions stretch even further than this. As the first property company in Sweden, we have adopted the target to become climate positive across the value chain by 2035 (scope 1-3), with the interim target of achieving climate-positive property and facility management by 2025 (scope 1 and 2).

Being climate positive means that we remove more emissions than our business and value chain give rise to. Our overall impact on the climate is thus positive. As we now accelerate the pace of our climate action, we are also strengthening our competitiveness, which provides financial advantages in the form of, for example, lower energy costs, reduced climate risks and lower material costs in our projects as a result of reuse. It also strengthens our brand and attracts more customers.



We raised our ambitions even higher in 2020. We joined the Science Based Targets (SBT) corporate climate action, an initiative whereby companies disclose and are audited to ascertain whether their emissions reduction targets are in line with the Paris Agreement's goal of limiting global warming to a maximum of between 1.5°C and 2.0°C. Part of our SBT commitment is to reduce our scope 1 and 2 climate emissions by 50 per cent by 2030 compared to 2018 levels and to measure and reduce scope 3 emissions, which is in line with the goal of



THREE AREAS TO REALISE OUR TARGETS

We will focus on three areas to realise our targets. Firstly, we will reduce our emissions throughout our business and the value chain. We will also promote technical innovation that enables neutral and negative emissions through carbon sequestration. Finally, we will also need to utilise carbon offsetting since technology does not yet allow us to fully reach our targets. Quality assurance is a key element of these activities in order to guarantee that the projects supported actually do reduce emissions globally. We will prepare a climate action plan in 2021 that will provide detailed guidance on our climate action for achieving our targets.

One of the areas we are focusing on to attain our first interim target of climate-positive property and facility management by 2025 is fossil-free company cars. We want to install solar panels and geenergy installations in all properties wherever possible. We are continuously working to enhance energy efficiency and we will avail of eco-friendly district heating and, where available, change over to low-emission coolant media in our properties.

After analysing our emissions we found that the largest portion derived from purchased materials. Accordingly, we will need to transition to climate-friendly solutions generally in order to be climate positive across the value chain by 2035. Our projects will focus on reuse



and a more circular economy, and make use of materials with a low climate impact, such as eco-friendly concrete.

COOPERATION ON OUR JOURNEY

In 2021, we will prepare our climate action plan for our climate activities for the period until 2035, and report important areas in which partnerships with external parties are needed to achieve success. We will achieve our climate targets together with our tenants, suppliers and partners. We will support companies and services that deliver new technology and innovation that advance our climate efforts.

The green leases we sign with our tenants include measures that address such aspects as energy efficiency, indoor environment, choice of materials and sorting at source. This is already a naturally integrated part of our customer proposition. We are now also developing the Climate-smart premises concept. By calculating the carbon footprint of different tenant improvements, we help our customers make conscious choices that increase the level of reuse and circular economy. We offer sustainable investment opportunities through our green financial framework, and issue green bonds. We are evaluating changes in the green financing market resulting from the EU taxonomy and will update our green financial framework in 2021.

SUSTAINABILITY FOCUS IN DEVELOPMENT AND ACQUISITIONS

Our project development is based on a sustainability programme incorporated into all phases of the project. Alongside climate calculations, requirements are set for areas including environmental certification, healthy

“We have selected LEED, one of the most widely used and comprehensive environmental classification systems in the world.

indoor environments, social measures in the location and environmentally adapted construction materials. Environmental certification is both a method of clarifying the environmental performance of our properties and a tool for working on improvement on a structured footing. We have selected LEED certification, one of the most used and comprehensive environmental classification systems in the world. Environmental certification is a useful tool for governing our sustainability activities and we aim to environmentally certify most of our properties in 2021. We also evaluate our projects according to WELL certification and Kungsliden’s own Symbiotic concept.

We also make a point of analysing sustainability risks when we acquire properties. We review public documents, hold interviews and make on-site visits before the acquisition is made. Using this risk analysis, we assess the costs of any necessary action to manage the risks identified. The risks could be related to hazardous materials, indoor environment and climate change.

GREEN FINANCING

Kungsliden has worked with green financing since our first green bond was issued in 2018. Issuing green bonds and bank loans is an important part of our sustainability activities and the long-term aim is for all assets to be financed using green borrowing. We issued green bonds for SEK 2.3 billion in 2020 and thus have gradually increased our share of green financing, which accounted for 38 per cent of the loan portfolio at year-end. The EU taxonomy changed the conditions for green financing in 2020 since it was proposed that only the most energy-efficient properties qualify for green financing under the EU Green Bond Standard. The aim of the EU taxonomy is positive and the purpose is for the EU to attain its long-term climate target of being climate neutral by 2055 and to help improve the transparency of green financing, but the proposal presented at year-end rewarded mainly new energy-efficient properties. Together with industry colleagues, we have submitted opinions to the government for the EU taxonomy to also allow green financing for sustainable existing properties and provide the incentives required for achieving a long-term, green transition. We will update our green financial framework in 2021 to include our new sustainability strategy and emissions reduction target and also incorporate the EU taxonomy.

RESILIENCE, CLIMATE RISKS AND TCFD

Global greenhouse gas emissions have resulted in the climate changes we are experiencing today and we expect these to continue to accelerate. To ensure that our properties remain resilient and can withstand climate change, we are working strategically on climate-related risks and opportunities. This is the first year that we have prepared a report in accordance with the TCFD’s recommendation, and it can be found on pages 136-137 of the in-depth sustainability information. Climate risks are included in Kungsliden’s overall risk section on page 82.

Kungsliden arranges annual risk workshops with management and also has an annual risk discussion with the Board. Climate-related risks and opportunities for Kungsliden are discussed on both of these occasions. A detailed climate-risk workshop is held every three years.

For physical climate risks, our target for 2021 is to identify climate risks geographically for our property portfolio. For 2022, our target is to identify all climate risks at property level and prepare an action plan to manage any climate risks. We aim to follow up at the property level every year and assess the status of climate risks together with the technical condition of the property. Our long-term goal

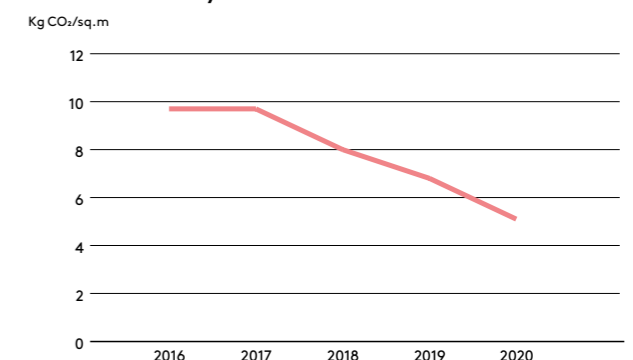
is for all of our properties to be resilient and equipped for an expected change in climate.

Kungsliden will be climate positive across the value chain by 2035. We have identified several transition risks on the path to achieving our emissions reduction target. Related to Scope 1 and 2, the most important targets are to reduce the energy consumption of our properties, and reduce district heating emissions and coolant media leaks. We address Scope 1



and 2 emissions through our energy-efficiency target of a reduction of at least 25 per cent in the 2021-2025 period and we will install solar panels and geenergy installations where technically feasible by 2025, purchase fossil-free district heating where available and change to more climate-friendly coolant media. Related to Scope 3, our largest emissions derive from materials for new builds, reconstruction and modifications, which we address by improving our purchasing systems by imposing climate requirements, carrying out climate analyses and calculations, and by increasing the degree of reuse. As support in the transition process for achieving our emissions reduction targets, Kungsliden has carried out a thorough cost analysis that has been approved by the management and the Board. A detailed climate action plan will be prepared in 2021.

Emission intensity



Sustainable offices of the future

Kungsleden focuses on developing sustainable and inspiring offices and places that benefit people's health and well-being. Contentious design, innovation, new technology and new services can reduce stress, ill health and use of resources.

HEALTH, HAPPINESS AND SATISFACTION

The sustainable offices of the future focus on people. By applying our cohesive view of health and well-being, we want to create a platform to enable everyone to perform at their very best at work. New scientific findings offer insight into what instils people with a sense of well-being. Our office environments are to benefit both physical and mental health and create contentment for the people who work and visit them.

Our properties and environments are to meet the high requirements set for all the aspects that combine to contribute to people's health and well-being. The building itself must function optimally in terms of health, such as providing good ventilation and air quality. But people feel better if nature is incorporated into the indoor environment in different

ways, known as biophilia. It is also important to create options for relaxation, such as space for yoga, a light room or rooftop allotments. We have included these elements in our plans for our new head office in Värtahamnen that we will move into in 2021. Our new head office will inspire well-being and human sustainability. We put the health and well-being of our employees first and create a space for community.

The function of the office as a meeting place has taken on greater importance in a time when the pandemic has made many people used to working from home. Well-designed shared spaces for social interaction will thus be even more crucial for attracting employees to the office. More than ever before the workplace must be designed for dynamic and positive interaction.

LINK TO UN SDGS



SIMPLICITY AND FEWER RESOURCES

The future is smart. Secure digital technology can be used to improve modern-day activity-based and flexible offices in terms of both the human aspects as well as resource efficiency and climate performance.

Adding intelligence and service to our office environments simplifies our working life and gives people an experience that is out of the ordinary. One example is using presence-sensing devices to find vacant meeting rooms or desks in real time in the appropriate environment for that moment. This makes it easier to make the right choice according to current needs.

New, innovative services can simplify an otherwise stressful everyday life for everyone at the office. For example, lunch ordered in an app can be delivered to the office at the right time or private packages can be delivered to work. At the same time, the overall use of resources can be reduced by sharing spaces and making use of shared services.

SUSTAINABLE URBAN PLANNING

Our properties are part of a city that we are developing in a sustainable direction together with other players. By working together with tenants, municipalities and other local stakeholders we become a force for change and inspiration. Grouping our properties together in clusters means that we have more opportunities to influence the location, such as improving public transport or measures to enhance the outdoor environment.

Our clusters are to be vibrant and attractive and we adopt a cohesive approach to the sustainability aspects outside the property boundaries. We want to make a positive contribution to the location as a whole by identifying what is lacking and what can be added to create social sustainability, security, inclusion and quality of life.

“Our new head office will inspire well-being and human sustainability. We put the health and well-being of our employees first and create a space for community.”



Symbiotic concept

Kungsleden applies a holistic sustainability mindset that takes people, the environment and the economy into consideration. With the Symbiotic concept for buildings, city districts and offices, we want to create the conditions – based on resource efficiency and circular grounds – that ensure the health and well-being of people and the success of companies.

Interview with Tina Lindh, business developer

INTERACTION BETWEEN BUILDINGS AND PEOPLE

Tina Lindh, business developer at Kungsleden in Malmö, has led the development of the Symbiotic concept for the past number of years. It is based on the idea that the focus of properties and locations should be on the people.

“The property industry has focused too much on the actual building and form. Office buildings should be used as a tool for giving people the right platform, ensuring that have a high sense of well-being and can perform at their very best at work. Good interaction – symbiosis – between the building and people improves work performance, which in turn benefits business,” she says.

Scientific research has found evidence that companies achieve better results when their employees have a high sense of well-being and feel inspired and creative. In other words, property owners and office tenants doing everything they can to create efficient premises with space for as many workstations as possible are focusing on the wrong things. They should instead concentrate on fostering health and well-being.

“The cost of premises is a fraction of the cost of the people who work at a company. Personnel account for about 90 per cent of the total costs. The effects that can thus be achieved will be far greater when employees are motivated to perform better. Even the little things can lead to a large payoff,” says Tina Lindh.

THE BUILDING DOES THE WORK

Kungsleden’s Symbiotic building concept offers tenants a shortcut by including many of the elements that create health and well-being in the rent. The building does an important part of the work when it comes to creating attractive and inspiring workplaces. The concept is based on what scientific research has found to be important for people’s well-being based on several health aspects: physical, mental and social.



Tina Lindh

"We have identified four cornerstones for Symbiotic building: health, services, intelligent technology and nature. We are using modern technology to incorporate intelligence into the building that both makes it easier to manage the facilities and properties, and enables the individual to simplify their everyday life and prevent stress. The building will also have a wide range of services, both practical and for exercise, relaxation and well-being," says Tina Lindh.

"People are instinctively drawn to nature that inspires us and helps us feel good, something known as biophilia. This governs how we design and furnish the indoor environment. Plants, natural materials, patterns, temperature zones, light and sound help bring nature into the building. Finally, health and well-being govern all of our choices of solutions, materials and systems.

Environmental sustainability is naturally also an integrated part of Symbiotic building. Energy and resource efficiency and support for circular solutions are encompassed by the concept.

EXPANDING THE CONCEPT TWO DIRECTIONS

Urban planning also need to increase its focus on people. In city district planning, far too much focus has been on structures, buildings and architectural form rather than concentrating on the people who live, work or visit the district. Instead, Kungsleden wants to use its Symbiotic district concept to show how urban development can focus on people.

"We start from the same cornerstones as Symbiotic building but look at what is needed in an entire city district for creating the necessary conditions for health and well-being, for example, greenery, meeting places or space for exercise. To realise this goal, we need to work together with other property owners, municipal decision-makers and people who live, work and visit the city district. Our cluster strategy supports us since it allows us to take more action in our city districts," she says.

Kungsleden is also expanding the concept in a different direction by developing the proposition to offer tenants a symbiotic office.

"Again we apply the same cornerstones – health, services, intelligent technology and nature – but go into even more detail together with the tenant to foster health and well-being in an environmentally adapted office," concludes Tina Lindh.



EDEN REALISES THE CONCEPT

Eden, Kungsleden's first Symbiotic building, is being constructed in the Hyllie district of Malmö, with the first tenants scheduled to take up occupancy in September 2021.

Eden encompasses about 8,000 sq.m. It embodies everything we aim to achieve with Symbiotic concepts' four cornerstones of health, services, intelligent technology and nature.

Biophilia and health factors govern the choice of furnishing and the design of the indoor environment. Secure digital technology also forms the basis of both low-resource facility management and a simplified everyday life for the people working in the building. With a service operator in the building we can also ensure that we can provide all types of service that our tenants might need, such as catering, after-work events, external meeting rooms, individual workstations, etc.

"This was an extensive development project in which we had to be highly innovative and find the right partner for attaining our targets for all the different areas. Yet we worked decisively to ensure that all aspects came together to form a functioning whole," says Michael Lundblad, Head of Project.

Every individual at Eden will have a digital identity that provides access to information and the ability to communicate with other people in the building, order services and book activities and events, etc. Your workplace is in your mobile phone and you access everything related to it digitally. Personal service is available on-site to facilitate an easy everyday life, contentment and well-being. All of this is packaged in an environment inspired by nature that boosts health and well-being.

"Our aim is to have a building that – by benefiting health and well-being – improves people's performance, efficiency and creativity. This makes our tenants better and thus ensures that their companies become more successful," says Michael Lundblad.

A diverse employer

Diversity is critical for Kungsleden to be successful in creating attractive and sustainable places that inspire people. Accordingly, we focus on greater diversity and inclusion – from senior management all the way to the individual employees.

REFLECTING SOCIETY IS CRITICAL TO BUSINESS

Everyone at Kungsleden works to achieve the same vision and we share the same core values. Our three core values – professionalism, caring and joy – guide us in how we conduct ourselves internally and towards others. Our more than 130 employees work in several different locations around Sweden. We work in small, closely-knit teams close to our customers and properties.

We are well aware of how important diversity is we are to show our customers and our business environment that we live according to our values. Access to many different experiences and skills means that we complement each other, form stronger teams, make better decisions and deliver higher value to our customers. We are, quite simply, better when we ourselves reflect our surrounding society. That is why efforts to increase diversity are critical to our business.

INVOLVEMENT THROUGHOUT

Kungsleden is committed to improving diversity at the most senior level of management. Our action is based on the understanding that we become a better company by working on these issues. If we are to achieve the goal of becoming Sweden's most profitable and most successful listed property company, we need to involve all employees in our efforts to increase diversity and inclusion.

Equality is a key aspect of diversity and Kungsleden has made substantial progress in this respect. Women are well represented among the total number of employees as well as management and the Board. We were named Sweden's most gender-equal listed company back in 2016. Our focus is now directed to continuing and enhancing this work and making the same progress in other aspects of diversity.

RECRUITMENT AND TRAINING

We have set the target that our employees are to reflect society in terms of foreign background. To this end, we ask our recruitment partners to ensure that recruitment processes include qualified final candidates who would

increase internal diversity. We also use various methods to seek out skills outside our known arenas. Winning the prize of Innovator of the Year at the 2020 Universum Employer Branding Awards is confirmation that we are testing new models.

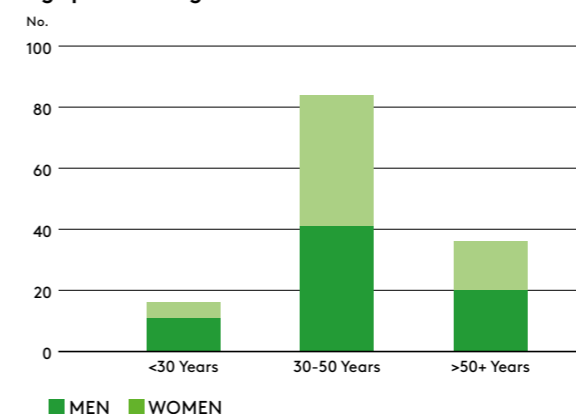
To ensure our future supply of talent, our partnership with Fryshuset to offer summer jobs to young people outside the labour market in Gothenburg could yield results. We are particularly delighted to have been able to offer seven young people a summer job in this special year. It gave them their first experience of a proper job and a professional reference point. We also participated in the Jobbsprånget programme that offers internships to help recently immigrated graduates enter the labour market. Happily, our intern in Malmö was employed by one of our partners directly after the internship ended. But it not enough to simply consider diversity, we also need to succeed in retaining and safeguarding the know-how that diversity offers. Both managers and employees are responsible for fostering an inclusive work environment and we thus regularly arrange internal training and workshops on this subject. Our managers learn to be norm critical and aware of prejudices and their negative consequences.

Workshops for employees are organised together with Fryshuset to discuss diversity in a broader sense and personal responsibility for making sure that everyone feels welcome and included. These activities were held virtually in 2020 due to the Covid-19 pandemic.

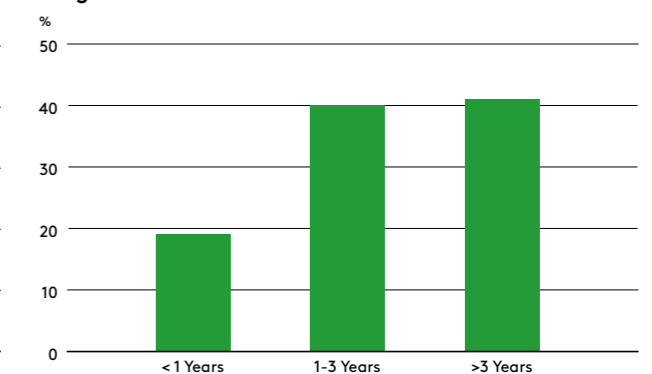
LINK TO UN SDGS



Age profile and gender balance



Length of service



Corporate culture, business ethics and social responsibility

Kungsliden is a values-based company. We endeavour to always be professional, show consideration and have fun at work. We aim to be an attractive employer with a good working environment and a high level of safety. With our positive culture, we are a positive force for change that supports the sustainable development of society.

“The score for total commitment was the highest ever at an employee commitment index of 8.0, surpassing both last year’s result and our target of 7.8.”

GUIDED BY CORE VALUES

Kungsliden is a company undergoing change. We continuously evaluate and develop how we work, are flexible and give our employees scope to influence the business. This allows us at Kungsliden to remain an attractive workplace over time and helps us achieve our long-term target of having the market’s most satisfied customers and the most dedicated employees.

At the same time, we are constantly guided by our core values – professionalism, caring and joy – and our vision to create attractive and sustainable places that inspire people. Our core values help us make decisions that ensure that Kungsliden is an attractive, sustainable and inspiring place to work. We monitor how managers and employees embody our core values, which also affects their variable bonus.

Our whistleblower system can be used by both employees and external parties to anonymously report suspicions of corruption, shortcomings in occupational health and safety and non-ethical conduct, as well as suspected breaches of our core values. No reports were made during the year.

HIGH ETHICAL STANDARDS

Our professional corporate culture means that we set high standards for business ethics. We renounce all forms of corruption and have zero tolerance of impropriety. The terms and conditions applied to our business must always be commercial and transparent. We transform our requirements into action through training, monitoring and continuous internal communication.

Our business ethics requirements also encompass our employees. To ensure that the procurement of goods and services is on a responsible footing, we have a Code of Conduct for suppliers that must be signed and followed in order to become one of our suppliers.

The Code also covers human rights, health and safety and environmental issues. We monitor compliance by requesting documentation and/or conduct audits of our suppliers. Non-compliance results in our relationship being discontinued.

1.2%
sickness absence

EMPLOYEE AND MANAGER RESPONSIBILITIES

Both our employees and managers are entrusted with a great deal of personal responsibility, in their day-to-day activities and more long term. Our employees are also expected to take proactive responsibility for their own development. We use individual goal-setting and development plans in a structured process to utilise our people’s potential and willingness to progress.

We have a leadership promise to ensure high-quality leadership: open, supportive, and committed. It means that managers are to show openness, trust and confidence in employees, and that they provide support, development and constructive feedback, are present and available, and engage employees and create positive energy based on Kungsliden’s core values and vision.

We have the Kungsliden Employee of the Year award to highlight good leadership. It is

awarded to one of the nominated managers who excel at meeting the leadership promise. The award of Cultural Ambassador of the Year goes to an employee who embodies our core values.

PREVENTIVE HEALTH AND SAFETY

We care about both the physical and mental health and well-being of our employees. For example, all employees are offered private medical insurance, a health check-up and a fitness subsidy. We essentially make up each other's working environment and work continuously on how we interact with each other. Workload and stress are challenges for Kungsleden just as for the rest of society. We take preventive action and offer training in how to identify warning signals and react to them.

Establishing our own facility management organisation in 2020 added new dimensions to our occupational health and safety activities, and we thus provided additional training for managers in this area. We also trained more safety officers and refined our processes for accidents and near-accidents. Kungsleden has a zero-tolerance policy of workplace accidents.

DIGITALISATION IN THE WAKE OF THE PANDEMIC

To develop our managers, we normally arrange quarterly workshops, advanced training courses and networking events for them to meet. These were held virtually in the spring due to the Covid-19 pandemic. We organised monthly digital leader forums to provide a space to facilitate management of the situation and discuss how managers can deliver and ensure well-functioning teams when everyone or most are working from home.

The introduction programme for new employees was also held virtually due to the pandemic. For monitoring, we use a system to provide weekly feedback on occupational health and

19%
women in
facility
management



KUNGSLEDEN IS A CARING, COMPASSIONATE AND DRIVEN WORKPLACE

Charlotte Lidgren's first year at Kungsleden was certainly quite different than expected. She was involved in building up a new facility management organisation at Kungsleden's property clusters in Kungsholmen and Hagastaden in Stockholm in the midst of a raging pandemic.

Charlotte Lidgren started working at Kungsleden at the end of 2019. After having worked with technical facility management at property companies including Klöver and Fabege, she was motivated by the opportunity to help Kungsleden build up a new facility management organisation in several parts of the country.

"I am driven by the challenge of building up a new organisation. Several of us are new at the company and we are all highly motivated. It is inspiring to be part of establishing new efficient processes."

After only three months, the world experienced its worst pandemic since the Spanish flu in the 1910s and which came to dominate the year.

"Of course it has been an extraordinary year and we see fewer people around when we visit our properties. But I do think that the day-to-day work is more normal for us technical facility managers since it is difficult to service a property from home. I must say that I am impressed with how far we have come in the past year." With its own facility management, Kungsleden is moving closer to its tenants and can thus strengthen its customer proposition. Charlotte believes that she has joined a company that takes care of both its tenants and employees.

"This really is an organisation that is professional and focuses on its customers. And it is also a compassionate and caring workplace. I am very happy to be part of Kungsleden and feel that it is a great match for me."

For the year ahead, she hopes that the coronavirus pandemic will come to an end and looks forward to continuing to work with the new organisation.

"Next year, I look forward to continuing to develop our processes, making our properties more sustainable and attractive to our tenants."



safety that we introduced at the end of 2019. We use it to ask some quick questions that all employees answer by e-mail or in the app. We were now able to customise these questions specifically for new employees. The system also allows us to ask employees about their experience of the changes caused by the pandemic so that managers could more quickly take the necessary action.

HIGH EMPLOYEE COMMITMENT

Kungsleden carries out an annual employee survey in addition to regular weekly surveys. 96 per cent of employees participated in the autumn's survey. The score for total commitment was the highest ever at an employee commitment index of 8.0, surpassing both last year's result and our target of 7.8. We improved in all areas, demonstrating that we have acted on previous results. Lower interim results were related to the fact that many people worked at home during the pandemic and missed the social interaction.

WE TAKE SOCIAL RESPONSIBILITY

A well-functioning society is a prerequisite for the attractive, sustainable and inspiring places

that we want to create. As such, it is important that Kungsleden acts in the right way and serves as a force for good in society. We can often make a greater impact with the help of an established partner.

As a property owner, we also endeavour to take our responsibility for creating vibrant meeting places and safe urban environments. Grouping our properties together in clusters enables us to influence whole locations in the right direction, as we do as part of our involvement in the property owners' association in Kista, for example.

We work together with the Storasyster ("Big sister") organisation that works to combat sexual violence in Sweden, and with Fryshuset we support the Barn till ensamstående mam-mor ("Children of single mothers") association. During the pandemic, we used this established partnership to launch an initiative to support single mothers with children who could not go to school by providing free lunches from restaurants that are our tenants. This also helped these tenants to manage the difficult situation.

Corporate governance



“KUNGSLEDEN IS WELL PREPARED TO DELIVER ON NEW FINANCIAL TARGETS.”

“Kungsliden is well prepared to deliver on new financial targets focusing on growth that the Board has adopted,” says Charlotte Axelsson, Chair of Kungsliden’s Board, in an interview.

How has the work of the Board been affected by the coronavirus pandemic?

All of our meetings have been held virtually, apart from one, since the AGM last spring. Everything went better than expected with excellent evaluations of the Board’s work during the year. It is nonetheless important to see each other in person, particularly for getting to know our new Board members, which we hope will be possible later on in 2021.

We also held our AGM in a new way with postal voting and a recorded speech from the CEO, which was highly appreciated given the circumstances. But once the pandemic is over I believe that we will have physical AGMs again, or at least hybrid meetings, that will allow for productive discussions on matters important to shareholders.

The Board decided to wait with paying a dividend in the spring and then reintroduced the dividend at an Extraordinary Meeting in the autumn. Why?

This was a wise decision related to the highly uncertain situation we experienced last spring when the outbreak of the pandemic had just started. Kungsliden was a stable company then – just as it is today – but there was widespread uncertainty in the world. After the summer we had a better idea of the consequences for the property industry so we could then decide to pay a dividend to shareholders.



In 2020, the Board decided on a new sustainability strategy that involves Kungsliden championing sustainability and climate issues. Why is sustainability important?

It is a given for me – to contribute to the major challenge facing the world but also because it is financially advantageous for Kungsliden. It provides benefits when we borrow money and when leasing our properties. It is also a growing requirement from our investors. It is becoming increasingly important as we develop new projects, such as Eden in Hyllie, our first Symbiotic Building focusing on sustainability, health and well-being.

What are the most important issues for 2021 and beyond?

Demand for offices is changing in new ways during and after the pandemic. It is more and more important that we own and develop sustainable properties of high quality in the right geographic locations. This is where Kungsliden is well positioned for offering attractive premises in the right locations for our customers. This will allow us to achieve our new ambitious financial targets focusing on growth that the Board recently adopted.

Corporate governance report

Corporate governance is an important instrument in the work of building sustainable value for shareholders.

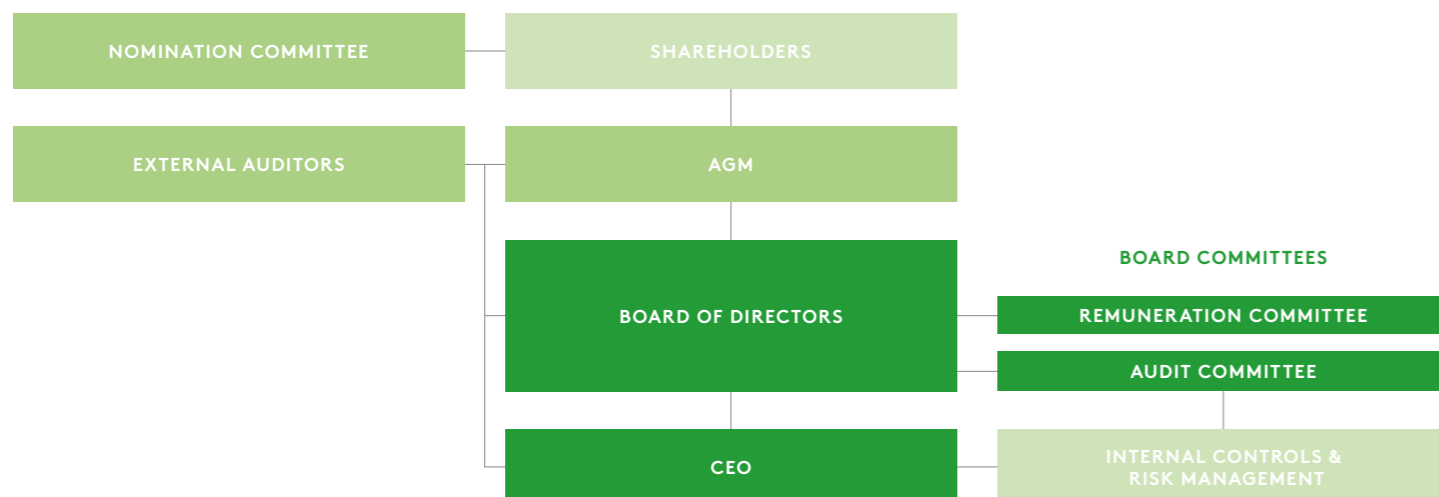
With a clear and transparent framework for the segregation of duties, reporting and monitoring, Kungsliden can focus on the critical issues, and thus limit the risks in its operations. As a listed company, Kungsliden conducts corporate governance that satisfies the stipulations of the Swedish Companies Act, the Swedish Annual Accounts Act, the Swedish Corporate Governance Code (the Code) and Nasdaq Stockholm's Rulebook for Issuers. The Swedish Corporate Governance Code is available at www.bolagsstyrning.se, which also describes the Swedish corporate governance model. Kungsliden also applies the principles of corporate governance adopted by the AGM, as stated in the Articles of Association and the Instructions for the Nomination Committee. These documents are available at our website. Additionally, Kungsliden applies a number of internal corporate governance instructions that the Board has adopted, including Rules of Procedure for the Board of Directors, Instructions for the

CEO, Instruction for Accounting Reports to the Board of Directors, Instructions for the Board's Committees, the Code of Conduct, and Finance and Corporate Communication Policies.

2020 was a remarkable year, even in terms of corporate governance. The Covid-19 pandemic broke out in March 2020 and impacted many things including the Board's work and methods, arrangements for the AGM and the payment of a dividend for 2019, which was resolved on at an Extraordinary General Meeting in October 2020.

APPLICATION OF THE CODE

As a Swedish limited liability company listed on Nasdaq Stockholm, Kungsliden applies the Code. The Code is based on the "comply or explain" principle. This means that a company that applies the Code may deviate from individual rules, and in such a case must provide an explanation of the reason for the deviation. Kungsliden did not deviate from the Code in 2020.



2020 ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) deals with the issues ensuing from Kungsliden's Articles of Association and the Swedish Companies Act. Invitations to AGMs are as stated in Kungsliden's Articles of Association. The Meeting resolves in accordance with the stipulations on majorities stated in the Swedish Companies Act. One Kungsliden shareholder, Gösta Welandson and companies, holds shares that directly or indirectly represent at least one-tenth of the votes of all the shares of the company. As of 31 December 2020, Gösta Welandson and companies held 14.5 per cent of the company's shares and votes.

The AGM for the 2019 financial year was held on 23 April 2020. Due to the Covid-19 pandemic, the arrangements for the AGM were adapted, for example, the Board permitted postal voting and encouraged shareholders to participate via a proxy or postal voting wherever possible. The CEO, Board, auditors and Nomination Committee attended via telephone and speeches were kept to a minimum. More information about the AGM can be found at kungsliden.se/en/kungsliden/corporate-governance/general-meetings/agm-2020/.

Due to the Covid-19 pandemic and the uncertain economic development in the market and business environment, the Board decided in mid-April 2020 to withdraw its previously announced dividend proposal for 2019. The Board's intention was to wait until it was possible to gain a better overview of the consequences of the Covid-19 pandemic. The AGM resolved on issues including election of the Board of Directors, election of Ernst & Young AB as auditor, remuneration of the Board of Directors and auditor, new guidelines for remuneration of senior executives, and election of members of the Nomination Committee. The AGM approved the Board's resolution on a cash-based incentive plan 2020-2022 for senior executives. The AGM authorised the Board to decide on the repurchase and transfer of own shares, and authorised the Board to resolve on new issues of as many ordinary shares as correspond to a maximum of 10 per cent of the total number of ordinary shares. The AGM also resolved on minor amendments to the Articles of Association. The minutes from the AGM are available on our website.

EXTRAORDINARY GENERAL MEETING FOR RESOLUTION ON 2019 DIVIDEND

After the summer it could be seen that the effect of the Covid-19 pandemic had been very limited for Kungsliden's operations, that the market had recovered and that financing conditions in the capital market had significantly improved. Accordingly, the Board decided to propose a dividend for 2019 corresponding to the previously proposed dividend of SEK 2.60 per share to be paid on two occasions and to convene an Extraordinary General Meeting. The Extraordinary General Meeting was held on 12 October 2020 and shareholders could participate only by postal voting, based on temporary legislation. The Extraordinary General Meeting resolved in accordance with the Board's dividend proposal.

REPURCHASE OF OWN SHARES

In November 2020, the Board resolved to utilise the mandate from the AGM concerning the repurchase of own shares. The buy-back programme commenced immediately and comprises up to MSEK 300 until the 2021 AGM. About MSEK 57 of the buy-back programme, correspond-

ing to 638,732 shares, had been completed by 31 December 2020.

2021 ANNUAL GENERAL MEETING

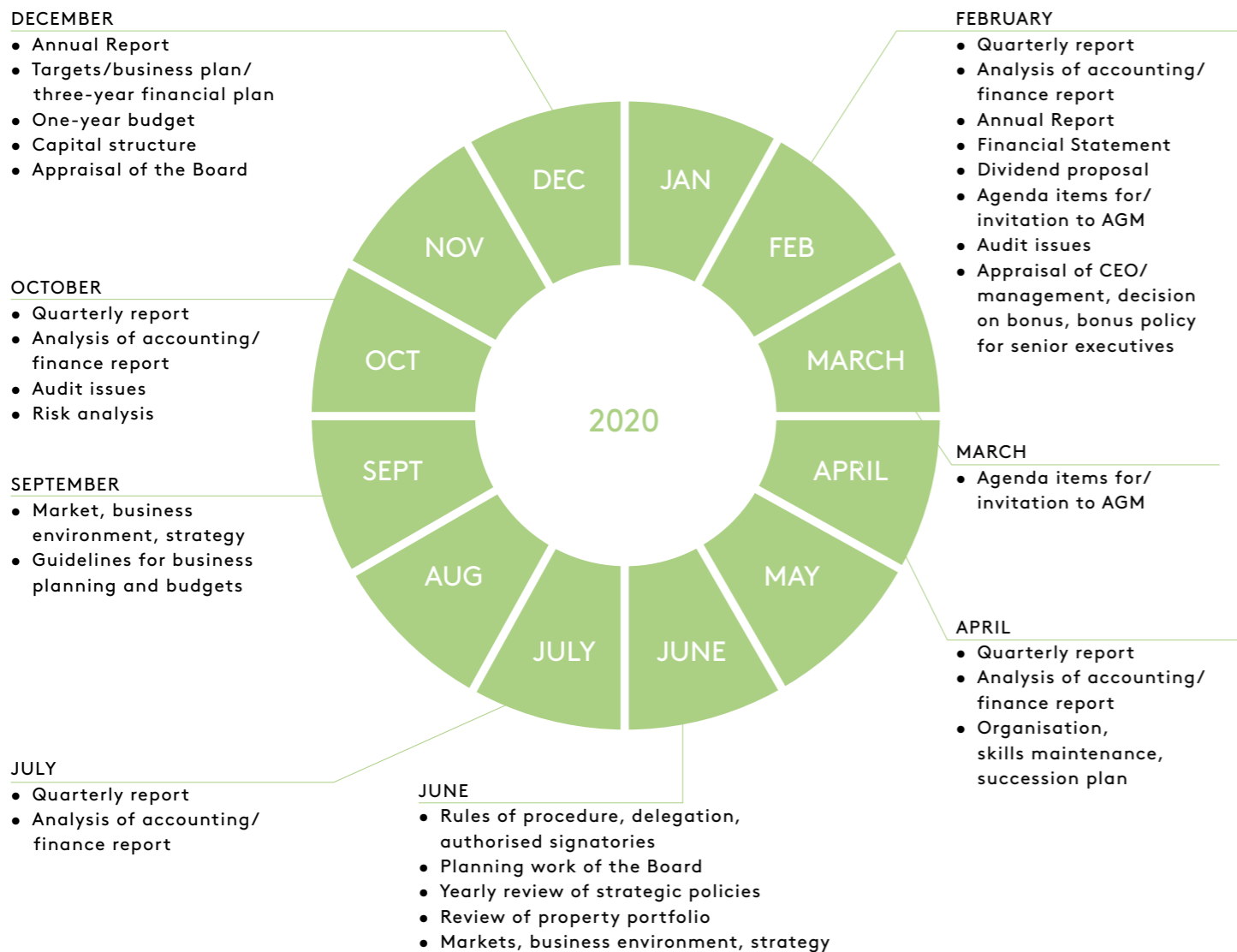
The AGM for the 2020 financial year will be held on Thursday, 22 April 2021 and will be held only in the form of postal voting. More details on this year's AGM is in the final section of this Annual Report, and on our website, kungsliden.se/en/kungsliden/corporate-governance/general-meetings/agm-2021. Our website also states when a request from a shareholder to have a matter considered at the Meeting should be received in order for it to be included in the invitation to the AGM.

An invitation to the AGM, the remuneration report and the minutes from the Meeting will be available in English. Considering Kungsliden's ownership, and in terms of financial justifiability, the Board of Directors' opinion is that other documentation for the Meeting will be in Swedish only. For the same reason, remote participation or simultaneous interpretation of the proceedings of the Meeting will not be possible. After the Meeting has been held, a video recording of the CEO's address and minutes from the meeting will be available on our website.

NOMINATION COMMITTEE

The Nomination Committee makes proposals on the election of the Board of Directors and its Chair, fees and other remuneration to Board members, and election of a Chair of the AGM. The Nomination Committee also makes proposals on the election of auditors and audit fees. In its work, the Nomination Committee should protect the interests of all shareholders. The Nomination Committee has stated that it has applied rule 4.1 of the Code as its diversity policy in 2020. The aim is for the Board to have a composition appropriate to its operations, and to achieve this the Nomination Committee has specifically considered the importance of greater diversity on the Board in terms of gender, age and nationality as well as experience, professional background and business areas. The Board elected at the 2020 AGM comprises three women and four men, which meets the aim of at least 40 per cent representation for each gender set by the Swedish Corporate Governance Board. Ahead of the 2021 AGM, the Nomination Committee also endeavoured to ensure a high degree of diversity and an even gender distribution in its efforts to put together the most highly qualified Board of Directors for Kungsliden.

The current instructions for the Nomination Committee are available on our website. According to these instructions, the members of the Nomination Committee are elected at the AGM for the period until the end of the following AGM. The Nomination Committee has proposed that the AGM adopt new instructions for the Nomination Committee. Under this proposal, the members of the Nomination Committee will be appointed based on the largest shareholders in terms of the number of votes on 31 August. In addition, the Chair of the Board is a member of the Nomination Committee. The Nomination Committee's composition is published as soon as a Nomination Committee has been appointed. It is proposed that the new instructions for the Nomination Committee apply from the 2021 AGM, pertaining to the work ahead of the 2022 AGM, entailing that the proposals on the election of members of the Nomination Committee will not be presented to this AGM.



Attendance at Board and Committee meetings, 2020

	Board of Directors		Remuneration Committee		Audit Committee	
Charlotte Axelsson	C	15/15	C	6/6		
Ingalill Berglund		15/15			C	6/6
Jonas Bjuggren		15/15				6/6
Christer Nilsson		15/15				6/6
Ulf Nilsson ¹		6/6		2/2		
Jonas Olavi ²		9/9				4/4
Fredrik Wirdenius ²		9/9		4/4		
Charlotta Wikström		15/15	(C)	6/6		

C = Chair of Board/Chair of Committee
 (C) = Chair of Committee until 2020 AGM
 1. Board member until the 2020 AGM.
 2. Board member effective the 2020 AGM.

Göran Larsson (nominated by Gösta Welandson and companies), Jonas Broman (nominated by Olle Florén and companies), Niklas Johansson (nominated by Handelsbanken Fonder) and Charlotte Axelsson in her capacity as Chair of the Board, were elected as members of the Nomination Committee by the 2020 AGM. Göran Larsson was appointed Chair of the Nomination Committee.

Composition of the Nomination Committee in March 2021:

- Göran Larsson, nominated by Gösta Welandson and companies, Chair
- Jonas Broman, nominated by Olle Florén and companies
- Niklas Johansson, nominated by Handelsbanken Fonder
- Charlotte Axelsson, Chair of the Board of Kungsleden

Shareholders that wish to make proposals to the Nomination Committee can do so by sending an email or letter to the Committee. The Nomination Committee's proposals and reasoned statements are published on Kungsleden's website by no later than the date of issuance of the invitation to the AGM.

For more information on the Nomination Committee, please go to: kungsleden.se/en/kungsleden/corporate-governance/nomination-committee/.

BOARD OF DIRECTORS

The Board of Directors has been assembled to actively and effectively support management in Kungsleden's development. The Board should also monitor and control operations. Skills and experience in the real estate sector, finance, business development and capital market issues are of particular importance for the Board of Directors. The Articles of Association stipulate that the Board should consist of a minimum of three and a maximum of eight members. Board members are elected at the AGM for the period until the end of the following AGM. The 2020 AGM re-elected Charlotte Axelsson, Ingalill Berglund, Jonas Bjuggren, Christer Nilsson and Charlotta Wikström as Board members. Jonas Olavi and Fredrik Wirdenius were elected as new Board members. The AGM elected Charlotte Axelsson as Chair. Pursuant to the Code's definition, all members of the Board are considered independent of the company and Management, and of the company's major shareholders.

Board of Directors' responsibilities

The Board is responsible for the company complying with the Swedish Companies Act, the rules for listed companies, including the Code, other ordinances and laws, the Articles of Association and internal control instruments. The Board decides on strategies and goals, internal control instruments, major property acquisitions and divestments, other major investments, and financing. The Board of Directors is responsible for regular monitoring of operations, and ensuring that guidelines, organisation and management are expedient, that sustainability issues are considered, and that internal controls are satisfactory. The Board is also responsible for evaluating the Executive Management and planning for leadership succession. The Board works to ensure high and consistent quality of financial reporting, through channels including instructions for accounting reports for the Board of Directors, through the Corporate Communication Policy and by considering potential observations, recommen-

dations or proposals from the auditors or Audit Committee. The Annual Report, Half-year Report and Year-end Report are considered and approved by the Board. Over the years, the Board has decided to delegate publication of first and third-quarter interim reports, and the quality assurance of financial presentations and press releases, to the CEO.

Chair's responsibilities

The Chair of the Board leads the work of the Board and ensures that the Board's decisions are executed. The Chair also represents the company on ownership-related issues. The Chair maintains an ongoing dialogue with the CEO and is responsible for other Board members receiving the information and supporting documentation necessary to reach well-founded decisions.

The work of the Board of Directors

The Board's work proceeds from Rules of Procedure that are adopted annually. The Rules of Procedure formalise issues including the Board and CEO's responsibilities, the Chair's duties, how and when Board meetings are held, as well as the agendas of meetings. The Board also adopts instructions for work on Board Committees, and states the formats of financial reporting to the Board of Directors. The Board should meet at least nine times annually. Each meeting follows an approved agenda. Decision-support data for each agenda item is sent to all members in advance. The Rules of Procedure also stipulate that the Board should ensure that Kungsleden's auditors attend at least one meeting per year, presenting their observations from their audit of the company, and their assessment of the company's internal controls. The auditors attended Board meetings in February and October. Proposals to the Board can be submitted by email to styrelsen@kungsleden.se

The work of the Board in 2020

The work of the Board in 2020 was partly affected by the ongoing Covid-19 pandemic. The Board held extra meetings in the spring to more closely follow the company's management of the pandemic and the financial consequences for the company. The Board held a total of 15 meetings during the year. All of the meetings after March 2020 were held virtually by video conference, except for a strategy meeting in September. Attendance at Board meetings is stated in the table on the previous page. The matters the Board considered include Kungsleden's strategy, goals, business plan, market, organisation, external reporting, acquisitions and divestments of properties, investments in existing properties, property valuations, finance strategy, arranging loans and other funding issues, and the principles governing variable remuneration. On acquisitions and divestments, the Board considered the acquisition of Västerås Mimer 6, a multi-story car park with building rights in Västerås city, and the divestment of Västerås Isolatorn 12 with building rights. The Board also discussed new financial targets and decided on making use of the mandate from the AGM to repurchase own shares. The Board continued its in-depth work on strategic matters, and decided on a new sustainability strategy and monitored the company's progress on its new communications strategy.

The CEO, and General Counsel, who is also Board Secretary, attended the meetings. Additionally the Deputy

CEO/CFO attended parts of Board meetings.

Appraisal of the work of the Board

The Board conducts an annual review of its working methods and procedures. This evaluation is intended to ensure functional processes for gathering information, reporting, analysis, planning and decision-making. The evaluation is also intended to ensure that the Board has the necessary competence. The results of this evaluation are reported to the Nomination Committee, and constitute supporting data for nomination work.

This year, the appraisal was completed with the help of an external consultancy, Stardust, using an online questionnaire tailored to the company's operations. A number of central segments were reviewed, the most important being the Board's composition and expertise, and the dynamic among Board members, Kungsliden's continued progress with its focus on strategy work, and the Board's future challenges. The work of the Chair and CEO was also appraised. The results of the appraisal showed that the Board has functioned well. The Board perceives its work as effective, through a broad skills base, given the Board members' differing backgrounds and experience.

In addition to the annual appraisal, the Board now conducts regular digital appraisals of all Board meetings to continuously improve work processes and enhance the efficiency of the Board's work.

Fees payable to Board members: Fees, 2020 (SEK)

Chair	500,000
Board member	220,000
Committee member	40,000
Chair of Audit Committee	60,000

Each year, the AGM adopts guidelines for remuneration and other employment terms of senior executives. The Board will prepare a proposal on new guidelines at least once every four years and present the proposal for a resolution by the AGM. The current guidelines were adopted at the 2020 AGM and according to them, Kungsliden is to apply the remuneration levels and employment terms that are necessary to enable hiring and retention of senior executives with a high level of competence and capability of achieving predetermined targets. The forms of remuneration should motivate senior executives to do their utmost to protect shareholders' interests. The forms of remuneration should be market-based, straightforward and transparent. Normally, remuneration to senior executives should consist of the following components: basic cash salary, variable cash remuneration, pension benefits and other benefits. Additionally – and independent of these guidelines – the AGM should be able to resolve on share and share price-related remuneration corresponding to the LTI Programme.

For detailed information about remuneration of the CEO and other members of management, refer to note 7 for the Group "Employees and personnel costs". Kungsliden prepared a remuneration report on remuneration for the CEO and Deputy CEO for the first time in 2020 that will be presented to the AGM. This remuneration report is available at [kungsliden.se/en/kungsliden/corporate-governance/general-meetings/agm-2021/](https://www.kungsliden.se/en/kungsliden/corporate-governance/general-meetings/agm-2021/).

Notwithstanding the guidelines, the 2020 AGM approved a long-term incentive plan for 2020-2022 for senior executives of Kungsliden. This programme has two components – short-term variable cash remuneration, and a long-term share-price-related cash remuneration based on the total return on the Kungsliden share over the entire three-year period.

In 2020, some senior executives of Kungsliden redeemed their stock options and purchased shares in Kungsliden according to an option programme issued by two of the company's principal owners, Gösta Welandson and Olle Florén, in September 2017. The redemption of stock options was partly financed by the sale of shares, but the CEO's net total shareholding increased by 105,000 shares to 145,000 shares due to the redemption. Since the stock options were issued by individual shareholders, there was no dilution effect for other shareholders.

BOARD COMMITTEES

The Board has established internal Audit and Remuneration Committees, which are responsible for consulting on issues in each segment.

Work proceeds from the instructions prepared for each Committee. The Board appoints the members of its Committees internally.

Audit Committee

The Audit Committee provides work on accounting and auditing with a dedicated forum. The Committee was engaged in activities including Kungsliden's internal control and monitoring systems, quality-assuring the external financial reporting, and has the duty of ensuring the company complies with the provisions of its Finance Policy. The Audit Committee also supports the Nomination Committee in its work on proposing the election of auditors, and the proposal on audit fees. This year the Audit Committee focused specifically on monitoring the impact of the Covid-19 pandemic on the company, and on rent payments having a potential effect on property valuations. The Audit Committee appointed at the Board meeting following election consists of Ingall Berglund (Chair), Jonas Bjuggren Christer Nilsson and Jonas Olavi. The Audit Committee met on six occasions in 2020. Kungsliden's Deputy CEO/CFO, Accounting Manager and the company's external auditor attended meetings, as well as the Chair of the Board and CEO, for certain meetings.

Remuneration Committee

The Remuneration Committee presents proposals to the Board regarding the employment terms of the CEO, remuneration limits for senior executives and principle issues regarding pensions, salaries, fees, benefits and severance pay. Committee work proceeds from the guidelines for remunerating senior executives approved by the AGM. During the year, the Remuneration Committee focused on work reviewing the Group Management's employment terms and modifying the company's procedures and reporting for compliance with the EU directive. The members of the Remuneration Committee elected at the Board meeting following election are Charlotte Axelsson (Chair), Charlotta Wikström and Fredrik Wirdenius. The Audit Committee met on six occasions in 2020. Kungsliden's CEO and Head of People and Culture also attended meetings.

GROUP MANAGEMENT

As of March 2021, the members of the company's Group Management were the CEO, Deputy CEO/CFO, regional managers, Head of People and Culture, Head of Communications, Head of Treasury and General Counsel. They are each responsible for their relevant segments within Kungsliden, and consult with the CEO on issues for the Board. The CEO takes the decisions in operating activities stated in the Instructions for the CEO after consulting with Group Management. Normally, Group Management meets monthly, and holds additional conferences as required. Most meetings in 2020 were held virtually. As part of managing the consequences of the Covid-19 pandemic, Group Management intensified its focus during the year on risk management, business intelligence, monitoring the effects of the pandemic on tenants and the company, and monitoring legislative changes and government aid schemes. Furthermore, Group Management focused on sustainability, the customer proposition, organisational matters, the communications strategy and long-term strategies for the company.

CEO

Kungsliden's CEO is responsible for the practical management and coordination of operating activities. The CEO works on the basis of instructions adopted annually by the Board. Their provisions include the CEO being responsible for the company's administration, reporting to the Board and issues that require decisions by, or notification of, the Board of Directors, such as adoption of interim reports and annual accounts, decisions on major acquisitions, divestments, major investments or capital allocations, arranging loans or issuing Parent Company guarantees.

EXTERNAL AUDITORS

The external auditors review the Board of Directors' and CEO's administration of Kungsliden, and verify that the annual accounts are prepared in accordance with applicable regulation. Ernst & Young AB was elected at the 2020 AGM as the Parent Company's auditor for the period until the end of the 2021 AGM. Authorised Public Accountant Jonas Svensson is Auditor in Charge. Fees are payable in accordance with approved account. The Group's audit fee for 2020 was MSEK 4 (4).

INTERNAL CONTROL AND RISK MANAGEMENT

Internal control is important for ensuring that the goals and strategies set achieve the desired results, that there is compliance with laws and ordinances, and the risk of undesirable events and misstatements in financial reporting is minimised. The organisation of financial controls over financial reporting is reviewed below.

Control environment

Kungsliden's internal controls rest on the control environment the Board and Management operate from continuously, as well as the decision paths, authorisations and responsibilities communicated within the organisation.

Risk assessment

Maintaining a clear view of the risk of the misstatement possible in external reporting, and that organisational resources and processes to manage these risks are in place, is a significant component of internal controls.

Kungsliden works continuously and actively on mapping, evaluating and managing the risks the company faces in its financial reporting. An assessment of risks of misstatement in financial reporting is conducted yearly for each line of the income statement, statement of financial position and cash flow statement. Processes are in place to minimise the risk of misstatement in those items subject to a material and/or increased risk. The processes apply not only to the actual accounting procedures, but also encompass business control and business planning processes, as well as IT systems. Examples of operational control are those tools of control instruments that have been produced. They are used firstly for preparations for property acquisitions and divestments, and secondly for overall monitoring of operations, as well as supporting data for valuations.

Control activities

Kungsliden has structured its internal controls so that control activities are conducted as a matter of routine, at an overall level, or are of a more process-oriented nature. Overall controls include ongoing performance analysis based on operational and legal group structure, and an analysis of KPIs. Formal reconciliation, authorisation and similar controls are examples of procedures or process-oriented controls designed to prevent, discover and rectify misstatements and variances. Control activities have been designed to address the material risks in financial reporting.

Information and communication

The Board of Directors receives regular accounting reports, and deals with the Group's accounting position at four Board meetings per year. The company's auditor makes a personal report on his observations from the audit and evaluation of internal controls once per year. Kungsliden has a policy ensuring that employees can anonymously contact a third party to report actions or other impropriety that involve breaches, or suspected breaches, of laws or other guidelines and regulations, anonymously and without consequence. A whistleblower system is available from Kungsliden's website. All potentially share-price-sensitive information is reported to the market via press releases. The company ensures that this information reaches the market simultaneously. The CEO, Deputy CEO/CFO are Kungsliden's designated spokespeople on financial issues.

Monitoring

The Board requires Management to assess the risks of operations continuously. The results are compiled in reports that are presented to the Audit Committee. Internal controls are considered satisfactory and expedient for an organisation of Kungsliden's scale. Kungsliden's Board judges that at present, the company does not need an internal audit function.

Board of directors



Charlotte Axelsson

Chair
Chair of the Remuneration Committee.
Born in 1948.
Elected to the Board in 2014.

Education: B.Sc. in sociology/management.
Other directorships: Chair of Vasallen AB and Stockholms Kooperativa Bostadsförening.

Previous experience: CEO of HSB Stockholm, CEO of Svenska Bostäder i Stockholm, CEO of Familjebostäder i Stockholm, CEO of SEB Arsenalen, Assistant Finance Secretary, the City of Stockholm. Directorships with companies including HSB, the City of Stockholm, the National Swedish Property Board, Slättö and Akademiska Hus.

Independent: Independent of the company, management, and major shareholders of the company.

Holdings: 11,500 Kungsliden shares.



Ingalill Berglund

Board member
Chair of the Audit Committee.
Born in 1964.
Elected to the Board in 2017.

Education: Undergraduate qualifications.
Other directorships: Board member of Scandic Hotels Group AB (publ), Veidekke ASA, Axfast AB (publ), Bonnier Fastigheter AB, Fastighets AB Stenvalvet (publ), Balco Group AB, Juni Strategi och Analys AB and the Danvik Hospital Foundation.

Previous experience: CEO of Atrium Ljungberg AB, CFO of Atrium Ljungberg AB, CFO of SISAB and Chief Accountant of Stadshypotek Fastigheter.

Independent: Independent of the company, management, and major shareholders of the company.

Holdings: 7,246 Kungsliden shares.



Jonas Bjuggren

Board member
Member of the Audit Committee.
Born in 1974.
Elected to the Board in 2018.

Education: M.Sc. (Eng.)
Current position: Director of Property Management, Akademiska Hus.

Other directorships: –
Previous experience: Regional Manager of Vasakronan, Territory Manager of AP Fastigheter, Project Manager at Skanska and Sweco.

Independent: Independent of the company, management, and major shareholders of the company.

Holdings: No Kungsliden shares.



Christer Nilsson

Board member
Member of the Audit Committee.
Born in 1955.
Elected to the Board in 2019.

Education: Structural Engineer.
Current position: Independent consultant in interim management, construction & real estate, project management and corporate development.

Other directorships: –
Previous experience: Various positions with Skanska including Site Supervisor and Production Manager, Construction/Estate Manager at Realia Fastighets AB, President of Tage och Söner Byggnads AB and MVB Syd AB, and Estate Manager of Industry Park of Sweden.

Independent: Independent of the company, management, and major shareholders of the company.

Holdings: 5,000 Kungsliden shares.



Jonas Olavi

Board member
Member of the Audit Committee.
Elected in the board 2020.
Born in 1967.

Education: Mphil in Economics.
Current position: Head of Asset Allocation and fund manager Alpcot AB stock exchange columnist in the magazine Aktiespararen.

Other directorships: Board member of AB Traction.

Previous experience: Head of Tactical Asset Allocation at Alfred Berg Kapitalförvaltning AB, Chief Equity Strategist at Nordea, CEO and fund manager at Michael Östlund & Company Fonder AB and Delphi Fonder AB. Several senior positions in finance companies.

Independent: Independent of the company, management, and major shareholders of the company.

Holdings: No Kungsliden shares.



Charlotta Wikström

Board member
Member of the Remuneration Committee.
Born in 1958.
Elected to the Board in 2009.

Education: M.Sc. in business and economics.

Current position: Senior Advisor Stardust Consulting AB, CEO of Floréna Fastighets AB and CEO of Kampanilen Förvaltnings AB.

Other directorships: Chair of Stardust Search AB. Board member of African Nuts&Seeds AB, Fastighets AB Kannängen, Floréna Fastighets AB, Kampanilen Förvaltnings AB, Stardust Holding AB and Watma Group AB. Member of the supreme management of Stockholms Brandkontor.

Previous experience: Founder and Senior Advisor of Stardust Consulting AB. Senior positions in marketing, sales, leadership and organizational development at SAS, Telia, Com Hem, the Stockholm Stock Exchange and law firm Mannheimer Swartling Advokatbyrå.

Independent: Independent of the company, management, and major shareholders of the company.

Holdings: 2,556,556 Kungsliden shares.



Fredrik Wirdenius

Board member
Member of the Remuneration Committee.
Elected to the Board in 2020.
Born in 1961.

Education: M.Sc. (Eng.)
Other directorships: Chair of Willhem AB (publ) and HällBo AB and 3E Property AB. Board member of Axfast AB (publ), Scandic Hotels Group AB (publ) and Nobelhuset AB.

Previous experience: CEO of Vasakronan AB 2008 – 2019. Various senior positions in the Skanska Group. More than 30 years of experience from the Swedish and international property industry.

Independent: Independent of the company, management, and major shareholders of the company.

Holdings: 3,000 Kungsliden shares.

Stated share holdings are as of 31 December 2020, and include holdings through companies, as well as related party holdings.

Group Management



Biljana Pehrsson



Malin Axland



Hanna Brandström



Mats Eriksson



Fredrik Sandell



Ylva Sarby Westman



Ulrica Sjöswärd



Sven Stork



Anna Trane

Biljana Pehrsson

Chief Executive Officer

Born in 1970. Employed since 2013.

Education: M.Sc. (Eng.), the Royal Institute of Technology, Stockholm.

Previous experience: Deputy CEO/Head of Real Estate at East Capital Private Equity, CEO of Centrumutveckling, Board member of Kungsleden in 2011-2013.

Other significant assignments outside the company: Board member of Swedbank AB (publ) and Kungliga Dramatiska teatern AB. Board member of Stadsutvecklarna i Värtahamnen AB.

Holdings: 155,000 Kungsleden shares, a portion within an endowment insurance related to her pension scheme.

Malin Axland

General Counsel

Born in 1974. Employed since 2007, in current position since 2013.

Education: LL.B., University of Stockholm.

Previous experience: Attorney at law firm Mannheimer Swartling Advokatbyrå, Clerk of Huddinge District Court.

Other significant assignments outside the company: –

Holdings: 5,319 Kungsleden shares.

Hanna Brandström

Head of People and Culture

Born in 1980. Employed since 2017, in current position since 2020.

Education: B.Sc. in business management, Södertörn University.

Previous experience: HR Manager of General Motors Nordic Opel/Chevrolet Sverige AB, General Manager, HR & Legal at SC Motors Sweden AB.

Other significant assignments outside the company: –

Holdings: 509 Kungsleden shares.

Ulrica Sjöswärd

Regional Manager, Gothenburg/Malmö

Born in 1974. Employed since 2017.

Education: Engineering graduate, Chalmers University of Technology.

Previous experience: Business Area Manager at Platzer Fastigheter AB, Regional Manager at ICA Fastigheter AB.

Other significant assignments outside the company: –

Holdings: 5,500 Kungsleden shares.

Mats Eriksson

Regional Manager, Västerås/Mälardalen

Born in 1963. Employed since 2015.

Education: Senior High School Building & Planning graduate, Rudbeck School, Örebro.

Previous experience: Retail Business Director at Newsec Asset Management AB, Head of Property Development at Ica Fastigheter AB, Business Area Director of NIAM AB and Property Director at Siab AB.

Other significant assignments outside the company: Board member of Västerås Citysamverkan AB. Member of Västmanland Environment and Climate Council.

Holdings: 10,000 Kungsleden shares.

Sven Stork

Regional Manager, Stockholm

Born in 1967. Employed since 2014.

Education: M.Sc. (Eng.), the Royal Institute of Technology, Stockholm.

Previous experience: Key Account Manager at Newsec Asset Management AB, Asset Manager at Niam AB, Project Manager at NCC Property Development AB.

Other significant assignments outside the company: Chair of the Board of Kista Science City Fastighetsägare.

Holdings: 6,860 Kungsleden shares.

Fredrik Sandell

Head of Treasury

Born in 1984. Employed since 2011, in current position since 2013.

Education: B.Sc. in business management, Mälardalen University.

Previous experience: Fund trading administrator at Skandiabanken.

Other significant assignments outside the company: –

Holdings: 696 Kungsleden shares.

Anna Trane

Head of Communications

Born in 1968. Employed since 2020.

Education: M.Sc. (Econ.) from Uppsala University.

Previous experience: Director & Head of Corporate Media Relations, NCC. Press & PR manager of Cybercom. Editor, presenter and commentator, SVT.

Other significant assignments outside the company: –

Holdings: 400 Kungsleden shares.

Ylva Sarby Westman

Deputy CEO/CFO

Born in 1973. Employed since 2009, in current position since 2020.

Education: M.Sc. (Eng.), the Royal Institute of Technology, Stockholm.

Previous experience: Executive Deputy CEO of Newsec Investment AB, Property Development Manager at NCC Property Development AB.

Other significant assignments outside the company: Board member of Eastnine AB (publ) and Ikano Bostad AB.

Holdings: 24,395 Kungsleden shares.

Stated share holdings are as of 31 December 2020, and include holdings through companies, as well as related party holdings.

Financial statements



ADMINISTRATION REPORT

The Board of Directors and Chief Executive Officer of Kungsliden AB (publ) ("Kungsliden"), corporate identify number 556545-1217 hereby submit the Annual Report and consolidated accounts for the 2020 financial year. The company's registered office is in Stockholm, Sweden. The Annual Report and consolidated accounts will be submitted for adoption at the Annual General Meeting (AGM) on 22 April 2021.

OPERATIONS

The basis of the company's operations is to – over the long term – own, actively manage and improve and develop commercial properties in four priority growth markets – Stockholm, Gothenburg, Malmö and Västerås – and another 16 municipalities in Sweden. Kungsliden works continuously to evolve its property portfolio through property acquisitions and divestments, as well as utilising building rights, and new builds. A high share of its properties are concentrated in attractively located clusters, and Kungsliden places great emphasis on contributing to sustainable urban development.

At year-end 2020, the portfolio consisted of 211 properties with a book value of MSEK 40,718, of which MSEK 30,160 was office properties. The leasable area amounted to 2,001 thousand sq.m. During the year, operations were conducted at ten offices in the Stockholm, Mälardalen and Gothenburg/Malmö regions, to ensure strong local links. The head office is in Stockholm.

Net profit for the year

Net profit for the year was MSEK 1,636 (2,245) or SEK 7.50 per share (10.28).

Total revenue

Total revenue increased by MSEK 107 to MSEK 2,530 (2,423). In like-for-like portfolio terms of investment properties, rental revenue increased by MSEK 78 year on year. The former development property Blåstern 14 contributed MSEK 29 of this increase, and the remainder was mainly sourced from increased rent on new leasing, renegotiation and indexation. Adjusted for items affecting comparability, the revenue increase in like-for-like portfolio terms of investment properties was 4 per cent. The loss of rental revenue from divested properties and development properties was MSEK 18, which was offset by additional rental revenue from accessed properties of MSEK 22. Covid-19-related discounting reduced rental revenue for the year by MSEK 20, and Kungsliden received MSEK 2 of Government support. The occupancy rate of investment properties was 92.9 per cent (93.2).

Property costs

Total property costs increased by MSEK 14 to MSEK 787 (773). In like-for-like portfolio terms of investment properties, costs increased by MSEK 15. The increase is a net effect of reduced electricity and heating costs due to a mild winter, completed energy-saving projects and provisions for potential rent losses relating to Covid-19. The net effect from the loss of property costs from divested properties and development properties and additional costs for accessed properties was a decrease of MSEK 1.

Operating net

Operating net increased by MSEK 93 to MSEK 1,743 (1,650) for the full-year. In like-for-like portfolio terms of investment properties, operating net increased by MSEK 81. After adjusting for items affecting comparability, the operating net increase in a like-for-like portfolio was 6 per cent.

Selling and administration costs

Selling and administration costs were MSEK 102 (109). The reduction is due to non-recurring costs in the previous year relating to the development of brands and IT systems.

Net financial items

Net financial items were MSEK -384 (-356). The increase is due to a larger loan volume, underlying 3-month Stibor increasing compared to the previous year, and non-recurring expenses from the repurchase of short-term bonds, which charged approximately MSEK 7 to financial net. The average interest rate at the end of the year was 1.8 per cent (1.9).

Profit from property management

Profit from property management was MSEK 1,257 (1,185), a 6 per cent increase.

Changes in value

Properties

Despite the effects of Covid-19, demand for office premises and office properties remained brisk. Additionally, sharply increased interest in warehouse and logistics premises had a positive impact on the property portfolio value. The unrealised increase in value on the property portfolio was MSEK 948 (1,762), or 2.5 per cent. This value increase is mainly explained by a 12 basis point reduction in the average required yield, but also rental revenue and completed projects. The average required yield at year-end was 5.1 per cent, compared to 5.2 per cent at the beginning of the year. Realised changes in value amounted to MSEK 11, relating to divestments made in previous years.

Interest rate derivatives

Interest on long maturities declined during the period, meaning that the change in value of financial instruments was MSEK -157 (-75).

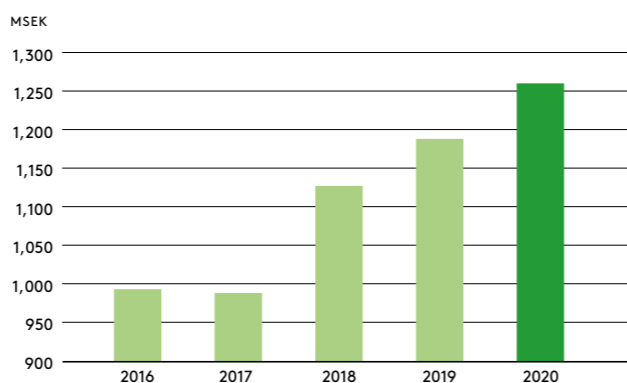
Tax

The total tax expense for 2020 was MSEK 424 (622), of which MSEK 0 (0) is current tax. When applying 20.6 per cent tax, the total tax expense amounts to MSEK 424, which was also the outcome after MSEK -5 in tax for non-deductible interest expenses were compensated by a positive tax effect from property divestments. Loss carry-forwards totalled MSEK 1,907 (2,113) at year-end.

Cash flow

Ultimately, the cash flow of a real estate company relates to the size of its property portfolio. Cash flow from operating activities consists of profit from property management adjusted for a number of non-cash items such as tax payments. Cash flow from operating activities before changes in working capital were MSEK 1,125 for the year. The change in working capital refers to the difference between recognised earnings for the period and cash flows for the period. Cash flow will reflect recognised earnings over time. MSEK 1,395 was invested in existing properties and projects. A barter transaction with the Municipality of Gothenburg was completed in the first quarter, with Kungsliden paying MSEK 17 for the

PROFIT FROM PROPERTY MANAGEMENT



acquisition in the transaction, and after deducting transaction costs, receiving proceeds of MSEK 17 for the divestment. In the third quarter, the Mimer 6 property in Västerås, acquired from ABB, was accessed, with payment of an initial purchase consideration of MSEK 63. A purchase consideration of about MSEK 14 was also received during the year for divestments in prior years. Swaps were paid for a total of MSEK 12 during the period and own shares were repurchased for a total of MSEK 57 during the period. A dividend of MSEK 415 was paid to shareholders, which is the final disbursement of dividends for the 2018 financial year, and the first dividend disbursements for the 2019 financial year. Liabilities increased by MSEK 1,140 and since cash and bank balances increased by MSEK 332, net debt increased by MSEK 807. The LTV ratio decreased from 45.8 per cent at the start of the year to 45.0 per cent at year-end due to unrealised increases in value in the property portfolio. Total liquid funds available were MSEK 3,386 (1,954) including granted and available credit facilities after deductions for back-ups for outstanding commercial paper.

Properties

Kungsliden valued its property portfolio internally as of 31 December 2020 at MSEK 40,718 (38,310) with quality-assurance by external valuations. Market value was impacted by property-specific events such as new or renewed lease contracts, tenants vacations and investments, as well as estimated changes in market rent, required yields and expected vacancies. Investments in existing properties, acquisitions and divestments of properties also impacted market value. The required property yield is founded on experience-based estimates of market required yield on comparable properties.

Development projects

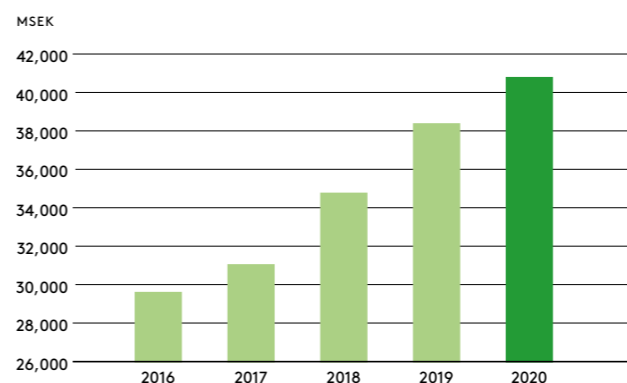
Kungsliden works continuously to develop its property portfolio. Project completed in 2020 include stage 2 of the Blåstern 14 project in Stockholm involving the modernisation of 5,500 sq.m. of offices that are fully leased to the co-working company Convendum and the new development of some 3,300 sq.m. of premises for the Swedish Prison & Probation Service in the Karlslund 5:2 property in Östersund. B26 in Västerås, a new creative co-working arena with space for 550 people in individual and separate office space, was opened at the start of 2020.

Current development projects have a total estimated investment volume of MSEK 2,900, of which MSEK 2,100 had been completed by 31 December 2020. Project risk is limited through long lease contracts with multiple tenants already signed, which provides high occupancy rates on projects. Major current projects include the new development of some 7,900 sq.m. of offices in the "Eden by Kungsliden" project on Hyllie Boulevard in Malmö, and improvement of about 46,000 sq.m of offices in the Stettin 6 and "The Rotterdam District" properties in Värtahamnen.

Acquisitions and divestments

The Västerås City cluster was expanded in the third quarter through the acquisition of the Mimer 6 property, consisting of a parking facility and building rights comprising just over 40,000 sq.m. gross total area (GTA). Fräsen 1 and Tändstiftet 2 in Täby were divested in 2020. The date of closing of Tändstiftet 2 was in January 2021 and Fräsen 1 is expected to close in the second quarter 2021. In 2020, Kungsliden completed a barter transaction with the Municipality of Gothenburg at the beginning of January, with Kungsliden selling part of Jarnbrott 168:1, and purchasing the freeholds of the properties Hogsbo 11:5, Tynnered 1:13 and Rud 52:2.

PROPERTY VALUE



Customers

Customers are central to everything Kungsliden does. Properties offering modern flexible premises in accessible locations suit a diversity of operations. A decentralised organisation that is close to customers, ambitious customer promises, local presence and leading-edge property development are contributors to Kungsliden's ambition of having the most satisfied customers in the sector. Kungsliden achieved a CSI of 73 in its customer satisfaction survey, which is comparable to the sector generally. However, our ambitions are higher and the focus on customer needs is always central since we are driven to strengthen their competitiveness by offering inspiring and sustainable working environments and places. Net leasing for year was MSEK 22 (58). Total new leasing was MSEK 156 (210), which includes several major new leases. In Stockholm, the Swedish Performing Arts Agency signed a 12-year lease contract for approximately 2,900 sq.m. The Gumsbacken retail park in Nyköping was fully leased during the year after a number of major new leasings. In Malmö, Englog signed an agreement for 6,400 sq.m. and the Eden office project reached an occupancy rate of 85 per cent at the start of 2021 after Diaverum signed a new lease contract. Several major new leases were signed during the year with padel centres for a total of approximately 7,200 sq.m. in both Umeå and Nyköping. Terminations for vacation were MSEK 134 (152) for the year.

Interest-bearing liabilities

At year-end, the loan portfolio was MSEK 19,029 (17,889), 33 per cent of which was loans from banks and 20 per cent was secured loans from life insurance companies and mortgage institutions. Unsecured borrowing from the capital markets represented 47 per cent (43), of which commercial paper represented 1 percentage point. The average interest rate for the year fell from 1.9 per cent to 1.8 per cent. The average debt maturity at year-end was 3.8 years and interest coverage ratio for the past 12-month period remained high at a multiple of 4.5.

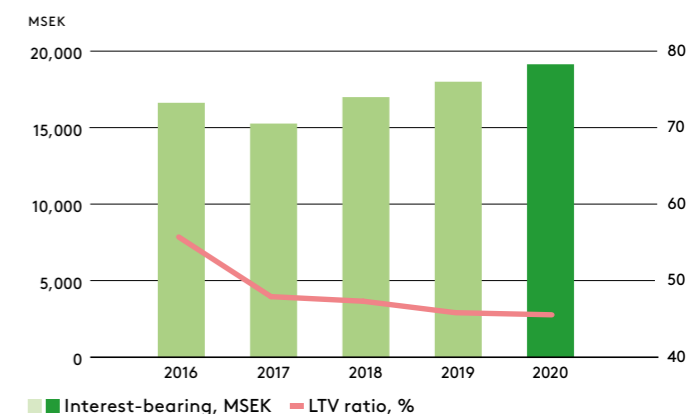
The change in market value of the swap portfolio is recognised as an unrealised change in value of financial instruments. The current market value of interest rate derivatives is reconciled regularly with the counterparty and verified against a theoretical valuation based on current market interest rates. The value of all derivatives amounted to MSEK -250 (-105) at year-end. For more information about Kungsliden's financing, see pages 88-91.

Deferred tax

Deferred tax was a net liability of MSEK 2,910 (2,488), the majority relating to investment properties (MSEK 3,333 liability) and loss carry-forwards (MSEK 392 asset). Deferred tax is recognised for the entire temporary difference between the carrying amount and the tax residual amount, except for surplus values in connection with asset acquisitions. Measurement takes place using the tax rate of 20.6 per cent that applies from 1 January 2021 (which was also used last year).

The change in the deferred tax liability relates mainly to tax write-offs/deductions for properties against otherwise taxable profit from property management, costs for use of remaining profit for tax loss carry-forwards and deferred tax on changes in value.

INTEREST-BEARING LIABILITIES AND LOAN-TO-VALUE



Equity

Since year-end, equity increased from MSEK 17,488 to MSEK 18,500, mainly due to profit from property management of MSEK 1,257 and total unrealised changes in value of MSEK 803. The equity ratio was 43.5 per cent (40.0) and the LTV ratio was 45.0 per cent (45.8) at year-end. At the AGM 2020 the AGM authorised the Board to decide on repurchase of own shares that comprises up to MSEK 300. The purpose of the buy-back programme is to optimise the capital structure and thereby increase the shareholder value. The repurchased shares will be used to finance acquisitions of properties. In november, the Board decided to utilise the mandate from the AGM and repurchase own shares and has in 2020 repurchased shares for a total of MSEK 57, which corresponds to 0.3 per cent of the share capital. Before the buy-back programme, the company had no treasury shares. Further information regarding the company's share capital and the net asset value in note 17 at the page 108.

Sustainability

During the year, we launched a new sustainability strategy based on the focus areas of People, Planet and Culture. As part of the new strategy, we launched ambitious emissions reduction targets that entail that we will become climate positive across the entire value chain by 2035. We also initiated a number of development projects under the working name of Climate-smart premises in order to offer premises with a low climate impact for our tenants.

Work on environmentally certifying Kungsleden's properties continues, and a total of 42 per cent (28) of the property value is now environmentally certified. During the year we initiated a digitisation project for property certifications with the aim of automating large parts of the certification process and clarifying the properties' sustainability performance.

Activities to reduce energy consumption in Kungsleden's properties generated results during the year and the properties' energy intensity is now 112 kWh per sq.m. (156). We achieved our improvement in energy efficiency through, for example, daily work on optimising the properties and the installation of six solar panel systems.

Kungsleden held diversity workshops for all employees during the year. We also focused on our social commitment during the year, such as sponsorship of the Fryshuset foundation and collaborating with the foundation, for example, to deliver food parcels to single mothers during the pandemic.

In accordance with the Annual Accounts Act, Chapter 6, Section 11, Kungsleden has decided to prepare its statutory Sustainability Report separately from its Annual Report. The Sustainability Report was submitted to the auditor simultaneously with the Annual Report (refer to pages 122-136).

Employees

The average number of employees during the year was 132 (112).

At year-end, women accounted for 47 per cent (53). Remuneration to Board members and senior executives for services rendered is stated in note 7. Apart from this, no transactions were executed with any related entity or private individual.

Each year, the Annual General Meeting (AGM) adopts guidelines for remuneration and other employment terms of senior executives. A summary of the guidelines adopted by the 2020 AGM is on page 70, and the complete guidelines are stated in the Invitation to the 2020 AGM. The invitation is also available on Kungsleden's website. In 2020, Kungsleden has primarily complied with the applicable remuneration guidelines adopted by the AGM. One exception was identified. This concerns the conditions for termination of employment. To ensure that Kungsleden retains senior executives and offers competitive employment terms after the introduction of the LTI Programme (see definition below) and in a constantly changing world, the Board therefore decided to utilise the opportunity to deviate from the guidelines and adjust the employment contracts of senior executives. According to the guidelines adopted in 2020, the CEO and Deputy CEO are entitled to severance pay of six monthly salaries which shall, in normal circumstances, be deductible against other income from a new position or assignment. After adjustments, senior executives may receive non-pensionable, non-deductible severance pay in conjunction with the termination of employment corresponding to four to six monthly salaries and the CEO and Deputy CEO to six to 12 monthly salaries. The shortest notice period for senior executives was raised at the same time from three to four months to ensure a better handover. The Remuneration Committee and Board are of the opinion that the adjustment of entitlement to severance pay up to 12 months instead of the six months stipulated in the guidelines is the best course of action to serve the com-

pany's long-term interests. The changes ensure stability in parallel with the company extending the notice period for senior executives.

The Board of Directors therefore proposes that the 2021 AGM adopts new guidelines for remuneration aimed at reflecting these changes. Additionally, it is proposed that the maximum outcome for short-term variable cash remuneration of the CEO and Deputy CEO during any single financial year is adjusted downwards and to a maximum of 50 per cent of annual salary (previous maximum 75 per cent), and to 42 per cent of annual salary (previous maximum 50 per cent) for other senior executives. The reduction in the maximum outcome for short-term variable cash remuneration follows the adoption by the 2020 AGM of the LTI Programme. In all other respects, the proposed guidelines are essentially unchanged from the guidelines adopted in 2020.

According to the guidelines, Kungsleden should offer the remuneration levels and employment terms necessary to enable it to hire and retain senior executives with high skills levels and the capability to achieve established targets, structured with the aim of promoting the company's long-term value creation. The forms of remuneration should motivate senior executives to do their utmost to protect shareholders' interests.

The forms of remuneration should be market-based, straightforward and transparent. Normally, remuneration to senior executives should consist of the following components: basic cash salary, variable cash remuneration, pension benefits and other benefits. Additionally – and independent of the guidelines – the AGM should be able to resolve on share and share price-related remuneration corresponding to the LTI Programme.

The 2020 AGM adopted a long-term share price-related incentive plan for the period 2020-2022 (the "LTI Programme") and thus is not encompassed by these guidelines. The performance requirements used to evaluate the outcome of the LTI Programme, the total return on Kungsleden's share, have a clear connection to Kungsleden's strategy and long-term objectives, and accordingly, to the company's long-term value creation, including its sustainability. Moreover, the LTI Programme stipulates that half of the cash amount granted to participants must be invested in Kungsleden's shares.

The complete remuneration guidelines proposed for resolution ahead of the 2021 AGM are stated in the Invitation to the 2021 AGM on Kungsleden's website.

RISKS AND RISK MANAGEMENT

Kungsleden is continuously exposed to various risks that may be material to the company's future operations, results of operations and financial position. The company works actively to identify and manage the risks and opportunities that are highly significant to operations. Identified material risks in operations are exogenous risks, risks related to property development, sustainability risks, financial risks, IT risks and changes to tax regulations. Our risks and our risk management process are stated on pages 82-86.

Future

We believe that we will see a successive recovery in economic growth in 2021 once the vaccination programme starts to have an effect and restrictions are slowly eased. The Swedish government is pursuing an expansive fiscal policy, made possible by healthy public finances. At the same time, the Riksbank is taking action with its significant bond-buying programme to support economic recovery. Interest rate levels are expected to remain low for the foreseeable future. Access to financing was good for much of 2020, despite the pandemic, especially for companies with a healthy financial position such as Kungsleden. Rating agency Moody's confirmed Kungsleden's investment grade rating as Baa3 with a stable outlook during the year.

We see continued high demand for premises in our market areas. Rents in Stockholm, Gothenburg, Malmö and Västerås are stable at good levels, and in our opinion, there is scope for further improvement of rent levels and occupancy rates.

Due to the company's strong financial position, there is scope for continuing to develop the property portfolio with several ongoing projects. Several projects are in progress in Stockholm, including the properties Rotterdam and Stettin. A state-of-the-art new office project is being constructed in Malmö, designated a Symbiotic Building, Kungsleden's proprietary concept focusing on health, services, intelligent technology and nature. Finnslätten, just outside Västerås is being modified to create offices, a school, production premises, and spaces to enhance the service offering in the area. Kungsleden estimates its total pipeline of commercial project investments at about SEK 13 billion. These investments will make our property management units more attractive and increase the compa-

ny's profitability. Long-term processing and planning of future projects are required to enable the execution of the adopted investment programme. As part of this, Kungsleden is preparing new building rights focused on commercial usage in its existing property portfolio, and through new land allocations. At present, zoning plan processes are ongoing in seven properties, representing a total of some 81,500 sq.m. of commercial building rights and about 173,000 sq.m. of residential building rights.

Current commercial building rights are estimated at 100,000 sq.m. In addition, we are continuously analysing potential acquisition opportunities, focusing on supplementing our existing clusters or acquisitions of new clusters in our priority markets.

Parent Company

The Parent Company is Kungsleden AB (publ). The Parent Company's main activity is to own shares in operating subsidiaries. Profit before tax was MSEK 901 (210). The higher profit was due to higher revenue from subsidiaries. Unrealised changes in value on financial instruments were MSEK -165 (-70) for the year. The Parent Company's assets were MSEK 21,414 (18,684). The equity ratio was 38 per cent (42).

Dividend and appropriation of profits

The following unappropriated profits are at the disposal of the AGM, SEK:

Profit brought forward	4,066,826,366
Share premium reserve	3,133,547,165
Net profit for the year	930,295,068
Total	8,130,668,599

The Board of Directors proposes that the profits are disposed of as follows, SEK:

Dividend to shareholders of SEK 2.80 per share	609,740,796
Share premium reserve	3,133,547,165
To be carried forward	4,387,380,638
Total	8,130,668,599

REASONED STATEMENT BY THE BOARD OF DIRECTORS ON THE PROPOSED APPROPRIATION OF PROFITS

Reasoned statement

The Board of Directors hereby makes the following statement pursuant to Chapter 18, Section 4 of the Swedish Companies Act (2005:551). The Board of Directors' reasoning for the proposed dividend, consistent with the provisions of Chapter 17, Section 3, paragraphs 2 and 3 of the Swedish Companies Act (2005:551), is as follows: Group equity has been calculated in accordance with the IFRS adopted by the EU and their interpretation statements (IFRIC), and in accordance with Swedish legislation through the implementation of Swedish Financial Accounting Standards Council recommendation RFR 1 (Supplementary Accounting Rules for groups). Parent Company equity has been computed in accordance with Swedish legislation and applying Swedish Financial Accounting Standards Council recommendation RFR 2 (Accounting for Legal Entities). In the Board's opinion, there will be full coverage for the company's restricted equity after distribution of the proposed dividend. The Board also considers that the proposed dividend to shareholders is justifiable in terms of the evaluation criteria stated in Chapter 17, Section 3, paragraphs 2 and 3 of the Swedish Companies Act (2005:551), i.e. in respect of the requirements the nature, scope and risk of operations set on the scale of the company's and Group's equity, and the company's and Group's need to strengthen the balance sheet, liquidity and financial position otherwise. Accordingly, the Board of Directors wishes to emphasise the following:

The nature and extent of the business and its risks

The Board of Directors' opinion is that the company and the Group's equity after the proposed appropriation of profits will be sufficient in relation to the nature, scope and risks of operations. In this context, the Board of Directors considers factors including the company's and the Group's financial position, historical and budgeted progress, investment plans and economic situation.

Consolidation requirements, liquidity and position in general

Consolidation requirements

The Board of Directors has conducted a comprehensive review of the company's and the Group's financial position and its potential to fulfil its obligations. This is stated in the proposed appropriation of profits, whereby the Board of Directors is proposing the payment of a dividend of SEK 2.80 per share, equivalent to an aggregate total of approximately MSEK 610. The proposed dividend represents 7 per cent of the company's equity and 3 per cent of the Group's equity. The Group's LTV ratio and interest coverage ratio in 2020 were 45.0 per cent and a multiple of 4.5, respectively. The express objective of the Group's capital structure with an LTV ratio not exceeding 50 per cent sustainably, and minimum interest coverage ratio of 2.5 are retained after the proposed appropriation of profits.

Planned investments have been considered when determining the proposed dividend. The proposed appropriation of profits has no material significance to the company's and the Group's capacity for making further planned business-related investments.

Against this background, the Board of Director's opinion is that the company and the Group have good potential to take future business risks and also withstand potential losses.

Liquidity

The proposed appropriation of profits will not impact the company's and the Group's capacity to fulfil their payment obligations on time, or manage potential variations in liquidity and other unexpected events. The company and the Group have good access to liquidity reserves in the form of cash and cash equivalents and long-term credit facilities. These facilities can be drawn down at short notice, which means the company and the Group have good contingency to manage variations in liquidity and potential unexpected events.

Position in general

The Board of Directors has considered all known circumstances that could be of significance for the company's and the Group's financial position and that are not considered above. Accordingly, no circumstances have emerged that could potentially make the proposed dividend unwarranted.

Risks and risk management

Kungsliden's assignment from its owners is to deliver attractive long-term total returns. We achieve this by owning, managing and developing commercial properties focusing on offices in Stockholm, as well as Sweden's other growth regions.

To achieve our goals optimally, the opportunities and risks that impact our operations must be managed.

Our property operations are on the Swedish market only, but are also affected by global trends on the bond market and foreign interest in the Swedish real estate market. The Board of Directors has overall responsibility for risk management, although operational work is delegated to the CEO and Group Management.

All business activities are associated with risk-taking. Correctly managed, these risks can result in opportunities, but if they are not managed at all, on time, or correctly, they can have major negative consequences in the form of lower revenue, higher expenses or reduced credibility. Accordingly, work on identifying, analysing, managing and monitoring both strategic and operating risks is a priority for Kungsliden. The following figure illustrates how Group Management makes risk management in a structured process. The Board receives a yearly presentation and update, and follows a three-year time horizon.

Due to the outbreak of the Covid-19 pandemic, a specific risk analysis, in addition to the risk analysis presented below, was started in March with regular weekly updates in the company's Group Management. The more specific analysis addressed internal organisational risks, risks associated with our properties and projects and financial risks. Both the short and long-term risks were evaluated. Reports were made regularly to the Board throughout the year. Kungsliden introduced a number of supportive measures for tenants who were severely affected by the pandemic and regularly discusses risk management both internally and with our customers. The financial impact of the coronavirus pandemic on Kungsliden has to date been limited. Covid-19 risk management will continue over the next year depending on how the pandemic progresses.

Kungsliden works on a continuous and structured footing to identify and actively monitor financial and other risks that operations address or face. The following figure illustrates how Group Management works on risk management in a structured process.





Group Management identifies ten risk segments to focus on from the risk review, classifying them on the basis of probability and consequence, with one being low and three high. Probability multiplied by consequence gives a weighted risk value of between one and nine, as in the following table. A sensitivity analysis of how different valuation parameters impact on property value, earnings and cash flow, as well as LTV ratio, are stated in note 2.



RISK SEGMENT	PROBABILITY	X CONSEQUENCE	= RISK VALUE
Value impairment of properties	2	3	6
Inadequate crisis management and brand risk	2	2	4
IT risk – virus, spam, breaches	2	2	4
Organisational risk	2	2	4
Unavailability of financing	1	3	3
Risk to life and health	1	3	3
Inadequate understanding of customers/business model/digitalisation	1	2	2
Vacation of major tenants	2	1	2
Technical condition	2	1	2
Inaccurate project costings	1	1	1

Risks identified in the above ten risk segments are labelled with

RISK	DESCRIPTION	MANAGEMENT
Business environment risks		
Macroeconomic risk	A weak economy negatively impacts the demand for premises, which results in increased vacancies, decreasing market rents and no indexation on existing lease contracts. Additionally, the risk of tenants' payment problems increases, which has a negative impact on cash flow.	This type of risk and its management is continuously assessed by management and the Board of Directors, and through regular analysis of our market and business environment. Strategic actions to reduce the company's exposure are determined each year.
Crisis management	For Kungsliden, a crisis is an unexpected event that threatens to damage our operations or brand seriously, and that our regular organisational resources are unable to manage.	Kungsliden has a crisis management plan to deal with this type of extreme events. This type of risk is managed at an overall level in several ways, including a succession plan for senior executives and full value insurance for real estate.
Risks related to properties and development projects		
Rental revenue	Kungsliden's rental revenue is affected by economic progress in the sub-markets where we operate, and how well we succeed in developing the locations where our properties are situated. Economic growth is likely to lead to increased demand for premises, which usually results in higher market rents. Presumably, negative economic progress has the opposite effect.	We mainly hold properties in growth markets, a contract portfolio with a large number of contracts and a diversified maturity structure. We endeavour to maintain a contract portfolio with relatively long contract maturities. The average contract duration across the entire portfolio is 4.0 years. Our experienced and skilled management and letting staff work actively on the re-negotiation process before contract expiry.
Inadequate understanding of customers	Our rental revenue can be negatively impacted if we are unaware of our customers wants and needs.	We maintain close dialogue with our current tenants and have a decentralised organisation close to customers, as well as a local presence.
Vacation of major tenants	Major current tenants decide to terminate lease contracts and move out. Premises become vacant for the long term. Investments become necessary to accommodate a new tenant.	Close contacts with our tenants. Having properties in clusters facilitates relocation within the portfolio. Shared priorities regarding the vacancies that should be prioritised in leasing work. Ensure that properties maintain good technical standard and quality.
Property costs	The risks in terms of costs relate mainly to cost increases over and above what Kungsliden is able to offset through contracted rents, indexation and re-invoicing supplements. These risks also include unforeseen risks and any need for extensive refurbishment. A high share of this cost relates to energy consumption through heating, cooling and electrical power.	A portion of property costs are re-invoiced to the tenant through adjustments of lease contracts, and accordingly, cost increases or savings have a limited impact on our earnings. Any vacancies impact property costs by us being unable to re-invoice certain costs. We work purposefully to rationalise energy consumption. This includes setting a target for reducing energy consumption by 3 per cent annually in 2014–2020, in like-for-like portfolio terms.
Unforeseen events in properties (risk to life and health)	Our properties may be affected by unforeseen events in the form of snow falling from the roofs, fire, water incursion, etc.	We work continuously on preventive measures such as updated fire alarms, sprinkler systems, entry systems, etc.
Inadequate property condition	If our properties do not maintain a satisfactory technical standard, we are at risk of being affected by unforeseen costs or investments.	Kungsliden's technical managers and technical maintenance staff work proactively on the technical condition of properties to reduce the risk of unforeseen costs.
Projects	Development projects are value creating but may also be associated with risk. This includes increased credit risk on large, tailored projects resulting from tenants being unable to fulfil their rent obligations, and Kungsliden being unable to find other tenants for these premises. There is also a risk of a reduced return on projects if major construction and refurbishment work is delayed and/or becomes more costly than forecast. Additionally, there is a risk of reduced revenue due to delays that mean tenants are unable to utilise premises at the expected time. Moreover, Kungsliden is dependent on receiving the necessary permits from regulatory authorities so that it can execute projects.	Risks related to projects are managed by taking such measures as not commencing project construction until 50 per cent of areas are leased. In recent years, Kungsliden has accumulated highly skilled and experienced organisational resources for development projects. Additionally, Kungsliden has rigorous and quality-assured property development processes and procedures. Each project includes an initial risk analysis, which is followed up during the project life-cycle. Total cost estimates are conducted at least quarterly on all projects, and monthly for major projects. Actions are taken if these cost estimates indicate delays or cost increases.

RISK	DESCRIPTION	MANAGEMENT
 Property values	<p>Kungsliden's rental revenue is affected by the progress of fair value i.e. market value, which has a direct impact on earnings and financial position. The value of properties is impacted by several factors such as exogenous factors that affect supply and demand such as the business cycle, interest rate level, financing and required yield. The structure of contracts and customer base, as well as Kungsliden's capability to manage, improve and develop its properties also impact value.</p>	<p>To manage the risk of negative value changes, Kungsliden works actively on diversifying risk between categories of premises and tenant, geography and contract size. Our average contract duration is 5.2 years for our ten largest tenants, and 4.0 years for all tenants, which means that variations in market rents do not have an immediate impact on rental revenue. Kungsliden's target is to have balanced portfolio risk with a limited impact of exogenous factors, and we value our whole property portfolio internally each quarter. Our valuations are based on an analysis of cash flow, which includes assessments of a property's future earnings capacity and market required yield. This internal valuation is the foundation of reported property values. Internal valuations are conducted by staff with extensive valuation experience. We conduct quarterly external valuations of parts of our portfolio to quality-assure and verify our internal valuations. In 2020, properties with a value corresponding to 96 per cent of the portfolio were valued externally. A sensitivity analysis of property values and LTV ratio is presented in note 2.</p>
Sustainability risks		
Pollution, climate impact and climate risks	<p>The risk of soil contamination that entails remediation costs, mainly relating to development, when property usage alters. In addition, extreme weather events and climate change may result in a risk of damage to properties.</p>	<p>Kungsliden has categorised all its properties according to their risk of soil contamination, and takes proactive measures. On acquisition, Kungsliden determines the risk of soil contamination, environmentally hazardous construction materials and climate risks. Risks associated with climate change are managed through in-depth analyses, and strategic and proactive measures in preventative maintenance. For climate risks, refer to the report according to the TCFD's recommendations on pages 131-132.</p>
Business ethics/ Anti-corruption	<p>The risk of impropriety against Kungsliden by employed staff or contractors that could damage the company's finances, brand and employees' well-being and trust.</p>	<p>Internally, Kungsliden's work is governed by stable regulatory structures consisting of policies and guidelines. We operate and communicate on the basis of collective core values based on professionalism, caring and joy. Kungsliden's leadership pledge complements our core values with the conduct that we expect from our leaders. Externally, our work is regulated by a Code of Conduct for suppliers. Additionally, Kungsliden works actively internally and externally on information associated with its work in business ethics. Kungsliden has an internal Ethical Council that deals with any incidents.</p>
Social conditions and human rights	<p>Kungsliden has a large supplier base, and its major projects involve multiple participants. Because it is difficult to overview supply chains, there is a risk of activities conflicting with Kungsliden's values.</p>	<p>Kungsliden applies a clear Code of Conduct for suppliers and its suppliers are informed about the importance of conduct compliant with Kungsliden's core values. Kungsliden also has a policy guaranteeing that staff can anonymously contact a third party to report actions or other circumstances that imply breaches or suspected breaches of laws or other guidelines and regulations without consequence. A whistleblower system is available from Kungsliden's website.</p>
 Organisational risk	<p>Employees are one of our key assets. The major risk is that we are unable to hire, develop and retain staff and managers with appropriate competence, and that we have an inefficient organisation.</p>	<p>Kungsliden operates and communicates on the basis of collective core values: professionalism, caring and joy. These define how Kungsliden as a company, and our individuals, want to be dealt with, and how we deal with people in our day-to-day work. Kungsliden's leadership pledge complements our core values with the conduct that we expect from our leaders, and what we believe is necessary for us to achieve our long-term goal of being the most attractive and sustainable workplace in the property sector. Organisational risk is managed through channels including leadership development and employee satisfaction surveys.</p>

RISK	DESCRIPTION	MANAGEMENT
Financial risks		
 Financing	<p>The risk that borrowing cannot be arranged or can only be arranged on unfavourable terms. Kungsliden's business model is based on real estate assets being funded with equity and external borrowings to generate healthy returns on investor capital. Accordingly, access to external capital is a critical factor to enable successful real estate operations.</p>	<p>The Board of Directors adopts a Finance Policy that sets risk mandates relating to:</p> <ul style="list-style-type: none"> • Kungsliden maintaining financing risk at an acceptable and controlled level by operating with an LTV ratio of not more than 50 per cent for the long term. • Borrowing from reputable lenders such as banks and lenders in the capital markets, and thus achieving well-diversified borrowing • Avoiding maturity concentrations by diversifying the maturities of agreed loans and limiting the share of maturities over the coming 12 months so that they do not exceed 30 per cent of total loan volume. • Limiting counterparty exposure so that individual lender commitments do not exceed 30 per cent of total loan volume. <p>The public Investment Grade (Baa3) rating is a seal of quality guaranteeing Kungsliden's strong financial position and long-term focus. By increasing its borrowing from the capital markets, it has reduced its dependency on arranging finance from the banking system against real estate collateral.</p>
Interest	<p>Interest risk is defined as the risk of a negative impact on earnings and cash flow through changes in market interest rates. On short maturities, market interest rates are primarily impacted by the monetary policy of Sweden's central bank, while for longer maturities, interest rates are determined by expectations of future economic progress and inflation, nationally and internationally. Changes in market interest rates can have an impact on earnings and cash flow. Accordingly, finance with short fixed interest terms implies uncertainty regarding future financing costs and ongoing cash flow. Because swaps entered are subject to continuous market valuation pursuant to IFRS, there is a risk that negative unrealised value changes on financial instruments will occur if market interest rates on longer maturities fall after the hedging contract has been entered. Accordingly, negative unrealised value changes on financial instruments can affect the Group's results of operations and financial position.</p>	<p>Interest risk is managed at an overarching Group level. Kungsliden's Finance Policy stipulates a framework for its fixed interest term strategy determined by the Board of Directors, which is expressed in maturity intervals and variance intervals. Balancing short and long fixed interest terms is conducted on the basis of the state of the market, the Group's ability to cope with negative scenarios, and the current view of risk. Kungsliden attains the desired risk level by using interest rate swaps. Kungsliden's objective is that its minimum interest coverage ratio should be a multiple of 2.5, and works to adapt the Group's fixed interest term profile in accordance with its adopted business plan, and within the adopted risk mandates of its Finance Policy on a proactive and long-term basis. All financial instruments utilised should be liquid, and the Treasury function should possess a high level of knowledge about the function, risk and pricing of each instrument.</p>
 Liquidity	<p>Liquidity risk is defined as the risk of not having access to cash and cash equivalents or credit facilities to satisfy payment obligations. Cash and cash equivalents means cash at hand and available credit commitments.</p>	<p>At any time, Kungsliden should maintain contingency to make at least three months' known payments including interest payments and loan roll-overs. Contingency also means agreements on overall terms and conditions for financing are in place. The Board of Directors is entitled to decide on temporary increases to liquidity, e.g. given increased contingency for major transactions. Kungsliden has arranged unutilised credit facilities from banks that are secured with direct real estate collateral with the aim of achieving a cost-efficient cash management system, and to cover short-term payment commitments.</p>
Credit	<p>Credit risk is defined as the risk that a counterparty is unable to fulfil all or part of its obligations. Credit risk is within derivative contracts, on the issuance of promissory notes and investment of surplus liquidity. Credit risk also relates to the risk of the counterparty not making its payments of rent or sales proceeds.</p>	<p>The credit risk in financing activities is low, and mainly consists of counterparty risks relating to receivables to banks and other counterparties arising when utilising derivative instruments. The Finance Policy states guidelines for approved counterparties and the maximum credit exposure to various counterparties. Rent losses in the past have been low. The policy for credit checks includes guidelines for assessing counterparty creditworthiness. The Treasury function supports Property Management on credit checks. For significant long-term receivables, collateral is normally obtained to reduce credit risk.</p>

RISK	DESCRIPTION	MANAGEMENT
IT risks		
 Virus attacks	The risk that files are encrypted and systems stop working.	Through its system administration partner, Kungsleden possesses secure protection against viruses and spam, which is updated continuously. There are procedures for our external system administration partner to counter attacks at an early stage, and for restoration post-incident.
System outage	The risk of the complete IT environment or parts of it becoming unavailable.	This risk is managed by maintaining a close collaboration with our system administration partner who in collaboration with us, ensures that Kungsleden maintains an updated technology platform and the necessary backups, as well as restoration plans for any major system outage.
 Data breaches	The risk of unauthorised access to the company's data.	Kungsleden conducts regular penetration tests through our external system administration partner. We also use two factor authentication to minimise the risk of data breaches.
Fraud	The risk of fraudsters contacting Kungsleden with the aim of securing payment.	Kungsleden maintains clear procedures and processes for executing payments. We conduct continuous training and keep staff informed to maintain a high level of risk awareness for all employees.
Tax risks		
Changes to tax regulations	Alterations to the regulatory structure that determines corporation and property tax may affect Kungsleden's potential for its operations positively or negatively. For example, altered regulation on the sale of real estate and companies that own real estate.	Tax risks are mainly managed through proactive work relating to new developments in the tax segment. We maintain continuous communication with the Board of Directors and Audit Committee on tax risks and their management, and analyse complex tax issues with the help of external consultants. We also limit property tax risk by much of this tax being invoiced to tenants.



Financing

We manage a capital-intensive operation, and access to capital is a pre-requisite for operating a successful real estate business. The aim of Kungsliden's financial strategy is to maintain a sustained healthy financial position with a low LTV ratio and high liquidity coverage. We remained active in the capital market during the year and borrowed a total of SEK 2.6 billion, most of which was green bonds with longer maturities and at competitive terms. We thereby further improved our already high liquidity coverage.

With the aim of ensuring an appropriate risk level for our designated business strategy, the Board of Directors adopts a Finance Policy consisting of guidelines and restrictions for how financing activities should be conducted. We monitor and report on financial risks quarterly.

- The financial strategy is designed to:
- ensure short and long-term access to capital
 - endeavour to achieve and retain a long-term stable capital structure
 - achieve the best possible financial net within given risk exposure limits.

CAPITAL STRUCTURE

Kungsliden's guideline is that the equity ratio is to be at least 35 per cent over time and the LTV ratio should not exceed 50 per cent. Since year-end, equity increased from MSEK 17,488 to MSEK 18,500, mainly due to profit from property management of MSEK 1,257 and total unrealised changes in value of MSEK 803. The equity ratio was 43.5 per cent (44) and the LTV ratio was 45.0 per cent (45.8) at year-end.

PUBLIC RATING

Kungsliden's has an Investment Grade rating of Baa3 with stable outlook from Moody's. The rating was confirmed by Moody's in June 2020. In its

Credit Opinion, Moody's highlighted Kungsliden's well-diversified property portfolio focused mainly on offices in Sweden's growth markets, and continued improvements to its LTV ratio, good liquidity reserves with a low share of short-term debt maturities, strong interest coverage ratio and a reduced share of secured borrowing. Moody's latest publication on Kungsliden is available to download from <https://www.kungsliden.se/en/investors/funding/capital-markets-products/>

An Investment Grade rating from Moody's improves the potential to expand Kungsliden's investor base for the long term, utilise even better financing terms and enjoy financing on long maturities, which reduces refinancing risk.

LOAN PORTFOLIO AND LIQUIDITY POSITION

Kungsliden has a well-diversified base and spread maturity structure of interest-bearing liabilities, which limits refinancing risk. Our loan portfolio consists of secured bank loans, secured loans from life insurance and secured mortgage loans, unsecured bond loan and commercial paper. A strong financial position and public Investment Grade rating from Moody's has enabled increased borrowing from the capital markets by issuing unsecured bonds. The share of funding from the capital markets continued to increase during the year from 43 per cent to 47 per cent.

Collateral in properties is provided as security for loans from banks, life companies and mortgage institutions, either directly or through promissory notes, share pledges and Parent Company guarantees. Some loan agreements also include covenants relating to changes of control, interest coverage ratio, LTV ratio and equity ratio. All covenants were satisfied with a good margin as of 31 December 2020.

At year-end, the loan portfolio was MSEK 19,029 (17,889), 33 per cent of which was loans from banks and 20 per cent was secured loans from life insurance companies and mortgage institutions. Unsecured borrowing from the capital markets represented 47 per cent (43), of which commercial paper represented 1 percentage point. Direct lending from life insurance companies and loans via mortgage institutions help diversify counterparty exposure and significantly extend the average maturity of interest-bearing liabilities on competitive terms.

Kungsliden also endeavours to maintain a low share of short-term borrowing, and at any time, maintain contingency to make payments including debt maturities for the coming 12-18 months.

Kungsliden has a total of MSEK 3,386 of unutilised credit facilities with Swedish banks including an overdraft of MSEK 250 after deductions of outstanding commercial paper including cash in hand of MSEK 685. These facilities are fully secured with direct real estate collateral.

BORROWING FOR THE YEAR

Despite a year dominated by the global pandemic, Kungsliden maintained a high level of activity in terms of issues during the year. Kungsliden issued a total of MSEK 2,600 under its MTN programmes, thus further improving its already healthy liquidity coverage. Most of the issues have maturities of five and six years. At various times throughout the year, Kungsliden repurchased short-term bonds that fall due for payment in 2021 for a total nominal amount of MSEK 880. Interest in these issues was widespread and pricing was also advantageous for longer maturities.

An additional green bond of a nominal MSEK 300 with a six-year maturity was issued after the end of the period. At the same time, Kungsliden repurchased short-term bonds that fall due for payment in September and October 2021 and March 2022 for a total nominal amount of MSEK 187. Including the most recent issue, Kungsliden had MSEK 8,833 of outstanding bond loans within its MSEK 12,000 MTN programme.

Including the most recent repurchases, bond loans that fall due in 2021 amount to a nominal MSEK 1,413. Meanwhile, we have cash and available credit facilities to deal with all remaining loan maturities for all of 2021 and most of the maturities in 2022.

GREEN BONDS

MSEK 2,300 of the total bonds issued during the year were green bonds. Including the most recent issue after the end of the year, green financing now makes up 40 per cent of the total loan portfolio. The ambition is that in time, all green assets will be financed with green borrowing.

Kungsliden has issued a total of MSEK 6,820 of outstanding green bonds. Green bonds are issued pursuant to the terms & conditions of the green bond framework. This framework clarifies how the proceeds from green bonds may be utilised. The proceeds from Kungsliden's green bonds issued until 31 December 2020 will be utilised for the following categories of environmental project:

- Financing certified properties
- Renewable energy

A property financed with proceeds from the green framework must achieve Gold and Very Good respectively within the LEED or BREEAM standards, and have at least 70 per cent of available points achieved in the energy category. Alternatively, within the Miljöbyggnad (Swedish environmental building) standard, the building must achieve the Silver or EU Green Building level.

Kungsliden's green framework is reviewed at kungsliden.se/en/investors/funding/capital-markets-products/. A letter to investors in Kungsliden's green bonds is also uploaded here, offering reports and statements on how funds from green bonds have been utilised.

These bonds are listed on Nasdaq Stockholm's Green Bond List, a market segment of green bonds that applies specific standards to bonds listed on this marketplace.

Kungsliden has started work on updating its green framework to adapt it to Kungsliden's new sustainability targets.

GREEN BANK LOANS

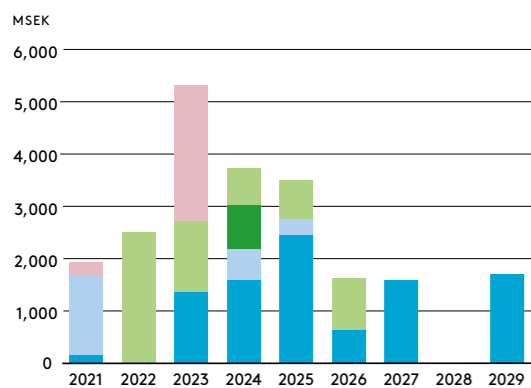
Kungsliden has also arranged a MSEK 900 green bank loan, secured against direct collateral for the LEED Gold certified property Faroarna 3 in Kista in Stockholm.

Investor interest in green bond loans remains high, and issuing green bonds is a natural step in Kungsliden's sustainability work (read more about sustainability on pages 122-136). Apart from the sustainability aspect, green finance often offers better interest terms than traditional borrowing.

DEBT MATURITY AND FIXED INTEREST TERM

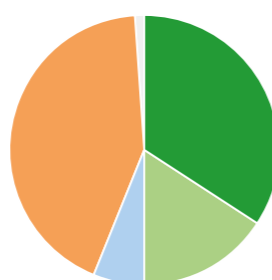
Financial net is a significant cost item in the income statement, primarily affected by changes in underlying market interest rates and lenders' required yields. Kungsliden endeavours to achieve well-considered debt maturity and fixed interest term to maintain stable and cost-efficient financial net for the long term. Its average financing cost has reduced in recent years by renegotiating loans on better terms, and restructuring its fixed interest terms. The average interest rate for the year fell from 1.9 per cent to 1.8 per cent, mainly because 3-month Stibor decreased in the period. The average debt maturity at year-end was 3.8 years. The share of short-term funding decreased further during the year based on repurchases of bonds falling due in 2021. The outstanding volume in the commercial paper market has also decreased and amounted to MSEK 150 at the end of the period, which is fully covered by unutilised credit facilities.

MATURITY STRUCTURE, CREDIT FACILITIES



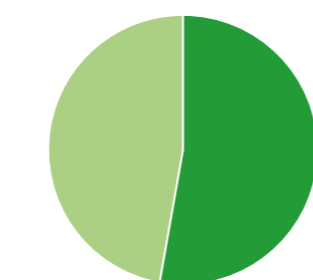
- Bank loans and other borrowing
- Bonds
- Green bank loans
- Green bonds
- Unutilised credit facilities

LOAN PORTFOLIO AS OF 31 DECEMBER 2020



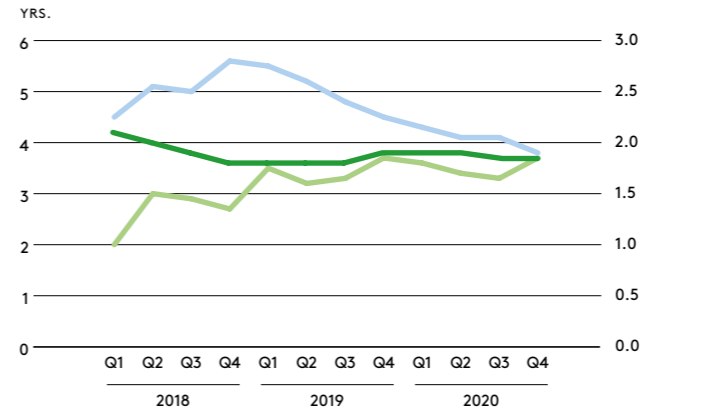
- Bank loans, 33%
- Mortgage loans, 15%
- Life company loans, 6%
- Bond loans, 46%
- Commercial paper, 1%

SECURED AND UNSECURED DEBT AS OF 31 DECEMBER 2020



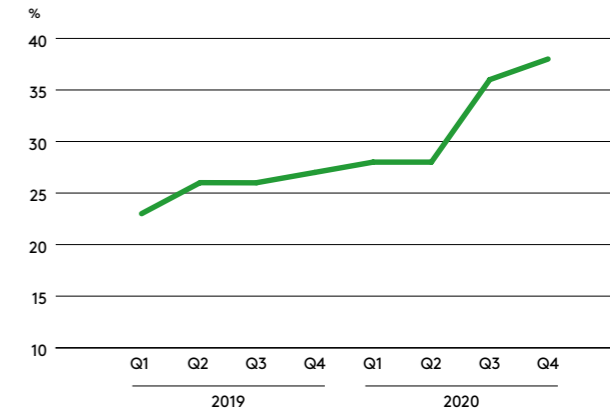
- Secured, 53%
- Unsecured, 47%

DEBT MATURITY, FIXED INTEREST TERM AND AVERAGE INTEREST RATE



- Debt maturity, Years
- Fixed interest term, Years
- Average interest rate, %

GREEN FINANCING



On short maturities, market interest rates are primarily affected by Sweden's central bank monetary policy, while on longer maturities, interest rates are determined by expectations of future economic progress and inflation. Fluctuations in market interest rates can exert an impact on earnings and cash flow. Accordingly, financing with short fixed interest terms implies uncertainty regarding future financing costs. The fixed interest term of most loans is short term (variable), and Kungsliden manages interest risk at an overall group level. The desired level of hedging against rising interest rates is mainly achieved by using derivative instruments in the form of interest rate swaps. Kungsliden works actively on adapting the Group's fixed interest term profile in accordance with its business plan, and within the framework of the Group's Finance Policy.

Kungsliden works actively on adapting the Group's fixed interest term profile in accordance with the current business plan. During the year, we took advantage of the decline in interest rates with longer durations and extended forward starting swaps for a nominal amount of MSEK 3,000 that previously were to start in January 2021 and fall due in January 2028, to instead start in January 2022 with a new due date in January 2029. New fixed interest terms were arranged in the fourth quarter for a nominal amount of MSEK 1,000 with a term of eight years and a nominal amount of SEK 1 billion with a term of five years. At the same time, short-term swaps that fall due in 2022 were repaid for a total nominal amount of MSEK 2,000. Combined, this means that the average fixed interest term was extended to 3.7 years at year-end, while ongoing interest expenses for the year ahead declined slightly. The extensions help to protect financial net from rising market interest rates in the long term and offset ongoing interest expenses for the year ahead. The interest coverage ratio for the past 12-month period remained high at a multiple of 4.5.

SENSITIVITY ANALYSIS

We continuously monitor the interest rate sensitivity of our borrowing through stress tests. They indicate that Kungsliden has good resistance to a higher underlying interest rate. Even in a high interest rate scenario, where the interest rate on all maturities momentarily exceeded the interest rate priced into the market by 100 basis points, the interest coverage ratio for the next 12 months would be over 3 times financial costs. According to Kungsliden's Finance Policy, the minimum interest coverage ratio is a multiple of 2.5. At year-end, the nominal amount of the swap

portfolio was MSEK 9,100, of which MSEK 2,000 was forward starting, commencing in 2022 and falling due in 2026, and MSEK 3,000 was forward starting, commencing in 2022 and falling due in 2029. Loans with a fixed interest base of a total MSEK 2,230 are also included in the portfolio. The share of the loan portfolio that has longer fixed interest terms is about 65 per cent, if forward starting swaps are included.

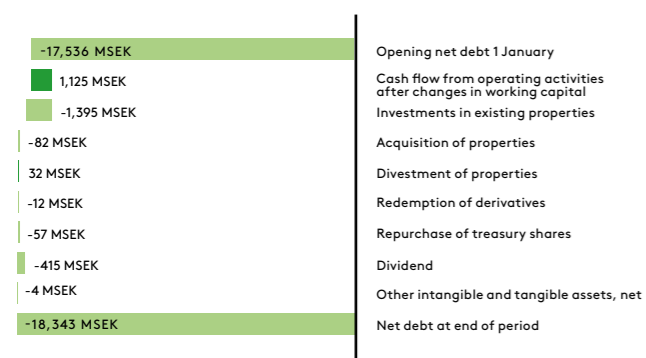
VALUATION OF INTEREST RATE DERIVATIVES

The change in market value of the swap portfolio is recognised as an unrealised change in value of financial instruments pursuant to IFRS 9. Unrealised changes in value affect net profit but not cash flow or profit from property management. The current market value of interest rate derivatives is reconciled regularly with the counterparty and verified against a theoretical valuation based on current market interest rates. The value of all derivatives amounted to MSEK -250 (-105) at year-end. The value of derivatives is affected by the current market interest rate in relation to the agreed swap rate for the remaining term. If longer interest rates alter in relation to the level when the derivative contract was entered, the value of the derivative changes. The market value of the swap is computed by calculating the present value of future interest flows on the swap at the current market interest rate. However, the swap's value is always zero at maturity. Changes in value of financial instruments were MSEK -157 (-75) as a consequence of interest on longer maturities falling.

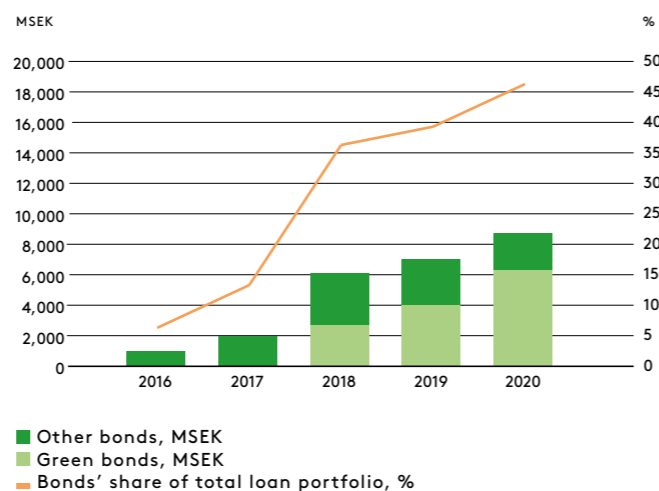
Outstanding unsecured bonds

Isin code	Amount, MSEK	Issue date	Maturity date	Fixed/variable interest	Interest	Green bond
SE0010769802	125	18 Jan 2018	18 Jan 2021	Variable	Stibor + 1.8%	-
SE0010599357	370	28 Sep 2018	28 Sep 2021	Variable	Stibor + 1.25%	-
SE0010442707	850	11 Oct 2017	11 Oct 2021	Variable	Stibor + 1.8%	-
SE0010442715	175	11 Oct 2017	11 Oct 2021	Fixed	2.060%	-
SE0010599118	1,250	21 Mar 2018	21 Mar 2022	Fixed	2.375%	Yes
SE0010599100	1,250	21 Mar 2018	21 Mar 2022	Variable	Stibor + 2.05%	Yes
SE0011869692	900	7 Mar 2019	7 Mar 2023	Variable	Stibor + 1.8%	Yes
SE0010832873	450	13 Jun 2018	13 Jun 2023	Variable	Stibor + 1.8%	Yes
SE0012676468	300	22 Aug 2019	22 Aug 2024	Variable	Stibor + 1.5%	-
SE0012676500	300	17 Sep 2019	17 Sep 2024	Variable	Stibor + 1.25%	-
SE0013103801	200	6 Dec 2019	6 Dec 2024	Variable	Stibor + 1.2%	Yes
SE0013103793	500	6 Dec 2019	6 Dec 2024	Fixed	1.510%	Yes
SE0012676856	300	18 Jun 2020	18 Jun 2025	Variable	Stibor + 1.95%	-
SE0013359791	750	27 Aug 2020	27 Aug 2025	Variable	Stibor + 1.67%	Yes
SE0012194009	300	23 Jan 2020	23 Jan 2026	Fixed	1.748%	Yes
SE0013882610	550	25 Sep 2020	25 Sep 2026	Fixed	1.593%	Yes
SE0013882602	150	25 Sep 2020	25 Sep 2026	Variable	Stibor + 1.5%	Yes
Total	8,720					

CHANGE IN NET DEBT 2020



OUTSTANDING BONDS



Multi-year Summary

Income Statement, MSEK	2020	2019	2018	2017	Restated ³ 2016
Revenues	2,530	2,423	2,385	2,323	2,430
Property costs	-787	-773	-800	-785	-827
Operating net	1,743	1,650	1,586	1,538	1,602
Selling and administration costs	-102	-109	-95	-120	-112
Net financial items	-384	-356	-366	-433	-500
Profit from property management	1,257	1,185	1,124	985	990
Changes in values properties	960	1,756	1,603	1,411	1,691
Changes in values interest rate derivatives	-157	-75	-73	85	-321
Profit before tax	2,060	2,867	2,653	2,481	2,360
Tax	-424	-622	-598	-575	-492
Net profit for the year	1,636	2,245	2,055	1,906	1,869

Statement of financial position, MSEK	2020	2019	2018	2017	Restated ³ 2016
Assets					
Investment properties	40,718	38,310	34,697	30,974	29,533
Other non-current assets	846	830	20	28	32
Other short-term receivables	281	237	201	231	231
Derivatives	8	-	4	-	-
Cash and bank	685	353	471	313	57
TOTAL ASSETS	42,538	39,730	35,394	31,546	29,854
EQUITY AND LIABILITIES					
Equity	18,500	17,488	15,767	14,192	11,123
Interest-bearing liabilities	19,029	17,889	16,882	15,153	16,511
Derivatives	258	105	34	171	653
Non interest-bearing liabilities	4,751	4,248	2,711	2,029	1,567
TOTAL EQUITY AND LIABILITIES	42,538	39,730	35,394	31,546	29,854

Key ratios	2020	2019	2018	2017	Restated ³ 2016
PROPERTY RELATED					
Yield, %	4.4	4.5	4.8	5.1	5.6
Occupancy rate, % ⁴	90.7	91.5	91.5	90.5	90.6
Operating surplus ratio, %	69.7	68.2	66.7	66.3	66.2
FINANCIAL					
Return on total assets, %	4.0	4.1	4.4	4.6	5.2
Return on equity, %	9.1	13.6	13.7	15.1	18.0
Interest coverage ratio, times	4.5	4.6	4.1	3.3	3.0
Equity ratio, %	43.5	44.0	44.5	45.0	37.3
LTV (loan-to-value) ratio, %	45.0	45.8	47.3	47.9	55.7
PER SHARE INFORMATION					
Dividend (paid), SEK	1.90	2.35	2.20	2.00	2.00
Profit from property management, SEK ²	5.76	5.43	5.15	4.66	5.31
Net profit for the year, SEK ²	7.50	10.28	9.41	9.03	10.01
EPRA EPS, SEK ²	5.53	5.37	4.84	4.45	5.05
EPRA NRV, SEK	99.50	91.94	81.01	71.87	69.32
EPRA NTA, SEK	97.13	90.10	79.66	70.65	65.73

1. All profit for the year is attributable to equity holders of the parent.

2. Restated with an adjustment factor of 2.55 per cent for the bonus issue element of the new share issue conducted in the first quarter of 2017.

3. Comparative figures restated for changed policy for recognising deductions received for deferred tax on acquisitions.

4. The definition of occupancy rate has been adjusted for the years 2019, 2018 and 2017. The comparative figures for the year 2016 has not been recalculated.

Definitions are on pages 150-151.

Consolidated Income Statement

MSEK	Note	2020	2019
Rental revenue	5	2,501	2,418
Other income		29	5
Property costs	8	-787	-773
Operating net		1,743	1,650
Selling and administration costs	6, 7, 8	-102	-109
Net financial items			
Financial revenues and financial costs	9	-355	-325
Costs of right of use	9, 14	-29	-31
		-384	-356
Profit from property management		1,257	1,185
Changes in value			
Properties ¹	13	960	1,756
Interest rate derivatives	9	-157	-75
		803	1,682
Profit before tax		2,060	2,867
Tax			
Current tax	10	0	0
Deferred tax	10	-424	-622
		-424	-622
Net profit for the year²		1,636	2,245
Earnings per share before and after dilution	11	7.50	10.28

Consolidated Statement of Comprehensive Income

MSEK	2020	2019
Net profit for the year	1,636	2,245
Other comprehensive income		
	0	0
Translation gains/losses for the year, on consolidation of foreign operations	1,636	2,245
Net profit for the year²		

1. For 2020, unrealised changes in value on properties were MSEK 948 (1,762), and the profit/loss from divestment was MSEK 11 (-5).

2. All of the profit for the year is attributable to the parent company's shareholders.

Consolidated Statement of Financial Position

MSEK	Note	31 Dec '20	31 Dec '19
Assets			
Non-current assets			
Intangible assets	12	12	12
Investment properties	13	40,718	38,310
Assets of right of use	14	828	812
Equipment	15	3	4
Other long-term receivables	16, 22	2	2
Total non current assets		41,564	39,140
Current assets			
Accounts receivable	22	14	22
Other receivables	22	18	34
Prepaid expenses and accrued revenues	22	249	181
Derivatives	18, 22	8	-
Cash and bank		685	353
Total current assets		974	590
TOTAL ASSETS		42,538	39,730
EQUITY AND LIABILITIES			
Equity			
Share capital		91	91
Other contributed capital		4,506	4,506
Other reserves		4	4
Retained earnings (including net profit for the year)		13,899	12,887
Total equity	17	18,500	17,488
Long-term liabilities			
Liabilities to credit institutions	18, 21, 22	9,013	9,094
Other interest-bearing liabilities	18, 21, 22	8,346	8,146
Liabilities of right of use	14	819	804
Derivatives	18, 22	258	105
Deferred tax liability	10	2,910	2,488
Provisions	19	9	3
Total long-term liabilities		21,355	20,640
Short-term liabilities			
Liabilities to credit institutions	18, 22	-	-
Other interest-bearing liabilities	18, 22	1,670	650
Liabilities of right of use	14	9	8
Accounts payable	22	189	302
Tax liabilities		0	0
Other liabilities	20, 22	249	172
Accrued expenses and deferred income	22	566	470
Total short-term liabilities	21	2,684	1,602
TOTAL EQUITY AND LIABILITIES		42,538	39,730

For information on pledged assets and contingent liabilities for the Group, see note 23.

Consolidated Statement of Changes in Equity

MSEK	Share capital	Other contri- buted capital	Translation difference	Accumulated profit or loss	Total equity
Opening equity, 1 Jan. '19	91	4,506	4	11,166	15,767
Net profit for the year	-	-	-	2,245	2,245
Dividend	-	-	-	-524	-524
Closing equity, 31 Dec. '19	91	4,506	4	12,887	17,488
Opening equity, 1 Jan. '20	91	4,506	4	12,887	17,488
Net profit for the year	-	-	-	1,636	1,636
Repurchase of treasury shares	-	-	-	-57	-57
Dividend	-	-	-	-567	-567
Closing equity, 31 Dec. '20	91	4,506	4	13,899	18,500

Consolidated Cash Flow Statement

MSEK	Note	2020	2019
OPERATING ACTIVITIES			
Profit from property management		1,257	1,185
Other adjustments not included in cash flow from operating activities		17	3
Tax paid		0	-3
Cash flow from operating activities	24	1,274	1,186
Changes in working capital			
Operating receivables		-58	-38
Operating liabilities		-91	110
		-148	72
Cash flow from operating activities after change in working capital		1,125	1,257
INVESTING ACTIVITIES			
Investments in existing properties		1,395	-1,509
Acquisition of properties		-82	-1,080
Divestment of properties		32	724
Purchase of equipment		-2	-1
Purchase of intangible assets		-2	-4
Investments in other financial assets		-12	-
Cash flow from investing activities	24	-1,460	-1,870
FINANCING ACTIVITIES			
New loans		3,000	7,609
Repayment of loans		-1,860	-6,602
Dividend		-415	-513
Repurchase of treasury shares		-57	-
Cash flow from financing activities	24	667	495
Cash flow for the year		332	-118
Cash equivalents at beginning of year		353	471
Exchange rate differences on cash equivalents		0	0
Cash equivalents at end of year	24	685	353

NOTES – GROUP

NOTE 1. GROUP ACCOUNTING POLICIES

GENERAL INFORMATION

Kungsliden AB (publ) (KLED: Stockholm), corporate identity number 556545-1217, is the Parent Company of the Kungsliden Group. Kungsliden AB (publ) has its registered office in Stockholm with address Warfväges väg 31, Box 704 14, SE-107 25 Stockholm, Sweden. The consolidated accounts and Annual Report of Kungsliden AB (publ) for the financial year ending 31 December 2020 were approved by the Board of Directors and Chief Executive Officer on 23 March 2021, and will be presented to the Annual General Meeting on 22 April 2021 for adoption. The Group's operations are described in the Administration Report.

APPLIED STANDARDS AND LEGISLATION

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and interpretation statements from the International Financial Reporting Interpretations Committee (IFRIC) as endorsed by the EU. The Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Regulations for Groups has also been applied.

REVISED ACCOUNTING POLICIES 2020

The same accounting policies have been applied when preparing the consolidated accounts, as described in the 2019 Annual Report, with the following exceptions:

IAS 20 ACCOUNTING FOR GOVERNMENT GRANTS AND DISCLOSURE OF GOVERNMENT ASSISTANCE

In connection with the Covid-19 pandemic, Kungsliden has applied IAS 20 Accounting for Government Grants and Disclosure of Government Assistance for the first time. Pandemic-related rent discounts granted are, like other discounts, allocated over the term of the lease contract. Application of the IAS primarily related to aid in the form of compensation for lower rents. Such aid was paid by the state in the form of government grants, which are thus deemed to meet the criteria of IAS 20. Government grants are recognised when there is reasonable assurance that the company will comply with any conditions attached to the grant and it is reasonably certain that the grant will be received. Aid for rent discounts is recognised under the row "Rental revenue" in the income statements in the same period that it reduces rental revenue. Application did not impact the Group to any significant extent.

IFRS 3 BUSINESS COMBINATIONS

The IASB has introduced changes to the definition of a "business combination" in IFRS 3. The classification of an acquisition as either an acquisition of assets or a business leads to differences in reporting. Reporting is impacted by goodwill, for example, which is not recognised as an asset acquisition and transaction costs, which are expensed in a business acquisition. Kungsliden's accounts are not impacted to any significant extent by the amended IFRS 3 since Kungsliden's acquisitions are property acquisitions that are classified as asset acquisitions. Accordingly, the amendments to IFRS 3 did not have any impact on Kungsliden's income statement or balance sheet.

IFRS THAT HAVE NOT YET BEEN APPLIED

At present, Kungsliden's opinion is that other new and revised standards and interpretations from the IFRS interpretations Committee, endorsed by the EU, will not materially impact its result of operations or financial position.

BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The functional currency of the Parent Company is the Swedish krona, which is also the presentation currency of the Group. All amounts are in MSEK, unless otherwise stated. Assets and liabilities are reported at historical cost, except for investment properties and financial instruments, which are measured at fair value. Changes in fair value are recognised in the income statement. Preparing the financial statements according to IFRS requires the company's Board of Directors to make assessments and estimates, and make assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, revenue and expenses. The estimates and assumptions are based on historical experience and a number of other factors that appear relevant in current circumstances. The outcomes of these estimates and assumptions are then used to measure the carrying amounts of assets and liabilities, that are not otherwise clear from other sources. Actual outcomes may differ from these estimates and assessments. The estimates and assumptions are reviewed regularly. Assessments by management when applying IFRS that have a material impact on the financial statements and estimates made are reviewed in more detail in note 3.

CLASSIFICATION

Non-current assets and non-current liabilities comprise amounts that are expected to be recovered or fall due more than 12 months after the reporting date. Current assets and current liabilities comprise amounts that are expected to be recovered or paid within 12 months after the reporting date.

CONSOLIDATED ACCOUNTS

The consolidated accounts include the Parent Company and subsidiaries. Subsidiaries are companies that the Parent Company exerts a controlling influence over. A controlling influence exist if the Parent Company has control over the investee, is exposed to, or has the right, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When judging whether controlling influence exists, consideration is given to whether potential share voting rights and de facto control exist. The consolidated accounts have been prepared in accordance with acquisition accounting, which means that assets and liabilities and contingent liabilities have been measured at fair value on the acquisition date in accordance with an established acquisition analysis. The revenue and expenses of acquired entities are included in the consolidated accounts from the date of taking possession. The profit or loss of divested entities is included until the date possession is transferred. Intra-group receivables and liabilities, revenue or expenses and unrealised gains or losses arising from intra-group transactions are eliminated completely when the consolidated accounts are prepared.

TRANSLATION OF FOREIGN OPERATIONS

The financial statements of each foreign subsidiary are presented in the local currency of the country in which operations are conducted. The consolidated accounts are presented in Swedish kronor (SEK). Income statements and balance sheets of foreign operations are translated to SEK according to the current method, which means that balance sheets are translated at closing day rates, except for equity, which is translated at historical rates. Income statements are translated at average rates of exchange for the period. The exchange rate differences on translation are reported against other comprehensive income as translation differences. The following rates of exchange have been applied for translation:

	Average exchange rate		Closing day rate	
SEK	2020	2019	31 Dec '20	31 Dec '19
EUR	10.49	10.59	10.04	10.43

STATEMENT OF CASH FLOWS

The statement of cash flows has been prepared in accordance with the indirect method pursuant to IAS 7 Statement of Cash Flows.

ACQUISITIONS AND DIVESTMENTS

Acquisitions are consolidated as of the date of taking possession, and divestments as of the date of closing. Receivables from or liabilities to counterparties between the transaction date and settlement date/completion date are accounted gross under other receivables and other liabilities, respectively.

ASSET ACQUISITIONS

It has become customary for real estate transactions to be executed indirectly through companies holding properties, rather through direct property transactions. Properties are acquired through acquisitions of entities, for reasons including stamp duty being payable on property transfers, and the sale of an entity offering tax benefits for the seller compared to a direct sale. In an asset acquisition through a corporate transaction, the acquisition is treated as if the property/properties were acquired directly. This type of acquired entity normally has no employees, organisational resources or other operations apart from those directly related to the property holding. Cost is allocated proportionally on acquired assets and liabilities taken over based on their fair values. No deferred tax is recognised. Kungsliden recognises deductions received for deferred tax as an unrealised change in value on the property directly at the acquisition date. For direct sales of property where not all temporary differences have been recognised, a tax expense arises when the sale is at carrying amount. For a sale via a company, as is most customary, buyers and sellers will normally agree on a price reduction corresponding to a portion of the difference between the tax residual value and the agreed property value. This means that tax revenue for accounting purposes arises if a deferred tax liability has been recognised that exceeds the deduction in the transaction, or a tax expense if the deduction is greater than the reported tax liability.

BUSINESS COMBINATIONS

Kungsliden applies acquisition accounting on acquisitions where it obtains controlling influence over one or more basically autonomous operations, pursuant to IFRS 3 Business Combinations. The acquired entity's identifiable assets, liabilities and contingent liabilities are measured at fair value on the acquisition date, and the profit or loss relating to the acquired operation is included effective the date of taking possession. Deferred tax for potential surplus values relating to the acquisition is recognised as a liability at the nominal tax rate. Goodwill is recognised as the difference between deferred tax according to the nominal tax rate and the balancing item remaining when all identified assets and liabilities attributable to the acquisition have been identified. Transaction costs are expensed as administration costs at acquisition. In acquisitions of further participations in an entity that Kungsliden thus obtains a controlling influence over, previous participations are restated at fair value through the income statement. If instead, Kungsliden acquires further participations in an entity that had previously been consolidated, the difference between the purchase consideration and net value according to the balance on taking possession is recognised as an ownership transaction directly against equity. On part-sale of a Group company but with controlling influence retained, a difference between the selling price and value of sold participation in an ownership transaction is recognised directly against equity. In a part-sale of a Group company involving the loss of controlling influence, a capital gain or loss and restatement of remaining holdings is recognised in the income statement. Kungsliden usually conducts few business combinations. No business combinations were executed in the year.

OPERATING SEGMENT REPORT

An operating segment is a segment of the Group which engages in operations from which it may earn revenue and incur expenses and for which independent financial information is available. The results of operations of an operating segment are monitored by the company's chief operating decision maker (Group Management) in order to evaluate results of operations and allocate resources between operating segments. See note 4 for details of the division and presentation of operating segments.

REVENUE

Kungsliden's revenue is largely regulated by IFRS 16 Leases, which includes customary rent including indexations, additional charges for investments, and property tax. Lease contracts are classified as operating leases with the assumption that the property remains in Kungsliden's ownership, even if the contract may run for up to 20 years. Rental revenue from investment properties are recognised on the straight-line basis in profit or loss for the year based on the terms & conditions of the lease contract. The aggregate cost of discounts or other benefits issued is recognised as a reduction of rental revenue on a straight-line basis over the lease term. Revenue from property sales are recognised from the date of closing. If rent guarantees have been obtained in tandem with acquisitions, revenue is recognised in the consolidated accounts as the rent guarantee is utilised through the absence of rental revenue.

Outward invoicing of certain revenue is regulated by IFRS 15 Revenue from Contracts with Customers, such as heat, cooling, waste disposal, water, snow removal etc. Revenue regulated by IFRS 15 is not material.

EMPLOYEE BENEFITS

Employee benefits such as salaries and social security expenses, annual leave and paid sickness absence etc. are reported at the employees contracted rate. Obligations for employees are vested through defined contribution pension plans or ITP (supplementary pensions for salaried employees). Those plans where the company's obligations are limited to the charges the company has undertaken to pay are classified as defined contribution pension plans. In such cases, the scale of the employee's pension depends on the expenses the company deposits to the plan, or to an insurance company, and the return on assets that the charges generate. Accordingly, the employee bears the actuarial risk (that compensation is lower than expected) and the investment risk (that the invested assets are insufficient to generate the expected benefits). The company's obligations regarding charges to defined contribution plans are recognised as an expense in profit or loss for the year as they are accrued by employees rendering services to the company in a period. In accordance with the statements from the Swedish Financial Reporting Board, ITP pension plans vested through insurance with Alecta are recognised as defined contribution plans providing the ITP plan's basic structure remains unchanged. An expense for compensation on termination of staff is only recognised if the company is demonstrably obliged to terminate employment prior to the normal date through a formal, detailed plan, without any realistic possibility of withdrawal. When compensation is paid as an offering to encourage voluntary termination, an expense is recognised if it is likely that the offer will be accepted, and the number of employees that will accept this offer can be reliably estimated.

LEASES

Kungsliden is a major lessor due to its large number of lease contracts, which is why this is dealt with in the Revenue section above. As lessee, Kungsliden is mainly party to site leasehold agreements, low-value leaseholds and car leases. Short-term and low-value leases are exempted from calculations of present value. Site leaseholds are recognised in the balance sheet by the present value of future ground rent payments being recognised as an asset and liability respectively. The present value is calculated based on a discount rate of 3.25 per cent. In the income statement, ground rent is recognised as a financial item in net financial items. For leases apart from site leasehold agreements, the present value is calculated by using the company's incremental borrowing rate, which was 1.8 per cent (1.9) for 2020. In the income statement, the lease expense for leases apart from site leasehold agreements is divided between a depreciation component recognised as a property cost and an interest component recognised in net financial items.

FINANCIAL REVENUE AND FINANCIAL COSTS

Interest income is recognised in the period it relates to. Interest and other financial expenses relating to new development is capitalised during the development period, while they are expensed on an ongoing basis in connection with extension and conversion, because these investments are smaller scale, and usually, their construction time is shorter. Derivatives are used with the aim of achieving the desired fixed interest term. Revenue and expenses relating to derivatives are recognised on an ongoing basis in the income statement under the items unrealised changes in value on financial instruments and interest expenses. Revenue and expenses for the redemption and renegotiation of derivatives and compensation on interest rate differences are recognised as they arise. Interest income and interest expenses on financial instruments are recognised in accordance with the

effective interest method. The effective interest rate is the interest rate that discounts estimated future payments received or made during the expected term of the financial instrument at the reported net value of the financial asset or liability.

INCOME TAX

Current and deferred income tax for Swedish and foreign Group entities is recognised in the income statement except when the underlying transaction is reported directly in equity, whereby the associated tax effect is recognised in equity. Group companies are liable for tax in accordance with legislation in each jurisdiction. Corporate taxation in Sweden was reformed in 2019, with corporation tax reducing from 22.0 per cent to 21.4 per cent, with a further reduction in 2021, to 20.6 per cent. A limitation on interest deductions was also introduced, which briefly, means that maximum deductions for negative net interest income can be claimed, corresponding to 30 per cent of a company's earnings before interest, taxation, depreciation and amortisation (EBITDA). When computing the interest deduction, potential deductions against loss carry-forwards and Group contributions should be considered. In their tax returns, companies with negative net interest income may transfer it to companies with positive interest income. Kungsliden recalculated its provision for deferred tax as early as 2018 in light of the reduction in corporation tax. Current tax is computed on the basis of recognised profit or loss with a supplement for non-deductible items, and deductions for non-taxable revenue. Income tax is accounted according to the balance sheet method, which means that deferred tax is computed for temporary differences between taxable values and carrying amounts of assets and liabilities identified on the reporting date. Temporary differences mainly apply to properties, financial instruments, accumulated excess depreciation of equipment and tax allocation reserves. Temporary differences are measured at the nominal tax rate, and the change on the previous reporting date is recognised in profit or loss as deferred tax. Deferred tax assets relating to deductible temporary differences and loss carry-forwards are only recognised to the extent that it is likely that it will be possible to utilise them. The value of deferred tax assets is reduced when it is no longer likely that they can be utilised. When participations in subsidiaries are acquired, such acquisition is either acquisition of operations or acquisition of assets. In an acquisition of operations, deferred tax is recognised at the nominally applicable tax rate without discounting according to the above policies. In asset acquisitions, no separate deferred tax is recognised on the acquisition date, but rather, the acquisition is recognised at a cost corresponding to the fair value of the asset. After the acquisition, the full deferred tax for future changes in value is recognised.

FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are translated at rates of exchange prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are translated at closing day rates, when exchange rate differences are expensed. Exchange rate differences relating to operating receivables and liabilities are recognised in operating profit or loss, while exchange rate differences relating to financial assets and liabilities are recognised in net financial items.

TRANSACTIONS WITH RELATED PARTIES

Business conditions and pricing on an arm's length basis are applied on the sale of non-current assets, deposits and lending and rendering services between Group companies and other related entities and private individuals.

PROPERTIES

Properties are initially recognised at cost. Subsequent expenditure on investment measures that generates future economic benefits is capitalised if it can be measured reliably. Expenses relating to the exchange of all or part of identified components, as well as expenses that result in the creation of new components, are capitalised. Then, the property is measured at fair value in the Group according to the following method. Other additional expenses are recognised as an expense in the period they arise. Interest expenses on large-scale extensions and conversions are not capitalised.

Investment properties

Buildings and land held with the aim of generating rental revenue and/or value increases are classified as investment properties in the Group. Investment properties are measured at fair value in the statement of financial position pursuant to IAS 40. The fair value is based on internally conducted valuations that are quality assured and verified by annual external valuations. The portfolio is revalued every quarter and recognised on the basis of internal valuations. For a review of valuation methods, see

note 13. For considerations regarding the valuation of properties, see also note 3. Any deductions for deferred tax on acquisitions of properties via companies (asset acquisitions) received over and above reported tax in acquired companies, are recognised as an unrealised change in value on the property directly at the acquisition date. Buildings that are under construction for future use as investment properties are measured at fair value pursuant to IAS 40 Investment Property. The basis of valuation is estimates of future cash flows and pricing expected to be achievable in a transaction between informed parties on market terms. However, incomplete properties are more difficult to appraise than existing properties because the final cost cannot be determined, and the process until functional/leased property can only be estimated.

EQUIPMENT AND INTANGIBLE ASSETS

Equipment and intangible assets have been recognised at cost deducting for accumulated depreciation according to plan and potential impairment losses. Equipment and intangible assets are depreciated on a straight-line basis on cost, over five years.

FINANCIAL INSTRUMENTS

Financial instruments are any form of agreement that gives rise to a financial asset in a company and a financial liability or equity instrument in another company. Financial instruments reported in the balance sheet include, on the asset side, cash and cash equivalents, accounts receivable, long-term receivables, other receivables, derivatives and prepaid expenses and accrued income. Interest-bearing liabilities, accounts payable, other liabilities, derivatives and accrued expenses and deferred income are included on the liability side. Recognition depends on how the financial instruments have been classified. For information on the company's exposure to financial risks and how these risks are managed, see note 2.

Recognition in the statement of financial position

A financial asset and financial liability are offset and recognised at a net amount in the balance sheet only when there is a legal right to offset the amounts and that there is an intention to settle the items with a net amount or to simultaneously realise the asset and settle the debt. A financial asset or financial liability is recognised in the statement of financial position when the company becomes party to the instrument's contractual terms.

A receivable is recognised when the company has performed and there is a contracted obligation for the counterparty to pay, even if no invoice has been sent. Accounts receivable are recognised in the statement of financial position when an invoice has been sent. Rent receivables are recognised when the period they relate to occurs. Long-term receivables, which exclusively consist of promissory notes, are recognised at nominal amount restated for the present value of any difference against a market interest rate. Liabilities are recognised when the counterparty has performed and there is a contractual liability to pay, even if an invoice has not yet been received. Accounts payable are recognised when an invoice has been received. A financial asset is derecognised from the statement of financial position when the rights in the contract are realised, become due or the company relinquishes control over them. The same applies to part of a financial asset. A financial liability is derecognised from the statement of financial position when the obligation in the contract is fulfilled or otherwise does not apply. The same applies for part of a financial liability. At each reporting date, the company evaluates whether there are objective indications that a financial asset or group of financial assets needs impairment. Gains and losses from removal from the balance sheet and modification are recognised in profit or loss.

Categories of financial instrument: Financial assets

Debt instruments: the classification of financial assets that are debt instruments is based on the Group's business model for managing the asset and the nature of the asset's contractual cash flows.

The instruments are classified into:

- amortised cost
- fair value through profit or loss

The Group's debt instruments are classified at amortised cost. Financial assets classified at amortised cost are initially measured at fair value with the addition of transaction costs. Accounts receivable and lease receivables are initially recognised at the invoiced value. After initial recognition, the assets are measured according to the effective interest method. The assets are covered by a loss allowance for expected credit losses.

Derivatives: classified at fair value through profit or loss. The Group does not apply hedge accounting. Fair value is determined as described in note 22.

Financial liabilities

Financial liabilities are classified at amortised cost with the exception of derivatives. Financial liabilities recognised at amortised cost are initially measured at fair value including transaction costs. After initial recognition, they are measured at amortised cost according to the effective interest method.

Derivatives: classified at fair value through profit or loss. The Group does not apply hedge accounting. Fair value is determined as described in note 22.

Impairment - financial assets

The Group's financial assets, other than those classified at fair value through profit or loss, are subject to impairment losses for expected credit losses. Impairment for credit losses according to IFRS 9 is forward-looking and a loss allowance is made when there is an exposure to credit risk, usually on initial recognition. Expected credit losses reflect the present value of all cash flow deficits attributable to default either for the next 12 months or for the expected remaining term of the financial instrument, depending on the asset class and on the credit impairment since initial recognition. Expected credit losses reflect an objective, probability-weighted outcome that takes into account most scenarios based on reasonable and verifiable forecasts.

The simplified model for reporting expected credit losses is applied to accounts receivable, rental receivables and contract assets. This means that expected credit losses are reserved for the remaining lifetime, which is expected to be less than one year for all receivables. Rent is invoiced in advance, which means that all recognised rental receivables have fallen due. The Group recognises provisions for expected credit losses based on the number of due dates and on the basis of individual assessment of the risk that the receivable will not be received. The Group's customers are a homogeneous group with a similar risk profile, which is why the credit risk is initially assessed collectively for all customers. Any major individual receivables are assessed per counterparty. Kungsliden discards a claim when there is no longer any expectation of receiving payment and when active measures for receiving payment have been terminated. Non-significant financial assets are not tested according to the simplified method. Other receivables and assets are written down according to a rating-based method through external credit rating. Expected credit losses are valued at the product of probability of default, loss given default and the exposure at default. For credit-impaired assets and receivables, an individual assessment is made, taking into account historical, current and forward-looking information. The valuation of expected credit losses takes into account any collateral and other credit enhancements in the form of guarantees.

The financial assets are recognised in the balance sheet at amortised cost, i.e. net of gross value and loss allowance. Changes in the loss allowance are recognised in the income statement.

IMPAIRMENT - NON-FINANCIAL ASSETS

The carrying amounts of the Group's assets are tested for impairment at each reporting date. If there is indication of impairment, the asset's recoverable amount is calculated.

PROVISIONS

A provision differs from other liabilities because there is uncertainty regarding the timing of payment of the amount required to settle the provision. Provisions are recognised in the statement of financial position when there is an existing legal or informal obligation resulting from an event that has occurred, and it is likely that an outflow of economic resources will be necessary to settle the obligation, and the amount can be measured reliably. Provisions are made at an amount that is the best estimate of what is necessary to settle the existing obligation on the reporting date. When the effect of the timing of payment is material, the provision is computed to discounting the expected future cash flow at an interest rate before tax that reflects current market estimates of the time value of money, and if applicable, the risks associated with the liability.

CONTINGENT LIABILITIES

A contingent liability is recognised when there is a possible obligation whose existence is confirmed only by one or more uncertain events, or when there is an obligation that is not reported as a liability or provision because it is unlikely that an outflow of resources will be necessary.

ROUNDING

Individual amounts will be rounded to the nearest whole number of millions of Swedish kronor. Totals are rounded to the nearest whole number of millions of Swedish kronor. Rounding errors may occur in notes and tables.

NOTE 2. RISKS

This note describes the risks in Kungsliden's cash flow in property management, as well as the financial risks of credit risk and currency risk. Kungsliden's financial risks are reviewed on pages 82-86, with specific reviews of financing risks, liquidity risks, interest rate risk and financial risk management.

I – RISKS IN PROPERTY MANAGEMENT CASH FLOW

The cash flow in a given property holding is affected by fluctuations in rental revenue, which in turn, depend on variations in rent levels and vacancies. These variations are due to factors including Swedish economic growth, the rate of production of new properties, alterations to infrastructure, employment and demographic factors.

Rental revenue

Rent levels and vacancies are strongly impacted by Swedish economic growth generally, but also, and not least, by growth at regional and local level in the locations where Kungsliden operates. Economic growth leads to increased demand for premises with the potential for higher rent levels and lower vacancies, well declining growth has the opposite effect. The volume of new production of properties on local markets exerts an impact on rent levels and vacancies. Kungsliden's property portfolio and customer base have good risk diversification in terms of premises type, geography, contract size and tenant category. Lease contract portfolios are relatively long term, with an average remaining lease duration for the portfolio of 4.0 (4.0) years. As average contract duration is fairly long, a short-term variation in market rents has no material impact on rental revenues. Lease contracts contain indexation clauses that increase rents by 75-100 per cent of inflation. The indexation in any specific year is based on the rate of inflation in October of the previous year. Indexation clauses state minima, which offer some short-term protection against deflation. Rental revenues are affected by potential payment difficulties tenants experience. In 2020, rent losses were MSEK -7 (-3). The risk of rent losses and vacancies is affected by the structure of Kungsliden's tenant base. Large commercial tenants may imply low credit risk, but can also cause concentration risks. Kungsliden's ten largest tenants represented 21 per cent of rental values of the properties held at the end of the period. In several cases, the largest tenants have several different operations and subsidiaries in several locations, which reduces this risk.

Tenant	Rental value, MSEK	Ave. contract length, yrs.
ABB	211	3.7
The Swedish Social Service Administration	53	4.1
Biz Apartments	42	9.6
Municipality of Västerås	41	4.8
Hitachi ABB Power Grids Sweden	39	3.8
Blique by Nobis	31	20.0
ICA	30	2.2
Northvolt	28	3.8
Municipality of Stockholm	27	3.5
AFRY	26	4.0
10 largest tenants	528	5.2

Property costs

Fluctuations in operating costs affect cash flow. The largest operating cost items are the cost of electricity, cleaning, heating, water, care and maintenance. Site leasehold and property tax, and the cost of electricity and heating have the largest profit impact. Pricing of electricity is determined by supply and demand on the open electricity market. Kungsliden has limited this risk by hedging specific amounts of electricity. A portion of the cost of electricity and heating is invoiced to tenants. For costs not met by tenants, Kungsliden obtains compensation by lease contracts containing indexation clauses implying that rents increase by 75-100 per cent of inflation. Accordingly, any exposure to variations in these costs is limited. However, property cash flow and operating net are impacted by yearly variations in the cost of supplies and maintenance. Some properties have site

leaseholds that are usually renegotiated at 10-20-year intervals. Site leasehold fees are currently computed so that the municipality receives a reasonable real interest rate on the estimated value of the land. The possibility that the basis of computation of these leaseholds may change in future renegotiation processes cannot be ruled out. Property tax, which is based on the taxable value of properties is basically a political decision. This applies to the basis of computation, the taxable value and the tax rate. Usually, property tax is invoiced to tenants for leased areas, while the tax on vacant premises is met by the property owner.

Sensitivity analysis, property value & LTV ratio	Assumption	Value impact, MSEK	LTV-ratio impact
Operating net	+/- 1%	+/-348	-/+0.4%
Required yield	+/- 0.1% point	-667/+697	+/-0.8%

Sensitivity analysis, result and cash flow	Assumption	Profit from property management impact, MSEK
Rental revenues	+/- 1 %	+/-25
Property costs	+/- 1 %	-/+8
Average interest rate, loan portfolio	+/- 1 % point	-/+19
Short-term market interest rate (Stibor 3m)	+/- 1 % point	-113/+69

II – FINANCIAL RISKS

Financial risks mean fluctuations in a company's results of operations and cash flow resulting from variations in market interest rates or exchange rates, as well as refinancing and credit risks. Each year, the Board of Directors adopts a finance policy for the Group's management of financial risks. The finance policy sets a framework of guidelines and regulations in the form of risk mandates and limits for financing activities. Responsibility for the Group's financial transactions and risks is managed centrally by the Group's treasury function. For more information on financial risks, see page 86.

Credit risk

Credit risk is defined as the risk that a counterparty does not fulfil all or parts of its obligation. Credit risk is within derivative contracts, on the issuance of promissory notes and investment of surplus liquidity. Credit risk also relates to the risk of the counterparty not making its payments of rent or sales proceeds. Usually Kungsliden requires collateral for long-term receivables to reduce credit risk. These non-current receivables amounted to MSEK 2 (2) as of 31 December 2020, see note 16.

Currency risk

Essentially, there is no transaction exposure because the Group does not hold property in foreign countries.

NOTE 3. SPECIFIC CONSIDERATIONS AND ASSESSMENTS

VALUATION OF PROPERTIES

Key sources of estimation uncertainty

Because the price of a property is not available on a listed marketplace, appraisals of property value must be made as supporting data for recognition at fair value. Property values are dependent on many factors that impact results of operations and cash flow. Financing terms, interest rate levels and a functional finance market also impact the pricing and required yield that create balance on the property market between buyers and sellers. In a functional market, sales prices normally lie in the interval of estimated fair value +/-5 to 10 per cent.

Assessments when applying accounting policies

All properties were valued for the annual financial statement. These valuations are based on an analysis of cash flows, which estimate each property's future earnings capacity and market required yield. This process is reviewed in note 13. The fact that Kungsliden is active on the property market, executing multiple purchase and sales transactions, offers additional market information, and improves the potential to make good estimates of appraised values. Kungsliden also reconciles against external valuations.

TAX SITUATION

Key sources of estimation uncertainty

The accounting of ongoing taxes payable, loss carry-forwards and deferred taxes on temporary differences between book values and taxable values, are based on applicable rules. Tax legislation is complex, especially in acquisitions and divestments of properties and companies. The interpretations of existing rules by tax courts may also change over time, which means that their application may alter after transactions have been executed and tax assessments have been filed. The Swedish Tax Agency can normally reconsider a company's taxation within two years of the end of the financial year, although in certain cases, the Agency can reconsider taxation five years retroactively.

Assessments when applying accounting policies

On each acquisition and divestment, Kungsliden judges how these transactions should be reported for tax purposes. Kungsliden continuously verifies its judgements on tax issues with external experts. However, this does not rule out the risk that the Swedish Tax Agency or courts could not view executed transactions in a manner that differs from the company

NOTE 4. OPERATING SEGMENTS

MSEK, 2020	Stockholm	Gothenburg	Malmö	Västerås	Regional cities	Development properties	Unallocated	Total
Revenues	927	288	286	560	361	108	-	2,530
Property costs	-264	-77	-86	-194	-117	-48	-	-787
Operating net	662	211	200	366	243	60	-	1,743
Selling and administration costs	-	-	-	-	-	-	-102	-102
Net financial items	-	-	-	-	-	-	-384	-384
Profit from property management	662	211	200	366	243	60	-486	1,257
Changes in value								
Properties	416	89	47	334	76	-2	-	960
Interest rate derivatives	-	-	-	-	-	-	-157	-157
Profit before tax	1,078	300	247	700	319	58	-643	2,060
Tax	-	-	-	-	-	-	-424	-424
Net profit for the year	1,078	300	247	700	319	58	-1,067	1,636
FINANCIAL POSITION								
Properties	17,343	4,300	4,374	7,177	4,520	3,003	-	40,718
Other assets ¹	-	-	-	-	-	-	1,819	1,819
Total assets	17,343	4,300	4,374	7,177	4,520	3,003	1,819	42,538
Interest-bearing liabilities ¹	-	-	-	-	-	-	19,029	19,029
Equity, provisions and other liabilities ¹	-	-	-	-	-	-	23,510	23,510
Total equity and liabilities	-	-	-	-	-	-	42,538	42,538
OTHER DISCLOSURES								
Investments in properties	347	156	80	222	204	387	-	1,395
Profit or loss items that do not affect cash flow ¹	-	-	-	-	-	-	803	803

MSEK, 2019	Stockholm	Gothenburg	Malmö	Västerås	Regional cities	Development properties	Unallocated	Total
Revenues	852	279	287	536	355	113	-	2,423
Property costs	-244	-78	-83	-193	-124	-51	-	-773
Operating net	608	202	204	343	231	62	-	1,650
Selling and administration costs	-	-	-	-	-	-	-109	-109
Net financial items	-	-	-	-	-	-	-356	-356
Profit from property management	608	202	204	343	231	62	-465	1,185
Changes in value								
Properties	662	184	103	622	90	101	-5	1,756
Interest rate derivatives	-	-	-	-	-	-	-75	-75
Profit before tax	1,270	386	307	965	321	164	-545	2,867
Tax	-	-	-	-	-	-	-622	-622
Net profit for the year	1,270	386	307	965	321	164	-1,167	2,245
FINANCIAL POSITION								
Properties	15,385	4,056	4,247	6,736	4,438	3,448	-	38,310
Other assets ¹	-	-	-	-	-	-	1,420	1,420
Total assets	15,385	4,056	4,247	6,736	4,438	3,448	1,420	39,730
Interest-bearing liabilities ¹	-	-	-	-	-	-	17,889	17,889
Equity, provisions and other liabilities ¹	-	-	-	-	-	-	21,841	21,841
Total equity and liabilities	-	-	-	-	-	-	39,730	39,730
OTHER DISCLOSURES								
Investments in properties	341	84	46	419	289	330	-	1,509
Profit or loss items that do not affect cash flow ¹	-	-	-	-	-	-	1,682	1,682

1. Assets that are not properties are not allocated by segment. The allocation is neither made for liabilities and provisions or relates to interest rate derivatives with negative values or unpaid purchase price on properties not yet been accessed.

As in 2019, Kungsleden's operating segments are Stockholm, Gothenburg, Malmö, Västerås, Regional Cities, Development Projects and Unallocated.

Firstly, properties are divided between investment properties and development properties. Secondly, there is a further division of investment properties, with figures allocated according to geographical division. The segments manage and improve properties and provide premises to external customers. Kungsleden manages its property operations via three concentrations, Stockholm, Gothenburg/Malmö and Mälardalen, each managed by a property unit manager. Profit centre responsibility for management of the properties within a concentration rests with the property unit manager, who reports to the CEO, who in turn, sets targets, monitors rental revenues, property costs, operating net and investments by each concen-

NOTE 5. OPERATIONAL LEASING

LESSOR

The lease agreements are, from an accounting point of view, to be regarded as operating lease agreements where Kungsleden is the lessor. The table shows the rental revenue calculated on the current lease agreements, excluding parking spaces, garage and housing, which by 31 December 2020 amounted to 2,290 (2,293) in number.

Lease agreements for premises are usually three to five years. Longer agreements are sought in certain situations and occur in the context of investment and specific properties or operations. The rent is usually index adjusted. In most cases there is a surcharge to the base rent for heating and property tax. The surcharges are based on the actual costs incurred by the landlord.

The lessor, rental revenues, MSEK	2020	2019
Contract revenues with payment within one year	2,246	2,161
Contract revenues with payment between one to five years	4,750	4,847
Contract revenues with payment in more than five years	2,293	2,044
Total	9,289	9,051

Lessee, see note 14.

tration. The property unit manager can directly affect these profit/loss items, and overall, provides the foundation of the whole company's profit from property management. For these reasons, Kungsleden has decided to consider its geographical regions as operating segments. Other/group wide are any items that are not attributable to a specific segment, or are collective to all segments. Significant transactions between segments consist of group contributions and intra-group loans.

ABB is the customer representing largest share of rental revenues. In 2020, rental revenues from ABB were MSEK 211 (216), which corresponds to 9 per cent (9) of total rental revenues. There are dormant operations not generating earnings in Germany.

NOTE 6. SELLING AND ADMINISTRATION COSTS

ADMINISTRATIONS COSTS

Selling and administration costs relate primarily to costs of central functions such as business development, accounting and finance, legal and IT, as well as costs attributable to IPO costs and the Group's management team. The costs of the rental billing, rental requirements and accounting as well as depreciation is included in the equipment as well.

The direct costs of the on-going property management of MSEK 112 (107) is reported as a cost in the operating net.

MSEK	2020	2019
Personnel costs	-43	-48
Depreciation	-15	-13
Other operating expenses	-44	-48
Total	-102	-109

FEES TO AUDITORS

The audit assignment includes the audit of the annual report, the accounting records, and the administration of the Board of Directors and the CEO, other duties that the company's auditor is obliged to conduct and advice as well as advisory or other assistance resulting from observations made during the audit or performance of such other duties.

MSEK	2020	2019
Audit assignment, EY	3	3
Audit assignment, Frejs	1	1
Other assignments, EY	0	0
Other assignments, Frejs	-	-
Total	4	4

NOTE 7. EMPLOYEES AND PERSONNEL COSTS

The average number of employees during 2020 amounted to 132 (112) persons. The allocation of countries and gender is shown below.

Average number of employees	2020	Share of women, %	2019	Share of women, %
Sweden	132	47	112	53
The Group	132	47	112	53

GENDER DISTRIBUTION WITHIN THE BOARD OF DIRECTORS AND GROUP MANAGEMENT

The Board of Directors of Kungsleden AB consisted of seven (six) members of which three (four) are women. The Group Management team consisted of ten (nine) persons of which seven (six) are women.

Salaries, other remuneration and social security expenses, SEK, '000	2020		2019	
	Salaries, other remuneration	Social security expenses	Salaries, other remuneration	Social security expenses
THE GROUP				
<i>Group Management Team</i>				
Board of Directors, CEO and Deputy CEO (of which pension expenses)	12,373	4,979 (2,148)	10,928	5,033 (1,675)
Axelsson, Charlotte	450	46	545	67
Berglund, Ingaliill	233	73	287	90
Bjuggren, Jonas	217	68	260	82
Hjorth, Liselotte ¹	-	-	87	27
Nilsson, Christer	217	68	173	54
Nilsson, Ulf ²	87	27	273	86
Olavi, Jonas ³	130	41	-	-
Wirdeus, Fredrik ³	130	41	-	-
Wikström, Charlotta	217	68	260	82
Pehrsson, Biljana (CEO)	6,670	2,945	5,913	2,463
Sarby Westman, Ylva (Deputy CEO)	4,023	1,494	3,012	1,252
Other Group Management (of which pension expenses)	11,704	6,787 (3,899)	11,746	7,330 (4,244)
Total Group Management	24,077	15,557 (6,047)	22,556	13,275 (5,919)
Other employees (of which pension expenses)	75,562	33,825 (11,365)	63,234	30,419 (11,631)
Employee expenses (of which pension expenses)	99,639	49,382 (17,412)	85,790	43,694 (17,550)

1. For the period 1 January–26 April, 2019.

2. For the period 1 January–23 April, 2020.

3. For the period 23 April–31 December, 2020.

All pension expenses are for defined contribution plans or the ITP (Supplementary Pensions for Salaried Employees) plan. The year's expenses for ITP pension insurance vested with Alecta amounted to MSEK 17 (17). At year-end 2020, Alecta's surplus in the form of the collective consolidation ratio was 148 per cent (148). The collective consolidation ratio has been computed pursuant to Alecta's actuarial measurement assumptions, which are not consistent with IAS 19.

Future pension provision, MSEK	2021	
	Pension	Specific wage tax
Group Management	5	1
Other employees	12	3
Total employees	17	4

Remuneration and other benefits, SEK, '000	Basic salary/ Board fees		Variable remuneration ¹		Other benefits		Pension expenses ²		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Chair of the Board	450	545	-	-	-	-	-	-	450	545
Other Board members	1,230	1,340	-	-	-	-	-	-	1,230	1,340
CEO	4,440	4,283	949	1,598	116	125	1,333	1,117	6,838	7,123
Deputy CEO	2,740	2,209	641	833	78	88	815	558	4,274	3,688
Other Group Management, total 8 (8)	9,192	9,823	1,523	2,392	336	512	3,899	4,302	14,950	17,029
Total	18,052	18,200	3,113	4,823	530	725	6,047	5,977	27,292	29,725

1. Variable remuneration relates to 2020 attributable bonus.

2. The pension expenses relates to the amount expensed in 2020. See above for further information on pension.

REMUNERATION TO GROUP MANAGEMENT TEAM

Principles

Fees are paid to the Board of Directors according to the resolution of the Annual General Meeting. Remuneration to the CEO, Deputy CEO and other senior executives consists of basic salary, short-term (STI) and long-term (LTI) variable bonuses, other benefits and pension. Other senior executives refer to the individuals who, in addition to the CEO and Deputy CEO, are included in Group Management. For 2020, this amounted to an average of eight (eight) people.

Variable bonuses are earnings and performance-based and are linked to the outcome in relation to predetermined targets.

For the CEO and Deputy CEO, variable bonuses may amount to a maximum of 50 per cent of fixed annual salary. For other senior executives, variable bonuses may amount to a maximum of 42 per cent.

Long-term variable bonuses for the CEO and Deputy CEO may amount to a maximum of 150 per cent of fixed annual salary after a three-year period.

For other senior executives, long-term variable bonuses may amount to a maximum of 126 per cent after a three-year period.

Remuneration to the CEO is decided by the Board of Directors following a proposal from the Remuneration Committee. This is based on guidelines adopted at the Annual General Meeting.

Variable bonuses

For the CEO and Deputy CEO, short-term variable bonuses for 2020 were based on profit from property management and the customer satisfaction index (CSI). Short-term variable bonuses for the CEO and Deputy CEO for 2020 amounted to 23 per cent (37) of basic salary.

For other senior executives, short-term variable bonuses (STI) for 2020 were decided on the same basis as for the CEO and Deputy CEO as well as on individual earnings targets for their own area of responsibility. Short-term variable bonuses for other senior executives for 2020 amounted to an average of 17 per cent (24) of basic salary. The long-term variable bonuses (LTI) decided on by the 2020 Annual General Meeting extend from 2020 to 2022, with the possibility of payment in 2023. The outcome is based on the total return on Kungsleden's share over a three-year period. Participants in the LTI programme undertake to acquire Kungsleden shares over the stock exchange for half the variable bonus after tax. While it is difficult to estimate what the outcome will be under the current circumstances, half of the maximum outcome is reserved annually.

Pensions

The retirement age for all senior executives is 65, and the company is not subject to any obligations other than the obligation to pay annual premiums. The pension premium for the CEO and Deputy CEO amounts to 30 per cent of fixed annual salary. For other senior executives, ITP plans apply for pension and premium payments.

Termination of employment

The notice period is six months if employment is terminated by the CEO and 12 months if employment is terminated by the company. If employment is terminated by the company, the CEO receives 12 months of severance pay. Severance pay is non-deductible and non-pensionable. If employment is terminated by the CEO, no severance pay is paid. The notice period is six months if employment is terminated by the Deputy CEO and 12 months if employment is terminated by the company. If employment is terminated by the company, the Deputy CEO receives six months of severance pay. Severance pay is non-deductible and non-pensionable.

For other senior executives, a mutual notice period of four to six months applies. For all senior executives, severance pay is normally deducted against other income. If employment is terminated by the company, other senior executives receive four to six months of severance pay. Severance pay is non-deductible and non-pensionable.

NOTE 8. EXPENSES BY TYPE OF COST AND FUNCTION

Distribution by type of cost, MSEK	2020	2019
Operation, repair and maintenance	-595	-583
Other direct property expenditure	-80	-82
Personnel costs	-139	-132
Depreciation	-15	-13
Other external expenses	-60	-72
Total	-889	-882

Allocation in the income statement, MSEK	2020	2019
Property costs – properties	-787	-773
Selling and administration costs	-102	-109
Total	-889	-882

Depreciation and impairment by function, MSEK	2020	2019
Selling and administration costs	-15	-13
Total	-15	-13

NOTE 9. NET FINANCIAL ITEMS

Net financial items, MSEK	2020	2019
<i>Assets and liabilities valued at fair value in profit or loss:</i>		
Net loss interest rate swaps	-17	-25
Total reported in profit (net financial items)	-17	-25

	2020	2019
<i>Assets and liabilities valued at amortised cost:</i>		
Interest rate income, accounts receivable	0	1
Total interest rate income according to effective interest method	0	1
Interest rate expenses, borrowing	-312	-262
Total interest rate expenses according to effective interest method	-312	-262
Leasehold fees	-29	-31
Borrowing costs, bank loans ¹	-27	-39
Total	-56	-70
Total net financial items	-384	-356

1. Allocated over the term of the loan.

UNREALISED CHANGES IN VALUE OF FINANCIAL INSTRUMENT

Unrealised changes in the value of financial instruments are not recognised in net financial items but on a separate row in the income statements.

Financial liabilities valued at fair value via the income statement held for sale amounted to MSEK -250 (-105). The amount refers to MSEK -250 (-105) in interest rate derivatives. See note 22.

NOTE 10. TAXES

The income tax rate for Swedish limited companies was for 2020 21.4 per cent. In the income statement, the tax is allocated on current tax and deferred tax. Current tax normally means payment to the Swedish Tax Agency and is calculated on the basis of the taxable profit of the year of the individual companies. The taxable profit is often lower than the companies' reported profit and it is based on the total level which is in principle equivalent to profit from property management in the Group less tax adjustments. The adjustments are primarily applicable for the ability to use tax depreciation, deduction on constructions, tax-free divestments of properties via companies as well as the utilisation of tax loss carry-forwards.

Corporate taxation in Sweden was amended in 2020, with corporation tax reducing from 22.0 per cent to 21.4 per cent, and it will reduce further to 20.6 per cent in 2021. A limitation on interest deductions was also introduced, which briefly, means that a maximum deduction for negative interest income can be claimed corresponding to 30 per cent of a company's EBITDA (earnings before interest, taxes, depreciation and amortisation). When computing the interest deduction, any deductions against loss carry-forwards and group contributions should be considered. In the tax return, companies with negative net interest income can transfer these to companies with positive net interest income.

Kungsliden remeasured its provision for deferred tax as early as 2018 due to the reduction of corporation tax. The positive effect of a lower tax rate on year-2020 earnings was MSEK 29, which was more than the negative effect of the interest deduction limitation regulations. The net interest income not expected to be deducted in the companies' tax returns for 2020 generate an increased tax expense of MSEK 5. Given rising interest rate levels, the effects of the new regulations may mean that deductible interest increases given unchanged results otherwise, which may cause the tax expense to increase slightly.

Tax paid in 2020 mainly arose in acquired subsidiaries that did not have entitlement to group contributions in the first year. There are other limitations to offset taxable earnings against previous deductible losses in other entities depending on, for example, when the losses occurred, the timing of when a profitable entity was acquired and potential mergers. Rolled-in deficits in 2021 amount to MSEK 1,907 (2,113). Overall, Kungsliden judges that current tax will be low through the coming years.

Tax calculation, MSEK	2020	2019
Profit from property management	1,257	1,185
Tax deductible items		
Depreciation	-822	-702
Deduction for reconstruction	-232	-559
Other adjustments	4	3
Non-deductible interest	25	131
Taxable profit from property management	232	58
Divestment properties	2	19
Interest rate derivatives redeemed early	-21	-92
Taxable profit for the year	213	-15
Utilised/created deficits	-213	15
Taxable profit	0	0
Tax payable, 21.4%¹	0	0

1. Current tax excluding tax processes amounted to MSEK 0 (0), resulting in an effective tax payable below one per cent (<1) of profit before tax.

Tax loss carry-forwards, MSEK	2020	2019
Loss carry-forwards at beginning of year	-2,113	-2,098
Decreased/increased loss carry-forwards, this year's operations	213	-15
Loss carry-forwards in purchased companies from property acquisitions	-7	0
Loss carry-forwards at end of year	1,907	-2,113

Tax in the income statement, MSEK	2020	2019
Current tax	0	0
Deferred tax	-424	-622
Reported tax	-424	-622

Reconciliation of effective tax, MSEK	2020	2019
Profit before tax	2,060	2,867
Tax 21.4%	-441	-614
Divestment of properties	4	-5
Non-deductible interest	-5	-27
Adjusted taxable values from previous years	3	-
Other non-taxable revenue	0	2
Non-deductible expenses	-1	-1
Effect of changed tax rate (20.6% in financial position)	16	23
Reported tax	-424	-622

Deferred tax on temporary differences and tax loss carry-forwards 2020, MSEK	1 Jan. '20	Via profit or loss	Purchase/Sale	31 Dec. '20
Assets				
Loss carry-forwards	435	-44	1	392
Financial instruments	3	28	-	31
Other	1	-1	-	0
Deferred tax – assets	439	-17	1	423
Net deferred tax liabilities	-439	17	-1	-423
Deferred tax – assets	-	-	-	-
Liabilities				
Properties	-2,927	-407	0	-3,333
Deferred tax – liabilities	-2,927	-407	0	-3,333
Net deferred tax assets	439	-17	1	423
Deferred tax liability	-2,488	-424	1	-2,910

Deferred tax on temporary differences and tax loss carry-forwards 2019, MSEK	1 Jan. '19	Via profit or loss	Purchase/Sale	31 Dec. '19
Assets				
Loss carry-forwards	432	3	0	435
Financial instruments	6	-3	-	3
Other	1	-	-	1
Deferred tax – assets	439	0	0	439
Net deferred tax liabilities	-439	0	0	-439
Deferred tax – assets	-	-	-	-
Liabilities				
Properties	-2,331	-622	26	-2,927
Deferred tax – liabilities	-2,331	-622	26	-2,927
Net deferred tax assets	439	0	0	439
Deferred tax liability	-1,892	-622	26	-2,488

In the Statement of Financial Position, deferred tax is considered on all temporary differences for assets and liabilities, and for loss-carry forwards that Kungsliden expects to be able to use. Accounting is in accordance with applicable regulations based on nominal tax rates of 20.6 per cent. An exemption from accounting based on tax rates applies to temporary differences on properties acquired through asset acquisitions. In those cases, deferred tax on the temporary differences should not be recognised at the acquisition date. The temporary difference between fair value and taxable residual value for Kungsliden's properties was MSEK 24,457 (22,442) as of 31 December 2020.

An estimated fair value on deferred tax can be calculated as an alternative to recognised deferred tax on the basis of the application of accounting standards, see section net asset value in note 17.

NOTE 11. EARNINGS PER SHARE AND EPRA EARNINGS / EPRA EPS

	2020		2019	
	MSEK	SEK/ share ¹	MSEK	SEK/ share ¹
EARNINGS PER SHARE				
Net profit for the year	1,636	7.50	2,245	10.28
PROFIT FROM PROPERTY MANAGEMENT				
Net profit for the year	1,636		2,245	
Adding back:				
Tax	424		622	
Changes in value of derivatives	157		75	
Changes in value properties	-948		-1,762	
Profit (loss) from property divestment	-11		5	
Profit from property management	1,257	5.76	1,185	5.43
EPRA Earnings (profit from property management after tax)				
Profit from property management	1,257	5.76	1,185	5.43
Nominal tax on profit from property management (in tax return or consumed deficit)	-50	-0.23	-12	-0.05
EPRA Earnings/EPRA EPS	1,207	5.53	1,173	5.37

1. Earnings per share before and after dilution, SEK/share

As of 31 December 2020, there were 217,764,570 (218,403,302) outstanding shares, and the average number of shares for the period January-December 2020 was 218,243,619 (218,403,302).

NOTE 12. INTANGIBLE ASSETS

MSEK	31 Dec. '20	31 Dec. '19
Accumulated acquisition at beginning of year	22	18
Activations for the year	2	4
Accumulated acquisitions values at end of year	24	22
Accumulated depreciation at beginning of year	-10	-6
Depreciation for the year	-3	-3
Accumulated depreciation at end of year	-13	-10
Carrying amount at end of period	12	12

Intangible assets consist of development costs for business support system.

NOTE 13. INVESTMENT PROPERTIES

MSEK	31 Dec. '20	31 Dec. '19
Carrying amount at beginning of year	38,310	34,697
Acquisition	82	1,080
Investments in owned properties	1,395	1,509
Carrying amount divested properties	-17	-738
Unrealised changes in value ¹	948	1,762
Carrying amount at end of year	40,718	38,310

MSEK	Office	Industrial/Warehouse	Retail	Other	All properties
Properties at beginning of year	28,704	5,730	1,757	2,119	38,310
Reclassification	-96	96	-	-	-
Acquisitions	11	6	0	66	82
Investments in owned properties	850	284	44	217	1,395
Carrying amount, divested properties	-17	0	0	0	-17
Unrealised changes in value ¹	708	296	-93	37	948
Properties at end of year	30,160	6,412	1,708	2,438	40,718

1. The unrealised changes in value are recognised in the income statement on the row for properties within the changes in value of properties. For 2020, unrealised changes in value on properties were MSEK 948 (1,762), and the profit/loss from divestment was MSEK 11 (-5), in total MSEK 960 (1,756).

VALUATION OF PROPERTIES

Internal valuations of all properties have been carried out by 31 December 2020 and represent the carrying amount. To quality-assure and verify internal valuations, Kungsliden conducts external valuations on parts of its portfolio each year. In 2020, properties with value corresponding to 96 per cent of the portfolio were quarterly valued externally. The external valuations was in level with the internal valuations why they confirm the book value of properties per 31 December 2020.

Internal valuation

Kungsliden has chosen to base the fair value of internal implemented valuations. Kungsliden regularly conducts its own internal valuations as an integral part of the business process where, for each property, an individual assessment is made of the sales value.

Valuation method

Kungsliden reports its property portfolio at fair value which is the same as market value. The fair value is based on internal valuations that are regularly conducted as an integral part of the business process where, for each property, an individual assessment is made of the sales value. The valuation is always made on the basis of level 3, meaning the input data which is not observable on the market. See description of valuation levels in note 22. There has not been any movement during the year between the valuation

Sensitivity analysis valuation	Change	Impact on value, MSEK
Operating net	+/-1.0%	+348/-348
Yield requirements	+/-0.1%	-667/+697

In the valuation of the properties Kungsliden applies a combination of the performance based method and site price comparison method. Each individual property's future cash flow is forecast and the present value is calculated with the residual value on the basis of a ten-year calculation period. The yield requirements that apply are based on Kungsliden's active presence in the transaction market and have been assessed on each property's unique risk as well as the analysis of the transactions carried out on each site according to their site price comparison method. For these valuations a long-term inflation assumption of 2.0 per cent has been applied.

Below table shows weighted average yield requirement within respective property segment. Yield requirements on the valuations are within the range of 3.90–7.75 per cent.

By property category	Fair value, MSEK	Average yield requirement, %	Interval yield requirement, %
Office	30,160	4.9	3.90-7.25
Industrial/Warehouse	6,412	5.9	5.00-7.75
Retail	1,708	6.1	5.40-7.25
Other	2,438	4.9	4.10-6.40
Total	40,718	5.1	3.90-7.75

By segment	Fair value, MSEK	Average yield requirement, %	Interval yield requirement, %
Stockholm	17,343	4.7	3.90-7.75
Göteborg	4,300	5.4	4.15-7.00
Malmö	4,374	5.3	4.10-7.25
Västerås	7,177	5.4	4.85-6.50
Regional	4,520	5.9	5.40-7.25
Development properties	3,003	5.0	4.20-7.25
Total	40,718	5.1	3.90-7.75

NOTE 14. ASSETS WITH RIGHT OF USE AND LEASE LIABILITIES

ASSETS WITH RIGHT OF USE AS OF 31 DECEMBER 2020

MSEK	Site leaseholds	Land lease	Vehicle leases	Total
Carrying amount, 1 January 2019	760	11	6	777
Capitalisation in the year	32	3	8	43
Amortisation and impairment	-	-4	-4	-8
Carrying amount, 1 January 2020	792	10	10	812
Capitalisation in the year	17	0	9	26
Amortisation and impairment	-	-4	-6	-10
Carrying amount at end of year	809	6	13	828

LEASE LIABILITIES AS OF 31 DECEMBER 2020

MSEK	2020	2019
Carrying amount at beginning of year	812	777
New lease signings	24	37
Acquired leases	-	9
Terminated at leases	2	-14
Changed assumptions on measuring lease liability	0	3
Amortisation of lease liability	-10	0
Carrying amount at end of year	828	812
Long-term lease liabilities	819	804
Short-term lease liabilities	9	8

MATURITY STRUCTURE LEASING LIABILITIES

MSEK	31 Dec. '20
Due for payment within one year	9
Due for payment between one to five years	10
Due for payment in more than five years	809
Total	828

NOTE 15. EQUIPMENT

MSEK	31 Dec. '20	31 Dec. '19
Accumulated acquisition at beginning of year	13	13
Acquisition	1	1
Divestment/disposal	-1	-1
Accumulated acquisition value at end of year	13	13
Accumulated depreciation at beginning of year	-9	-8
Divestment/disposal	1	1
Depreciation of the year	-2	-2
Accumulated depreciation at end of year	-11	-9
Carrying amount at end of year	3	4

LEASE ITEMS AFFECTING EARNINGS

MSEK	2020	2019
Amortisation of assets with right of use	10	4
Interest expenses on lease liabilities	29	31
Expenses attributable to lease liabilities of low value	2	2
Total expenses attributable to leases	41	37

The group's cash flow had a total MSEK 41 (37) impact from leases.

NOTE 16. OTHER LONG TERM RECEIVABLES

MSEK	31 Dec '20	31 Dec '19
Carrying amount at beginning of year	2	4
Repayments	-	-2
Carrying amounts at end of year	2	2

Other long term receivables refers to value on endowment insurance. No change in the value of the endowment insurance during 2020. The repayments in 2019 was related to an endowment insurance that was sold.

NOTE 17. EQUITY

At the end of the financial year, the share capital was SEK 91,001,376, and there were 218,403,302 shares. The quotient value is 0.42 (0.42). There is no dilution effect because there are no potential shares.

NET ASSET VALUE, EPRA NRV AND EPRA NTA

Net asset value can be calculated in a number of ways according to the European Public Real Estate Association (EPRA). Kungsleden regards current net asset value as the most relevant key ratio as it based on the business continuing to be operated in the same way as it is today and that taxes will be charged, which will be measured at fair value. EPRA's guidelines have been updated compared with last year, which for Kungsleden has meant that the definition of current net asset value adds back the fair value of derivatives, which was not the case for the previous key ratio. A key ratio has also been added, EPRA NDV (Net Disposal Value), which for the 2020 and 2019 financial years corresponds to equity per share. For definitions of all key ratios, refer to pages 148-149.

	31 Dec. '20		31 Dec. '19	
	MSEK	SEK/ share	MSEK	SEK/ share
Net asset value				
Equity	18,500	84.95	17,488	80.07
Disposal value (EPRA NDV)	18,500	84.95	17,488	80.07
Adding back book value:				
Derivatives	250	1.19	105	0.48
Deferred tax liability	2,910	13.36	2,488	11.39
Long-term net asset value (EPRA NRV)	21,660	99.50	20,081	91.94
Deduction:				
Assessed fair value deferred tax ¹	-517	-2.37	-404	-1.85
Current net asset value (EPRA NTA)	21,143	97.13	19,677	90.10

1. The estimated fair value of deferred tax has been computed on the basis of a discount rate of 3 per cent on expected cash flows. Loss carry-forwards are assumed to be realised over the next seven years with a nominal tax rate of 20.6 per cent, generating a present value of the deferred tax asset of 18.2 per cent. The temporary differences on properties are expected to be realised over 50 years, with 10 per cent sold via property divestments with a nominal tax rate of 20.6 per cent and 90 per cent sold via entities where the purchaser's tax deductions are estimated at 5.5 per cent, which generates a total present value of deferred tax of 3.7 per cent. The temporary differences on derivatives are expected to be realised over the next years, generating a present value of the deferred tax asset of 20.6 per cent.

SHARE CAPITAL HISTORY

Year	Event	Change in number of shares	Total number of shares	Quotient value	Increase in share capital, SEK	Cumulative share capital, SEK
1997	Incorporation	1,000	1,000	100	100,000	100,000
1997	Share split 20:1	19,000	20,000	5	-	100,000
1997	New share issue	230,000	250,000	5	1,150,000	1,250,000
1997	Promissory note with stock options	-	250,000	5	-	1,250,000
1997	New share issue	3,750,000	4,000,000	5	18,750,000	20,000,000
1998	New share issue	2,400,000	6,400,000	5	12,000,000	32,000,000
1998	Convertible subordinated debenture	-	6,400,000	5	-	32,000,000
1999	Share split 2:1	6,400,000	12,800,000	2.50	-	32,000,000
1999	Convertible subordinated debenture	2,758,620	15,558,620	2.50	6,896,550	38,896,550
1999	New share issue	3,000,000	18,558,620	2.50	7,500,000	46,396,550
2000	New share issue	400,000	18,958,620	2.50	1,000,000	47,396,550
2005	Share split 2:1	18,958,620	37,917,240	1.25	-	47,396,550
2005	New share issue	7,583,448	45,500,688	1.25	9,479,310	56,875,860
2006	Share split 3:1	91,001,376	136,502,064	0.42	-	56,875,860
2007	Share split 2:1	136,502,064	273,004,128	0.21	-	56,875,860
2007	Share redemption	-136,502,064	136,502,064	0.21	-28,437,930	28,437,930
2007	Bonus issue	-	136,502,064	0.42	28,437,930	56,875,860
2014	New share issue	45,500,688	182,002,752	0.42	18,958,620	75,834,480
2017	New share issue	36,400,550	218,403,302	0.42	15,166,896	91,001,376

NOTE 18. INTEREST-BEARING LIABILITIES

MSEK	31 Dec. '20		31 Dec. '19	
	Nominal amount	Fair values	Nominal amount	Fair values
Liabilities to credit institutions	9,013	9,013	9,094	9,094
Bond loans (non secured)	8,720	8,845	7,000	7,124
Other borrowing	1,296	1,358	1,796	1,832
Interest rate derivatives				
Interest rate swaps, 9,100 (9,450)	250	250	105	105
Total loans and derivatives	19,279	19,466	17,995	18,155

Expiration date of bank loans and other borrowings	31 Dec. '20		31 Dec. '19	
	Nominal amount	Share, %	Nominal amount	Share, %
2020	-	-	900	4.5
2021	1,920	8.8	2,400	11.9
2022	2,500	11.4	2,500	12.4
2023	5,311	24.3	4,475	22.2
2024	3,720	17.0	3,461	17.2
2025	3,503	16.0	2,478	12.3
2026	1,630	7.5	630	3.1
2027	1,594	7.3	1,594	7.9
2028	-	-	-	-
2029	1,701	7.8	1,701	8.4
Total	21,879	100.0	20,139	100.0
Unutilised credits	-2,850		-2,250	
Total utilised credits	19,029		17,889	

The Group has a bank overdraft of MSEK 250 (250) which was unutilised in any part at year end 2020 or 2019.

CHANGES IN LIABILITIES ATTRIBUTABLE TO FINANCING ACTIVITIES

MSEK	31 Dec. '19	Cash flows	Changes not affecting cash flow			31 Dec. '20
			Investments	Currency translations	Changes in fair value	
Long-term liabilities to credit institutions	9,094	-81	-	-	-	9,013
Current liabilities to credit institutions	-	-	-	-	-	-
Derivatives	105	-12	-	-	157	250
Other long-term interest-bearing liabilities	8,146	200	-	-	-	8,346
Other current interest-bearing liabilities	650	1,020	-	-	-	1,670
Total loans and derivatives	17,995	1,127	-	-	157	19,279

NOTE 19. PROVISION

MSEK	31 Dec. '20	31 Dec. '19
Provisions at beginning of year	3	5
Provisions for the year	6	-
Reversed unutilised amounts	-	-2
Provisions at end of year	9	3

MSEK	31 Dec. '20	31 Dec. '19
Provisions for pensions	2	2
Other	7	1
Total	9	3

MSEK	31 Dec. '20	31 Dec. '19
Due for payment within one year	6	-
Due for payment between one to five years	-	-
Due for payment in more than five years	3	3
Total	9	3

NON DISCOUNTED CASH FLOW OF FINANCIAL LIABILITIES AND DERIVATIVES

Year	Credits due ¹	Interest rate payment credits	Derivatives due	Interest rate payment derivatives
2021	1,670	298	-	21
2022	2,500	248	-	49
2023	2,711	216	-	61
2024	3,720	186	1,450	50
2025	3,503	121	2,500	37
2026	1,630	91	1,150 ^{2,3}	26
2027	1,594	63	-	4
2028	-	39	1,000	2
2029	1,701	23	3,000 ⁴	0
Total	19,029	1,286	9,100	250

1. Relates to items liabilities to credit institutions as well as other interest bearing liabilities long-term and short-term.

2. Starts in June and December 2022

3. Where-of MSEK 850 refers to receiver swap

4. Starts in January 2022

NOTE 20. OTHER LIABILITIES

At year-end, other liabilities consisted of MSEK 12 (29) unpaid consideration.

NOTE 21. MATURITY STRUCTURE LIABILITIES

MSEK	31 Dec. '20	31 Dec. '19
Due for payment within one year	2,685	1,603
Due for payment between one to five years	14,073	10,847
Due for payment in more than five years	4,104	7,197
Total	20,862	19,647

The maturity structure liabilities reflects long-term liabilities to credit institutions, long-term interest bearing liabilities, leasehold fees and other short-term liabilities. All accounts payable are due within one year.

NOTE 22. FINANCIAL ASSETS AND LIABILITIES

The table below presents the Group's financial assets and liabilities, stated at carrying amount and fair value, respectively, classified in the categories according to IFRS 9.

MSEK	Financial assets/ liabilities measured at fair value through profit or loss		Financial assets/ liabilities valued at amortized cost		Total carrying amount	
	31 Dec. '20	31 Dec. '19	31 Dec. '20	31 Dec. '19	31 Dec. '20	31 Dec. '19
Long-term receivables	-	-	2	2	2	2
Accounts receivable	-	-	14	22	14	22
Other receivables	-	-	18	34	18	34
Prepaid expenses and accrued revenues	-	-	43	48	43	48
Derivatives	8	-	-	-	8	-
Cash and bank	-	-	685	353	685	353
Total	8	-	762	459	770	459
Interest bearing liabilities ¹	-	-	19,029	17,889	19,029	17,889
Accounts payable	-	-	189	302	189	302
Other liabilities	-	-	283	194	283	194
Accrued expenses and deferred income	-	-	75	81	75	81
Derivatives	258	105	-	-	258	105
Total	258	105	19,576	18,466	19,834	18,571

1. Relates to items liabilities to credit institutions as well as other interest bearing liabilities long-term and short-term.

VALUATION

The Group's maximum credit risk consists of the reported net amounts in the table above. The Group has not received any pledged assets for the financial net assets. An assessment has been made that there has been no significant increase in credit risk for any of the Group's financial assets. The counterparties are without a credit risk rating, except for liquid funds where the counterparty has a credit rating of AA-.

Rental receivables of MSEK 20 (15) depreciated during the reporting period are subject to compliance measures.

The financial assets that are covered by provisions for expected loan losses according to the general method consist of cash and cash equivalents. Kungsliden applies a rating-based method per counterparty in combination with other known information and forward-looking factors for assessing expected credit losses. The Group has defined default as when payment of the claim is 90 days late or more, or if other factors indicate that payment cancellation exists. Significant increase in credit risk has not been considered to exist for any receivable or asset on the balance sheet date. Such an assessment is based on whether payment is 30 days late or more, or if significant deterioration of the rating occurs, entailing a rating below investment grade. In cases where the amounts are not deemed to be insignificant, a reserve for expected loan losses is also reported for these financial instruments.

Financial assets and liabilities excluding derivatives are reported at amortised cost less any impairment losses.

A number of OTC-derivatives are used to hedge interest risk in cash flow. There are three valuation levels:

Level 1: according to the prices listed in an active market for the same instrument.

Level 2: on the basis of direct or indirect observable market data which is not included in level 1.

Level 3: from the input data which is not observable in the market.

Kungsliden's derivatives are evaluated with valuation techniques based on observable market data (level 2). These derivatives amounted to MSEK -250 (-105).

Fair value of financial assets valued at amortized cost have been assessed individually on the basis of the risk that the receivable will not be obtained. Similar measurement is also conducted according to the principles for carrying amount. Carrying amount has been the same as estimated fair value in the last two year-end closings. Since Kungsliden's financial assets and liabilities consist mostly of short-term instruments, no material differences between book value and fair value are judged to exist. This year's rent losses amounts to MSEK -7 (-3).

	31 Dec. '20	31 Dec. '19
Liabilities to credit institutions, MSEK		
Liabilities at beginning of year	17,889	16,882
New loans	3,000	7,609
Repayment of loans	-1,860	-6,602
Liabilities at end of year	19,029	17,889

NOTE 23. PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets for liabilities, MSEK	31 Dec. '20	31 Dec. '19
Property mortgages	12,349	12,029
Shares in subsidiaries	1,476	946
Total	13,825	12,975

Assets have been primarily pledged for bank loans. Covenants may exist in loan agreements in respect of interest coverage ratio and loan volume in relation to the fair value of the properties.

Contingent liabilities, MSEK	31 Dec. '20	31 Dec. '19
Other guarantees and commitments	0	20
Total	0	20

Commitments and legal responsibility for treatment of contaminated soil may arise in the future, both in regards to owned and sold properties. Expenses may arise for example in the form of increased expenses for the remediation of soil in connection with new, refurbishment or extension construction or price reduction on the divestment of a property. To assess any possible future amounts is not possible. In addition, disputes in the business arise from time to time. The outcomes are often difficult to assess. When a dispute is likely to result in a cost for the Group, this is taken into account in the financial statements.

NOTE 24. ADDITIONAL DISCLOSURES ON CASH FLOW

Other adjustments not included in cash flow from operating activities, MSEK	2020	2019
Depreciation and impairment	5	5
Provision/confirmed for rental and bad debt losses	12	2
Increase(+)/decrease(-) in interest liabilities	-	-3
Total	17	3

Interest rates, MSEK	2020	2019
Interest rates received	1	1
Interest rates paid	-328	-290

Acquisition of the subsidiary, MSEK	2020	2019
Acquired assets and liabilities		
Investment properties	65	1,036
Operating receivables	0	3
Cash equivalents ¹	0	2
Total assets	65	1,041

Deferred tax	0	0
Interest-bearing liabilities	0	0
Operating liabilities	2	14
Total provisions and liabilities	2	14

Cash payment, shares	21	403
Cash payment, repayment of loans	42	624
Deducted: cash equivalents in acquired business	0	-2
Effect on cash equivalents acquired companies	63	1,025

Divestment of subsidiaries, MSEK	2020	2019
Divested assets and liabilities		
Investment properties	11	733
Operating receivables	0	25
Cash equivalents	0	0
Total assets	11	758

Deferred tax	0	9
Operating liabilities	0	71
Total provisions and liabilities	0	80

Purchase price received, shares	11	308
Cash received, repayment of loans	0	369
Purchase price received	11	677
Deducted: cash equivalents in divested operations	0	0
Effect on cash equivalents for wholly-owned subsidiaries	11	677

1. In cash equivalents include cash and bank balances as well as any cash equivalents related to assets held for sale.

NOTE 25. TRANSACTIONS WITH RELATED PARTIES

Compensation to Directors and senior executives for services rendered is stated in note 7. Apart from this, no transactions were executed with any related entity or private individual.

NOTE 26. EVENTS AFTER THE REPORTING DATE

On 28 January, an agreement was signed to divest the Isolatorn 12 property in Västerås for a purchase consideration of MSEK 102. After the reporting date, additional shares were repurchased for MSEK 207. As of 19 March, the number of shares held in treasury amounted to 2,988,658.

Income Statement – Parent Company

MSEK	Note	2020	2019
Intra-group revenue		0	0
Administration costs	2,3	-37	-31
Operating profit (loss)		-37	-31
PROFIT (LOSS) FROM FINANCIAL ITEMS			
Profit (loss) from participations in group companies	4	603	-151
Interest rate revenue and similar items	4	693	634
Interest rate expenses and similar items	4	-359	-242
		937	241
Profit before tax		901	210
TAX			
Deferred tax	5	30	-5
Net profit for the year		930	205

Statement of Comprehensive Income – Parent Company

MSEK	2020	2019
Net profit for the year as per income statement	930	205
Profit (loss) for the year	930	205

Balance Sheet – Parent Company

MSEK	Note	31 Dec '20	31 Dec '19
Assets			
<i>Non-current assets</i>			
Participations in group companies	6	3,068	2,572
Receivables from group companies	7,11	16,740	15,122
Deferred tax asset	5	218	189
Other long-term receivables	8,11	2	2
Total non-current assets		20,028	17,885
<i>Current assets</i>			
Receivables from group companies	11	689	436
Other receivables	11	3	2
Prepaid expenses and accrued revenue	9	10	11
Cash and bank		684	350
Total current assets		1,386	799
TOTAL ASSETS		21,414	18,684
EQUITY AND LIABILITIES			
<i>Equity</i>			
<i>Restricted equity</i>			
Share capital (218,403,302 shares)		91	91
		91	91
<i>Non-restricted equity</i>			
Accumulated profit or loss		4,067	4,486
Share premium reserve		3,134	3,134
Net profit for the year		930	205
		8,131	7,825
Total equity		8,222	7,916
<i>Provisions</i>			
Provisions for pensions and similar obligations		2	2
Total provisions		2	2
<i>Long-term liabilities</i>			
Bond Loans		7,200	7,000
Derivatives		258	105
Liabilities to group companies		652	994
Total long-term liabilities	10-12	8,110	8,099
<i>Short-term liabilities</i>			
Liabilities to credit institutions		1,670	650
Accounts payable		2	1
Liabilities to group companies		3,078	1,843
Other liabilities		283	131
Accrued expenses and deferred revenue	13	47	42
Total short-term liabilities	11,12	5,080	2,667
TOTAL EQUITY AND LIABILITIES		21,414	18,684

Statement of Changes in Equity – Parent Company

MSEK	Restricted equity		Non-restricted equity		Total equity
	Share capital	Share premium reserve	Share premium reserve	Non restricted equity	
Opening equity, 1 Jan. '19	91	3,134		5,010	8,234
Net profit for the year	-	-		205	205
Total change in wealth excl. transactions with the company's owners	-	-		205	205
Dividend	-	-		-524	-524
Total transactions with the company's owner	-	-		-524	-524
Closing equity, 31 Dec. '19	91	3,134		4,691	7,916
Opening equity, 1 Jan. '20	91	3,134		4,691	7,916
Net profit for the year	-	-		930	930
Total change in wealth excl. transactions with the company's owners	-	-		930	930
Dividend	-	-		-567	-567
Repurchase of own shares	-	-		-57	-57
Total transactions with the company's owner	-	-		-624	-624
Closing equity, 31 Dec. '20	91	3,134		4,997	8,222

Cash Flow Statement – Parent Company

MSEK	Note 14	2020	2019
OPERATING ACTIVITIES			
Profit before tax		901	210
Dividends, not settled		-	-372
Group contributions received		-36	-32
Impairment, group companies		-162	555
Gain (loss) from liquidation		-	-
Value change, derivatives, not affecting cash flow		165	70
Interest income, not received		-	-
Cash flow from operating activities before changes in working capital		867	431
<i>Changes in working capital</i>			
Increase(+)/decrease(-) in operating receivables		-215	18,771
Increase(+)/decrease(-) in operating liabilities		477	-7,346
Cash flow from operating activities after changes in working capital		1,129	11,856
INVESTING ACTIVITIES			
Loans to group companies		-1,618	-15,122
Divestment of group companies		75	-
Cash flow from investing activities		1,543	-15,122
FINANCING ACTIVITIES			
New loans		2,600	4,641
Repayment of loans		-1,380	-982
Dividend		-415	-513
Repurchase of treasury shares		-57	-
Cash flow from financing activities		748	3,146
Cash flow for the year		334	-120
Cash equivalents at beginning of year		350	470
Cash equivalents at end of year		684	350

NOTES – PARENT COMPANY

NOTE 1. ACCOUNTING POLICIES PARENT COMPANY

The Parent Company Kungsleden AB, has prepared its annual accounts in accordance with the Annual Accounts Act and RFR 2. The applied accounting policies appear in the applicable parts of the accounting policies for the Group with the addition of the following for the Parent Company. The accounting policies are unchanged compared to the previous year.

SHARES IN GROUP COMPANIES

Shares in Group companies are recognised at historical cost. The value is tested for impairment every year.

FINANCIAL INSTRUMENTS

Due to the connection between accounting and taxation, the rules on financial instruments are not applied according to IFRS 9 in the Parent Company as a legal entity, but rather the Parent Company applies the cost method in accordance with the Swedish Annual Accounts Act. In the Parent Company, therefore, financial fixed assets are measured at cost and financial current assets according to the lower of cost or market method, with application of impairment losses for expected credit losses according to IFRS 9 for assets that are debt instruments. For other financial assets, impairment is based on market values. Derivative instruments with a negative fair value are recognised as a liability at the negative fair value with a change in value in profit or loss.

The Parent Company applies a rating-based method for calculating expected credit losses on intra-Group receivables based on the probability of default, expected loss and exposure at default. The Parent Company has defined default as when payment of the claim is 90 days delayed or more, or if other factors indicate that the payment default is present. The Parent Company believes that the subsidiaries currently have similar risk profiles and the assessment is done on a collective basis. A significant increase in credit risk has not been considered to exist for any intra-Group receivable on the reporting date. The Parent Company's receivables from its subsidiaries are subordinated external lenders' claims for which the subsidiary's properties are pledged as collateral. The Parent Company applies the general method to the intra-Group receivables. The Parent Company's expected loss in the event of default takes into account the subsidiaries' average LTV ratio and the expected market value in the event of a forced sale. Based on the Parent Company's assessments according to the above method, taking into account other known information and forward-looking factors, expected credit losses are not deemed to be significant and no provision has therefore been recognised.

FINANCIAL GUARANTEES

The Parent Company's financial guarantee agreements consist of guarantees on behalf of companies within the Group. For reporting of financial guarantees, the Parent Company applies one of the RFR2 permitted relief regulations compared to the regulations in IAS 39 Financial Instruments: Recognition and Measurement. The Parent Company reports financial guarantee agreements as a provision in the balance sheet when the company has a commitment for a probable payment. Otherwise the obligation is reported as a contingent liability.

GROUP CONTRIBUTIONS

Group contributions received from a subsidiary are recognised according to the same policies as conventional dividends from subsidiaries. Group contributions paid to subsidiaries are recognised as an investment in participations in Group companies. Shareholder contributions are recognised by the donor as an increase in the shares' net book value and by the recipient as an increase in non-restricted equity.

DIVIDEND

Dividends from subsidiaries and associated companies are recognised as revenue when the right to a dividend is established.

Anticipated dividends from subsidiaries are recognised when the Parent Company has the sole right to decide on the size of the dividend and the Parent Company has taken a decision on the size of the dividend before publishing its financial statements.

If the carrying amount in the Parent Company's holding in the subsidiary or associated company would exceed the carrying amount in the financial statements, this is to be considered as an indication of impairment and impairment testing should be carried out.

NOTE 2. ADMINISTRATION COSTS

Administration costs, MSEK	2020	2019
Personnel costs	-21	-17
Other operating expenses	-16	-14
Total	-37	-31

Administration costs relate primarily to costs of central functions such as business development, accounting and finance, legal and IT, as well as costs attributable to stock exchange listing and the Group's management team.

Within MSEK 37 (31) of the administrative costs, personnel costs constitute the largest item at MSEK 21 (17), and mainly relates to compensation to Group Management and Board members.

The auditors invoiced MSEK 4 (4) to the parent company in 2020. Audit fees for other group companies have been reinvoiced.

NOTE 3. EMPLOYEES, PERSONNEL EXPENSES AND BOARD FEES

Average number of employees	Share of women, %	
	2020	2019
Sweden	2	100
Total	2	100

Salaries, other bonuses and social security expenses, SEK 000	2020		2019	
	Salaries, other bonuses	Social security expenses	Salaries, other bonuses	Social security expenses
Board of Directors, CEO and Deputy CEO,	12,373	4,979	10,928	5,033
(of which pension expenses)		(2,148)		(1,675)
Total	12,373	4,979	10,928	5,033
		(2,148)		(1,675)

Fees are paid to the Board of Directors according to the resolution of the Annual General Meeting. For the information of bonuses paid to each Board member and bonuses paid to senior executives, see note 7 in the Group.

NOTE 4. PROFIT (LOSS) FROM FINANCIAL ITEMS

Profit (loss) from financial items, MSEK	2020	2019
Assets and liabilities measured at amortised cost		
Interest rate income – group companies	693	634
Total interest rate income according to effective interest method	693	634
Interest rate expenses – group companies	-14	-18
Interest rate expenses – other companies	-181	-154
Total interest rate expenses according to effective interest method	-195	-172
Derivatives	-165	-70
Dividends	405	372
Group contributions received	36	32
Profit (loss) from disposal of shares	-	-
Impairment of subsidiaries	-240	-637
Reversal of impairment losses – subsidiaries	402	82
Total	438	-221
Total from financial items	936	241

NOTE 5. TAXES

Tax in the income Statement, MSEK	2020	2019
Deferred tax	30	-5
Reported tax	30	-5
Reconciliation of effective tax, MSEK		
	2020	2019
Profit before tax	901	210
Tax, 21.4 per cent	-193	-45
Dividends from group companies	87	80
Impairment of shares in group companies	35	-119
Overtaken negative net interest from group companies	102	80
Other	-1	-1
Reported tax	30	-5

No tax is reported directly to equity.

Deferred tax on temporary differences and tax loss carry-forwards, MSEK	At the beginning of the year	In the income statement	At the end of the year
Loss carry-forwards	186	0	186
Financial instruments	2	30	32
Other temporary differences	1	0	1
Total	189	30	218

SPECIFICATION OF PARENT COMPANY HOLDINGS OF SHARES IN GROUP COMPANIES

Directly owned subsidiaries' CIN/registered location	Number of shares	Share % ¹	Book value, MSEK	
			31 Dec. '20	31 Dec. '19
Kungsleden Fastighets AB, 556459-8612, Stockholm	200	100	774	392
Kungsleden Syd AB, 556480-0109, Stockholm	1,000	100	-	75
Kungsleden Mattan AB, 556718-3354, Stockholm	1,000	100	108	129
Kungsleden Friab AB, 556742-6548, Stockholm	1,000	100	449	657
Kungsleden Kalinka Holding AB, 556844-2957, Stockholm	50,000	100	880	880
Kungsleden Holding GmbH, Germany	1	100	-	-
Kungsleden Balsberget AB, 556919-3013, Stockholm	50,000	100	1	1
Kungsleden Vegaholding AB, 556919-3047, Stockholm	50,000	100	135	135
Kungsleden Kebnekaise AB, 556968-3187, Stockholm	500	100	424	24
Kungsleden Grönberget Holding AB, 556990-0805, Stockholm	500	100	3	3
Kungsleden Grönberget AB, 556989-0410, Stockholm	500	100	116	116
Kungsleden Tegel AB, 559025-8298, Stockholm	500	100	17	17
Kungsleden Holdmix 3 AB, 559007-2665, Stockholm	500	100	29	29
Kungsleden Holdmix 4 AB, 559055-4431, Stockholm	500	100	22	12
Kungsleden Lustfarm AB, 556654-9720, Stockholm	1,000	100	105	97
Kungsleden Isskrapan AB, 559084-5870, Stockholm	500	100	5	5
Total			3,068	2,572

1. This refers to the ownership share of the capital, which also corresponds to the share of votes for the total number of shares.

NOTE 6. SHARES IN GROUP COMPANIES

MSEK	31 Dec. '20	31 Dec. '19
Accumulated acquisition values at beginning of year	8,264	8,155
Acquisition	-	-
Divestments of subsidiaries	-1,807	-
Shareholder contributions	409	109
Accumulated cost values at end of year	6,866	8,264
Accumulated impairment at beginning of year	-5,692	-5,137
Reversal of impairment	402	82
Impairment for the year	-240	-637
Divestments of subsidiaries	1,732	-
Accumulated impairment at end of year	-3,798	-5,692
Carrying amount at end of year	3,068	2,572

Directly owned subsidiaries are listed below. Other group companies are not included in the parent company's annual accounts since the information, with regards to the requirement of giving a fair view, is of little relevance. However other companies are presented in each subsidiary's annual accounts.

NOTE 7. RECEIVABLES FROM GROUP COMPANIES

MSEK	31 Dec. '20	31 Dec. '19
Receivables at beginning of year	15,122	-
Additional receivables	1,618	15,122
Total	16,740	15,122

NOTE 8. THER LONG-TERM RECEIVABLES

MSEK	31 Dec. '20	31 Dec. '19
Receivables at beginning of year	2	2
Reversals of short-term receivable	-	-
Total	2	2

NOTE 9. PREPAID EXPENSES AND ACCRUED REVENUES

MSEK	31 Dec. '20	31 Dec. '19
Prepaid expenses	10	11
Total	10	11

NOTE 11. FINANCIAL ASSETS AND LIABILITIES

MSEK	Receivables from group companies and others		Other financial liabilities		Total carrying amount	
	31 Dec. '20	31 Dec. '19	31 Dec. '20	31 Dec. '19	31 Dec. '20	31 Dec. '19
Other long-term receivables	2	2	-	-	2	2
Receivables from group companies	17,429	15,558	-	-	17,429	15,558
Other receivables	-	-	-	-	-	-
Total assets	17,431	15,560	-	-	17,431	15,560
Long-term liabilities ¹	-	-	7,458	7,105	7,458	7,105
Accounts payable	-	-	2	1	2	1
Liabilities to group companies	-	-	3,731	2,837	3,731	2,837
Other liabilities ¹	-	-	1,954	781	1,954	781
Total liabilities	-	-	13,145	10,724	13,145	10,724

1. Fair value of the company's interest rate derivatives amounts to MSEK -258 (-105).

The parent company's derivatives are measured using valuation techniques based on observable market data (level 2). Fair value of these derivatives amounted to MSEK -258 (-105). Information on valuation of financial instruments is in the Group's note 22.

CHANGES IN LIABILITIES ATTRIBUTABLE TO FINANCING ACTIVITIES

MSEK	31 Dec. '19	Cash flows	Changes not affecting cash flow			31 Dec. '20
			Investments	Currency translations	Changes in fair value	
Derivatives	105	-	-	-	153	258
Bond loans	7,000	200	-	-	-	7,200
Other current interest-bearing liabilities	650	1,020	-	-	-	1,670
Total loans and derivatives	7,755	1,220	-	-	153	9,128

NOTE 10. LOANS AND INTEREST RATE DERIVATIVES

The parent company has 18 bond loans and certificates (17). In addition there are also interest rate derivatives for both its own loans and other group companies' external loans.

There is a bank overdraft of MSEK 250 (250) which was unutilised at year-end 2020 or 2019.

The maturity dates of loans and interest rate derivatives follow:

Maturity date, MSEK	31 Dec. '20		31 Dec. '19	
	Bank and bond loans	Interest rate derivatives, nominal amount	Bank and bond loans	Interest rate derivatives, nominal amount
2020	-	-	650	-
2021	1,670	-	2,400	-
2022	2,500	-	2,500	2,000
2023	1,350	-	1,100	-
2024	1,300	1,450	1,000	1,450
2025	1,050	2,500	-	1,000
2026	1,000	1,150	-	2,000
2027	-	-	-	-
2028	-	1,000	-	3,000
2029	-	3,000	-	-
Total	8,870	9,100	7,650	9,450

NOTE 12. MATURITY STRUCTURE LIABILITIES

MSEK	31 Dec. '20	31 Dec. '19
Due for payment within one year	1,670	2,625
Due for payment between one to five years	6,200	7,994
Due for payment in more than five years	1,000	–
Total	8,870	10,619

Maturity structure interest-bearing liabilities as well as operating liabilities excluding tax liabilities and undervalue derivatives.

NOTE 13. ACCRUED EXPENSES AND DEFERRED REVENUE

MSEK	31 Dec. '20	31 Dec. '19
Accrued interest expenses	34	33
Accrued employee expenses	13	9
Total	47	42

NOTE 14. ADDITIONAL DISCLOSURES ON CASH FLOW

No other means than cash and bank are included in the items cash equivalents.

Interest rates etc, MSEK	2020	2019
Dividends received	405	372
Interest rates received	693	634
Interest rates paid	-194	-172

NOTE 15. TRANSACTIONS WITH RELATED PARTIES

Transactions with group companies, MSEK	2020	2019
Sales of goods/services to related parties	–	–
Other, e.g interest rate, dividend, group contributions	1,121	1,021

Items in the balance sheet	31 Dec. '20	31 Dec. '19
Receivables of group companies	17,429	15,558
Liabilities to group companies	3,731	-2,837

Remuneration to Board members and senior executives for completed work is disclosed in note 3 and in the Group's note 7. No transactions in addition to these payments have been made with any of their related companies or individuals.

NOTE 16. PLEDGED ASSETS

Pledged assets, MSEK	31 Dec. '20	31 Dec. '19
Security commitment for group companies	424	24
Total	424	24

NOTE 17. CONTINGENT LIABILITIES

Contingent liabilities, MSEK	31 Dec. '20	31 Dec. '19
Guarantees in favour for group companies	12,759	12,240
Total	12,759	12,240

NOTE 18. EVENTS AFTER THE REPORTING DATE

After the reporting date, additional shares were repurchased for MSEK 207. As of 19 March, the number of shares held in treasury amounted to 2,988,658.

Appropriation of profits**The following unappropriated profits are at the disposal of the AGM, SEK:**

Profit (loss) brought forward	4,066,826,366
Share premium reserve	3,133,547,165
Net profit for the year	930,295,068
Total	8,130,668,599

The Board of Directors proposes that the profits are disposed of as follows, SEK:

Dividend to shareholders of SEK 2.80 per share ¹	609,740,796
Share premium reserve	3,133,547,165
Carried forward	4,387,380,638
Total	8,130,668,599

1. Based on the number of shares outstanding on the reporting date (217,764,570). As of 31 December 2020, the company holds 638,732 treasury shares, which do not grand entitlement to dividends.

Kungsliden's dividend policy states that the dividend should grow at a rate commensurable with the progress of profit from property management. With the support of the dividend policy, and against the background of the parent company's and the group's financial position, the Board of Directors is proposing a dividend of SEK 2.80 per share for the financial year 2020. The Board regards the equity ratio of 38 per cent as satisfactory. Adjusted for proposed dividend the equity ratio at yearend is 37 per cent. As of 31 December 2020, available liquidity including unutilised credit facilities was MSEK 934. Against this background, the Board considers that the liquidity reserve of the group remains secure. The Board's opinion is that the proposed dividend will not prevent the company, or other companies within the group, from satisfying their obligations in the short and long term, nor from executing the necessary investments. Accordingly, the proposed dividend is justifiable with consideration to the stipulations of chap. 17 §3, second and third paragraphs of the Swedish Annual Accounts Act (principle of prudence). The proposed appropriation of profits will be submitted for approval at the Annual General Meeting on 22 April 2021.

Annual Report signatures

The Board of Directors and the CEO hereby declare that the annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden and the consolidated accounts have been prepared in accordance with the international accounting standards as referred to in European Parliament and Regulation (EC) No 1606/2002 as of 19 July 2002 on the application of international accounting standards. The annual accounts and consolidated accounts give a true and fair view of the parent company's and the Group's financial position and results of operations. The Board of Directors' report for the parent company and the Group gives a true and fair view of the progress of the parent company and the Group's operations, financial position and results of operations, and describes the significant risks and uncertainties faced by the parent company and Group companies.

The statutory Sustainability Report, which covers the areas in Kungsliden AB's Annual Report whose content is stated on page 136, has been authorised for issue by the Board of Directors.

Stockholm, Sweden, 23 March 2021

Charlotte Axelsson
Chair

Ingalill Berglund
Board member

Jonas Bjuggren
Board member

Christer Nilsson
Board member

Jonas Olavi
Board member

Charlotta Wikström
Board member

Fredrik Wirdenius
Board member

Biljana Pehrsson
CEO

Our Audit Report was submitted on 24 March 2021
Ernst & Young AB

Jonas Svensson
Authorised Public Accountant

Ingemar Rindstig
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of Kungsleden AB (publ), corporate identity number 556545-1217

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Kungsleden AB (publ) except for the corporate governance statement on pages 64-75 for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 64-121 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 64-75. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of properties

Description

Kungsleden records properties at fair value and the property portfolio was valued at SEKm 40,718 at December 31, 2020 and changes in value amounted to SEKm 948. The group's properties amount to 96% of the total balance sheet as at December 31, 2020. The valuation is based on judgments and assumptions, which may have a significant impact on the group's result and financial position.

The basis for the valuation is an individual assessment of each property's future earnings and the market yield. Changes in unobservable inputs used in the valuation have been analyzed by management each quarter, and compared to information from external appraisals. A description of the property valuation is found in note 13 and critical assessments made in note 3.

Based on the many judgements and assumptions made in preparing the valuation of properties, we consider this area as a key audit matter in our audit.

How our audit addressed this key audit matter

We have reviewed and evaluated management's valuation procedures. We have reviewed a sample of prepared internal valuations, and we have reviewed that the valuations agree with the internal policy for valuation and method used by Kungsleden. We have reviewed input and calculations in the internal valuation model for a selection of properties. We have also compared the values accounted for by Kungsleden with the valuations prepared for control purposes by external appraisals. We have discussed important assumptions and judgements with Kungsleden's internal valuation specialist. Our sample of properties have mainly covered the properties where there have been largest variations in value compared to previous quarters and last year. We have performed comparisons to known market information. With assistance from our property valuation specialist, we have checked the reasonability in assumptions made such as yield and operational result, for a number of properties. We have reviewed relevant disclosure notes to the financial statements.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 4-63 and 122-151. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of ABC AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated (loss be dealt with) in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other

things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 64-75 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 *The auditor's examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Ernst & Young AB, Box 7850, 103 99 Stockholm, was appointed auditor of Kungsleden AB by the general meeting of the shareholders on the 23 April 2020 and has been the company's auditor since the 28 April 2016.

Stockholm 24 March, 2021

Ernst & Young AB

Jonas Svensson
Authorized Public Accountant

Ingemar Rindstig
Authorized Public Accountant

In-depth information on EPRA, TCFD and GRI

Kungsliden's sustainability reporting summarises sustainability work in 2020 and constitutes the Statutory Sustainability Report. It has been prepared in accordance with the GRI Standards' Core level and the EPRA's (European Public Real Estate Association) Sustainability Best Practices Recommendations (sBPR). For the first time this year, Kungsliden is also reporting in accordance with the recommendations of TCFD (Task Force on Climate-related Financial Disclosures). This section provides in-depth sustainability information and supplements the information stated previously in the Annual Report.

MATERIALITY ANALYSIS

During 2020, Kungsliden implemented an updated materiality analysis, which resulted in an update to the sustainability issues that are defined as material. The material sustainability issues in the table below were identified in internal discussions and by listening to the views of the most impor-

tant stakeholders. The table also shows the corresponding GRI standard and the policies and guidelines governing Kungsliden's efforts regarding the particular sustainability issue.

Kungsliden's material sustainability issues	Corresponding GRI standard	Governance
Emissions	GRI 305, Emissions	Sustainability Policy & Strategy
Energy	GRI 302, Energy	Sustainability Policy & Strategy
Anti-corruption	GRI 205, Anti-corruption	Procurement Policy Business Networking Guidelines Guidelines for Incidental Employment & Conflicts of Interest Guidelines for whistle-blowing errands and handling
Employee health & safety	GRI 403, Occupational health and safety	Occupational Health & Safety Policy Alcohol & Drug Policy
Customer health & safety	GRI 416, Customer health and safety	Sustainability Policy & Strategy
Skills management of employees	GRI 404, Training and education	Skills Management Policy
Compliance with environmental laws	GRI 307, Environmental compliance	Sustainability Policy & Strategy Sustainability programme
Waste	GRI 306, Waste	Sustainability Policy & Strategy Sustainability programme
Economic performance and Green economy	GRI 201, Economic performance	Business Plan
Social commitment	GRI 413, Local communities	Sustainability Policy & Strategy
Sustainability supply chain	GRI 308, Supplier environmental assessment GRI 414, Supplier social assessment	Code of Conduct for Suppliers
Diversity and gender equality	GRI 405, Diversity equal opportunity GRI 406, Non-discrimination	Equal Opportunity & Diversity Policy
Biodiversity	GRI 304, Biodiversity	Sustainability Policy & Strategy Sustainability Programme
Water use	GRI 303, Water	Sustainability Policy & Strategy Sustainability Programme
Land contamination and remediation		Sustainability Policy & Strategy Sustainability Programme
Environmental certification		Sustainability Policy & Strategy Sustainability Programme
Climate risks	GRI 201, Economic performance	Sustainability Policy & Strategy Sustainability Programme
Intelligent properties and service	We are investigating how we should measure and monitor this area.	Sustainability Policy & Strategy Business Plan

STAKEHOLDER ENGAGEMENT

Kungsliden engages in a continuous dialogue with our stakeholder groups – customers, investors, suppliers, society, Board of Directors, management and employees – in order to identify the most important topics. The stakeholders identified as important are those considered to have the greatest impact on the company or those that are most impacted by our operations. In 2020, a specific stakeholder engagement was implemented whereby the most important stakeholders were asked to prioritise what

they considered were Kungsliden's most important sustainability topics and this then formed the basis for an updated materiality analysis that was implemented during the year. In addition to this stakeholder engagement, Kungsliden engages in continuous dialogue about sustainability-related topics at Board meetings, meetings with shareholders, and in its daily contact with customers, employees and suppliers. The table on the next page contains a summary of the results of Kungsliden's stakeholder engagements and the most important issues for the various stakeholder groups.

Stakeholder group	Engagements during the year	Most material sustainability topic
Shareholders, investors and financial analysts	<ul style="list-style-type: none"> AGM New share issue Scheduled meetings Regular contact Capital markets day Annual Report 	<ul style="list-style-type: none"> Emissions Energy Economic performance and Green economy Anti-corruption Environmental certification
Employees	<ul style="list-style-type: none"> Yearly appraisal and salary review interviews Regular dialogue with line managers Employee satisfaction survey Staff conference 	<ul style="list-style-type: none"> Employee health & safety Social commitment Skills management of employees Diversity and gender equality Emissions
Wider society	<ul style="list-style-type: none"> Contacts with business community and decision-makers Website updates 	<ul style="list-style-type: none"> Social commitment Emissions Anti-corruption Diversity and gender equality Compliance with environmental laws
Suppliers	<ul style="list-style-type: none"> Regular contact Clarification of standards in tenders pursuant to Kungsliden's templates for suppliers 	<ul style="list-style-type: none"> Sustainable supply chain Anti-corruption Emissions
Tenants	<ul style="list-style-type: none"> Regular contact Meetings during the year Website 	<ul style="list-style-type: none"> Customer health & safety Environmental certification Emissions Waste Energy

The table shows the engagements during the year with Kungsliden's most central stakeholder groups and the most material topics. The survey was conducted in 2020 via questionnaires and internal workshops.

ECONOMIC PERFORMANCE AND GREEN ECONOMY

Directly created value was MSEK 2,561, and retained economic value in 2020 was MSEK 720. All companies exert a direct impact on their economies through payments to business partners, taxes and salaries, pensions and social security contributions for employees. The following diagram illustrates how Kungsliden's revenues were divided among its various stakeholder groups in 2020.

	2018	2019	2020
Operating expenses, excl. employees	762	750	752
Employees	133	132	137
Dividend to shareholders	480	524	567
Interest	367	356	384
Social investment	1	1	1
Tax (excl. deferred tax)	2	0	0
Total	1,745	1,763	1,841

SOCIAL COMMITMENT

EPRA: Comptly-Eng

Kungsliden demonstrates an extensive social commitment and it is very involved in development both in and around our properties. There are clearly defined social commitment and development programmes in 92 per cent of the properties, for example, in the form of collaboration with Fryshuset. Read more about Kungsliden's social commitment on page 63.

ANTI-CORRUPTION

Kungsliden carried out a comprehensive initiative to evaluate corruption risks and anti-corruption training for all employees in 2019. In 2020, we continued to inform and train new employees who joined us during the year. All 28 new recruits during the year were informed about Kungsliden's policies and procedures to counteract corruption. These are also material issues for the Board of Directors and all Board members were informed about anti-corruption policies and guidelines during the year, while two Board members attended anti-corruption training programmes. In 2020, Kungsliden informed the 12 turnkey and general contractors in our major projects about our anti-corruption policies and guidelines.

There were no confirmed cases of corruption during 2020; nor is there any ongoing litigation concerning corruption.

ORGANISATIONAL PROFILE

	Unit	2018	2019	2020
Total no. of employees	no.	107	120	136
–of which women	no.	56	63	64
No. of permanent employees	no.	55	63	64
–of which full time	no.	54	62	64
–of which part time	no.	2	1	0
No. of fixed-term employees	no.	1	0	0
–of which men	no.	51	57	71
No. of permanent employees	no.	51	57	72
–of which full time	no.	51	0	72
–of which part time	no.	0	0	0
No. of fixed-term employees	no.	0	0	1

NOMINATION AND ELECTION OF BOARD OF DIRECTORS

EPRA: Gov-Select

To date, the Nomination Committee has been elected by the Annual General Meeting (AGM). According to the current instructions for the Nomination Committee's work, the members of the Nomination Committee are elected at the AGM for the period until the end of the following AGM. Three of the members represent shareholders that were among the largest shareholders in terms of the vote as of 31 January. The Chair of the Board has also been a member of the Nomination Committee.

The Nomination Committee has proposed that the 2021 AGM adopt new instructions for the Nomination Committee. Under this proposal, the members of the Nomination Committee will be appointed based on the largest shareholders in terms of the number of votes on 31 August. In addition, the Chairman of the Board is a member of the Nomination Committee. The Nomination Committee's composition is published as soon as a Nomination Committee has been appointed. It is proposed that the new instructions for the Nomination Committee apply from the 2021 AGM, pertaining to the work ahead of the 2022 AGM, entailing that the proposals on the election of members of the Nomination Committee will not be presented to this AGM.

The Nomination Committee makes proposals to the AGM concerning the election of the Board of Directors and its Chairman. Board members are elected at the AGM for the period until the end of the following AGM.

Pursuant to the Code's definition, all members of the Board are considered independent of the company and Management, and of the company's major shareholders.

At the Board meeting following its election, the Board jointly appoints the members of committees for the following year.

In its work, the Nomination Committee should protect the interests of all shareholders. The Nomination Committee applies the Swedish Corporate Governance Code and rule 4.1 stipulates that, taking into account the company's operations, phase of development and other conditions, the Board should be characterised by diversity and breadth in terms of the AGM-elected members' skills, experience and background. An even gender balance should be sought. The Nomination Committee has stated that it has applied rule 4.1 of the Code as its diversity policy in 2020. The aim is for the Board to have a composition appropriate to its operations, and to achieve this the Nomination Committee has specifically considered the importance of greater diversity on the Board in terms of gender, age and nationality as well as experience, professional background and business areas. The Board elected at the 2020 AGM comprises three women and four men, which meets the aim of at least 40 per cent representation for each gender set by the Swedish Corporate Governance Board. Ahead of the 2021 AGM, the Nomination Committee endeavoured to ensure a higher degree of diversity and an even gender distribution in its efforts to put together the most highly skilled Board of Directors for Kungsliden.

The Board of Directors has been assembled to actively and effectively support management in Kungsliden's development. The Board should also monitor and control operations. Skills and experience in the real estate sector, finance, business development and capital market issues are of particular importance for the Board of Directors.

PROCESS FOR MANAGING CONFLICTS OF INTERESTS

EPRA: Gov-Col

Response: Kungsliden has a Nomination Committee that ensures, during its nomination activities, that there are no conflicts of interests. Pursuant to the Swedish Corporate Governance Code's definition, all members of the Board are considered independent of the company and Management, and of the company's major shareholders.

Link: <http://www.bolagsstyrning.se/the-code/current-code>

COMPOSITION, BOARD OF DIRECTORS 2020

EPRA: Gov-Board

Name	Position (Chair, member)	Age	Year elected	Number of years on the Board	Experience of environmental and social issues? If yes, what type of experience?
Charlotte Axelsson	Chair of the Board, Chair of the Remuneration Committee	72	2014	6	CEO, HSB Stockholm, CEO, Svenska Bostäder
Ingalill Berglund	Member, Chair of Audit Committee	56	2017	3	CEO of Atrium Ljungberg, Board member, the Danvik Hospital Foundation
Jonas Bjuggren	Member of the Audit Committee	46	2018	2	Director of Property Management, Akademiska Hus, Regional Manager, Vasakronan
Christer Nilsson	Member of the Audit Committee	65	2019	1	Supervisor and Production Manager, Skanska
Jonas Olavi	Member of the Audit Committee	53	2020	1	Head of Tactical Asset Allocation with ESG responsibility, Alfred Berg and Alpcot
Fredrik Wirdenius	Member of the Remuneration Committee	59	2020	1	CEO of Vasakronan, Initiator and Board member of Sweden Green Building Council
Charlotta Wikström	Member of the Remuneration Committee	62	2009	11	Senior Advisor, Stardust Consulting AB



HEALTH & SAFETY

EPRA: H&S-Asset, H&S-Comp

All Kungsliden employees are encompassed by collective bargaining agreements and also by the company's management system for health and safety.

Kungsliden works in line with its Occupational Health & Safety (OHS) Policy and conducts systematic OHS efforts, including surveys, actions and monitoring according to a risk analysis and action plan that complies with current legal requirements. Everyone at Kungsliden is covered by the OHS Policy and the systematic OHS process efforts.

HR works together with Safety Officers and work is followed up annually by the Deputy CEO. We have a safety committee in which representatives of employees, employers and safety officers participate. The safety committee also has quarterly meetings where OHS matters are prepared for Group Management, with minor decisions taken directly by the safety committee. In 2020, Kungsliden conducted documented OHS inspections of 76 per cent of its properties.

Kungsliden holds weekly employee satisfaction surveys and all employees have an opportunity to anonymously report potential dangers or work situations that could cause injuries via the employee-satisfaction survey or via a whistleblower system that can also be accessed via the external website for suppliers. A work group comprising HR and the General Counsel deals with potential matters according to a transparent and communicated process. In accordance with the company's OHS procedure for follow-ups, HR annually reports its systematic OHS efforts, risk analyses and action plans to the Head Safety Officer and the Deputy CEO for checking.

All employees are offered a private health insurance and all employees have medical insurance that includes care and rehabilitation support in the event of occupational injuries. Employees have the opportunity to seek care confidentially and personal data related to individual health information is not documented, unless there are legal requirements to do so, a medical certificate for payroll management or a rehabilitation plan.

In the regular employee satisfaction surveys, employees are continuously asked to respond to OHS-related questions during the year, where they also have an opportunity to make proposals or raise viewpoints. The results of the employee satisfaction survey are followed up annually at management level, and department level, and are published transparently on the intranet for the entire company. The systematic OHS efforts are headed by HR and followed up annually together with the Deputy CEO and the Head Safety Officer.

TRAINING AND CAREER DEVELOPMENT

EPRA: Emp-Training

EPRA: Emp-Dev

Kungsliden has a major focus on training efforts, as well as personal and professional development, as described on pages 59-63 and elsewhere. In the table below, supplementary information is provided on hours of training and implemented career-development discussions.

HOURS OF TRAINING, AVERAGE PER EMPLOYEE

EPRA: Emp-Training

	Unit	2020
Management	Hours	45
Other employees	Hours	958
Women	Hours	209
Men	Hours	794

During the year, the company implemented in a number of health and safety training initiatives. Some examples are listed below:

- A two-day OHS training course for managers and safety officers about physical, psychosocial and organisational risks.
- A course on risks and the management of fire safety, electricity and work at heights for managers and technical maintenance staff.
- Lecture by a physician on the importance of health-promoting activities ahead of an offering to all employees to undergo a health check in which psychosocial well-being was also examined.

As part of health-promoting efforts, Kungsliden also offered a coach for outdoor exercise as well as on-site yoga sessions and 30-minute virtual yoga and mindfulness sessions once a month. The company offers discounts with a number of gyms and an annual fitness subsidy of SEK 5,000 to promote individual initiatives. During 2020, the company also paid for padel tennis sessions.

All health-promoting activities are voluntary; participation is not documented but encouraged via information on the intranet and by adapting times so that they suit employees.

Kungsliden did not have any serious occupational injuries in 2020; only two cases of very minor injuries were reported.

Work-related ill health is becoming a more prevalent problem than physical injuries for many service-intensive companies. Also at Kungsliden, employee-satisfaction surveys and health surveys show that a high workload and ambiguous directives or leadership have the potential to cause stress. Although structured processes for management by objectives and career development discussions address a number of these challenges, the company recorded individual cases of work-related stress during the year. In these cases, employees are offered support via private health and medical care during time off from work due to illness and rehabilitation.

SICKNESS ABSENCE AND OCCUPATIONAL INJURIES

EPRA: H&S-Emp

	2020
Injury rate*	0
Lost Day rate**	2
Absentee Days**	0
Number of occupational fatalities	0
Total number of hours worked during the year	246,979

* Number of incidents per 200,000 hours worked

** % of total number of hours worked

All employees should have at least one career-development talk annually. The proportion of employees who had documented career-development talks is shown in the table below. Undocumented talks comprise people who started their employment late in the year or left at year-end.

PERCENTAGE OF EMPLOYEES WHO HAD CAREER-DEVELOPMENT DISCUSSIONS

EPRA: Emp-Dev

	Unit	2020
Management	%	100
Other employees	%	94
Women	%	92
Men	%	96

DIVERSITY AND GENDER EQUALITY

EPRA: Diversity-Emp

	2018	2019	2020
Board of Directors			
No. of women	4	3	3
-of which aged under 30	0	0	0
-of which aged 30-50	0	0	0
-of which aged over 50	4	3	3
No. of men	2	3	4
-of which aged under 30	0	0	0
-of which aged 30-50	1	1	1
-of which aged over 50	1	2	3
Management			
No. of women	6	6	7
-of which aged under 30	0	0	0
-of which aged 30-50	4	5	4
-of which aged over 50	2	1	3
No. of men	3	3	3
-of which aged under 30	0	0	0
-of which aged 30-50	0	0	1
-of which aged over 50	3	3	2
Other employees			
No. of women	50	57	57
-of which aged under 30	8	7	5
-of which aged 30-50	33	36	39
-of which aged over 50	9	14	13
No. of men	48	54	69
-of which aged under 30	4	9	11
-of which aged 30-50	27	32	40
-of which aged over 50	17	13	18
Total	107	120	136

LAND CONTAMINATION AND REMEDIATION

In 2020, Kungsliden continued its work according to the plan established after the mapping process executed in 2016, when all properties held were categorised according to the contamination situation in one of the following five categories. All new acquisitions have been systematically reviewed and classified by contamination situation.

Category 1: Contamination detected that requires remediation.

Category 2: MIFO class 1 or 2 or other motivation for investigation required. Potential detection of contamination that requires a remediation programme.

Scope	Activity	Activity data	Conversion factor
Scope 1	Oil purchased by Kungsliden that is not invoiced to customers based on separate measurement or invoicing of actual consumption.	Internal gathering of statistics of purchased oil and invoicing systems.	Heating oil: 0.268 tons CO ₂ /MWh. Source: Statistics Sweden. Conversion of Statistics Sweden energy statistics to CO ₂ emissions, 29 May 2009 w. 2
Scope 2	Electricity purchased by Kungsliden that is not invoiced to customers based on separate measurement or invoicing of actual consumption.	Internal gathering of statistics of purchased electricity and invoicing systems.	Certified renewable energy: 4 g CO ₂ /kWh (market-based). Source: Naturskyddsforeningen.se Swedish electricity mix: 47 g CO ₂ /kWh (location-based). Source: energimyndigheten.se
Scope 2	District heating purchased by Kungsliden that is not invoiced to customers based on separate measurement or invoicing of actual consumption.	Internal gathering of statistics of purchased district heating and invoicing systems.	Statistics from each district heating provider.
Scope 3	Purchasing of goods and services from external suppliers.	External gathering of statistics on travel, goods and services from external suppliers. Scope 3 calculation of material and services is based on a representative sample.	Emissions of material from IVL. Source: IVL's database through the Construction Sector's Environmental Calculation Tool. Business travel from travel supplier Source: www.bigtravel.se Travel to and from work. Source: www.trafikverket.se Company cars Source: Carmakers' emissions data

SALARY SETTING

EPRA: Diversity-Pay

	Unit	Basic salary, women	Basic salary, men
Board of Directors	%	144	69
Management	%	114	87
Other employees	%	106	94

EMPLOYEE TURNOVER

EPRA: Emp-Turnover

	Unit	Women	Men	Total
Number of new employees	no.	7	21	28
Percentage of new employees	%	5	16	21
Number of departing employees	no.	6	6	12
Percentage of departing employees	%	4	5	9

CASES OF DISCRIMINATION AND ACTIONS TAKEN

	Unit	2019	2020
Cases of discrimination incidents	no.	0	0

COMPLIANCE WITH ENVIRONMENTAL LAWS

In 2020, there were four environment-related incidents comprising one case of illegal demolition, two cases of late submission of scraping certificates and one case of late submission of a report. The total penalty amount was SEK 183,000.

Category 3: MIFO class 3 or 4 or contamination detected that does not require remediation.

Category 4: Risk of contamination, but none detected and no sector classification.

Category 5: No contamination detected and no reason for suspicion.

This assessment is based on documentation in public records and internal materials and investigation. Kungsliden has not been imposed with any instructions for remediation of soil contamination. No portfolio property is currently classified in category 1.

EPRA Index

EPRA SUSTAINABILITY PERFORMANCE MEASURES

Effective 2016, Kungsliden reports in-depth sustainability performance measures for the company based on the EPRA's (European Public Real Estate Association) sBPR (Best Practices Recommendations on Sustainability Reporting).

EPRA PERFORMANCE MEASURES

Kungsliden reports sustainability performance measures for 17 of the EPRA sBPRs. Performance measures are reported for energy, greenhouse gas emissions, water, waste and share of environmentally certified buildings, prepared in accordance with the most recent guidelines from the EPRA; sBPR. Energy consumption is reported in MWh, emissions in tons, water consumption in m3, emission intensity in kg/m2, energy intensity in kWh/m2 and water intensity in litres/m2.

EPRA OVERARCHING RECOMMENDATIONS

Organisational boundary

The boundary of reporting relates to the properties where Kungsliden has operational control pursuant to the principles of the Greenhouse Gas Protocol. Kungsliden has adopted this approach because it provides us with the best potential to report and quality-assure statistics that Kungsliden can directly impact. Other properties for which the customer is responsible for agreements for delivering energy, water and waste are not included. When the customer is responsible for these agreements, Kungsliden is not in possession of the metrics, and accordingly, reporting outcomes is problematic.

Coverage

Continuous and active work to gain access to relevant performance data is ongoing on the properties that Kungsliden owns and manages. Kungsliden values available performance data because this creates the potential for effective and positive management of properties. Kungsliden currently has access to performance data for large parts of its portfolio. The share of properties included in indicators is reported for each performance measure. However, Kungsliden does not have access to performance data for all properties. Above all, measurements of waste are missing due to waste contractors being unable to provide statistics for all properties. Kungsliden works continuously to gain access to all relevant performance data to the greatest extent possible. At year-end 2019, Kungsliden owned a total of 209 properties, compared to 209 properties at year-end 2018. Kungsliden acquired and divested properties during the period. For the complete property list, see pages 142-149.

EPRA code	Indicator	Pages
Environmental Sustainability		
Elec-Abs	Total electricity consumption	Pages 128–130
Elec-LfL	Like-for-like total electricity consumption	Pages 128–130
DH&C-Abs	Total district heating & cooling consumption	Pages 128–130
DH&C LfL	Like-for-like total district heating & cooling consumption	Pages 128–130
Fuels-Abs	Total fuel consumption	Pages 128–130
Fuels-LfL	Like-for-like total fuel consumption	Pages 128–130
Energy-Int	Building energy intensity	Pages 128–130
GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions	Pages 128–130
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions	Pages 128–130
GHG-Int	Greenhouse gas (GHG) intensity from building energy consumption	Pages 128–130
Water-Abs	Total water consumption	Pages 128–130
Water-LfL	Like-for-like total water consumption	Pages 128–130
Water-Int	Building water intensity	Pages 128–130
Waste-Abs	Total weight of waste by disposal route	Pages 128–130
Waste-LfL	Like-for-like total weight of waste by disposal route	Pages 128–130
Cert-Tot	Type and number of sustainably certified assets	Pages 128–130

Estimation of landlord-obtained utility consumption

All data reported has been measured and verified. There were no estimations.

Third party assurance

Kungsliden's indicators reported pursuant to EPRA have not been verified by a third party.

Boundaries – reporting on landlord and tenant consumption

Kungsliden reports on the energy purchased by the property owner, i.e. by Kungsliden. Kungsliden does not report tenants' energy consumption because it basically does not have access to these statistics. Kungsliden cannot directly influence tenant energy consumption, which to some extent renders the statistics less relevant. See the EPRA table for the data reported.

Normalisation

Kungsliden utilises the Swedish Meteorological & Hydrological Institute's standards to normalise energy for heating.

Analysis – Segmental analysis (by property type, geography)

Kungsliden reports sustainability data pursuant to the building types of office and retail premises, industrial buildings and projects.

Disclosure on own offices

Kungsliden's own offices are included in the statistics, but not reported separately.

Narrative on performance

Changes from 2019 to 2020 are stated in this index for 2020. Scope 3 emissions is new for 2020 as is adjustment of conversion factor for location-based scope 2 emissions.

Location of EPRA Sustainability Performance in companies' reports

Reporting of sustainability key figures pursuant to EPRA sBPR is formulated in this index, which is part of the Annual Report for 2020.

Reporting period

The reporting of sustainability key figures pursuant to EPRA sBPR is for the calendar year, i.e. 1 January to 31 December.

EPRA code	Indicator	Pages
Social Performance Measures		
Diversity-Emp	Composition of Board of Directors, Group Management and other employees by gender and age group	Page 127
Diversity-Pay	Gender pay ratio	Page 127
Emp-Training	Average training hours per employee	Page 126
Emp-Dev	Career development of employees	Page 126
Emp-Turnover	Employee turnover	Page 127
H&S-Asset	Evaluating health and safety	Page 126
H&S Emp	Sickness absence and occupational injuries	Page 126
H&S-Comp	Health and safety compliance	Page 126
Compty-Eng	Social commitment and development programmes	Page 123
Governance Performance Measures		
Gov-Board	Composition of the Board of Directors	Page 124
Gov-Select	Nomination and election of Board of Directors	Page 124
Gov-Col	Process for managing conflicts of interests	Page 124

TCFD – Climate-related risks and opportunities

This is the first year that Kungsliden has included recommendations from the TCFD framework in the company's reporting in order to describe how we work strategically with climate-related risks and opportunities. Our TCFD reporting for 2020 is presented below:

GOVERNANCE

Kungsliden arranges an annual risk workshop, including climate risks, for management and has an annual discussion about climate risks with the Board. A detailed climate-risk workshop involving the Board of Directors is held every three years. Transition risks related to the achievement of our emissions reduction targets are discussed annually by the Sustainability Manager, management and the Board.

Management focuses intently on climate risks, whereby facility management through regional managers is responsible for physical climate risks in our properties. Management conducts an annual review in which climate risks are included and a specific climate-risk workshop is held every three years. Transition risks related to the achievement of our emissions reduction targets are discussed annually by the Sustainability Manager, management and the Board. In connection with acquisitions and property investments, Management ensures that climate risks have been considered.

STRATEGY

The most material climate-related risks and opportunities identified by Kungsliden are:

Transition risks

- Higher price of carbon dioxide (long term)
- Changes in customer preferences and behaviour (medium term)
- Increased investor requirements (short term)
- Increased energy prices (medium term)

Physical climate risks

- Increased temperatures (long term)
- Increased precipitation (long term)

Opportunities

- Reduced energy consumption in buildings (short, medium and long term)
- Increased demand for sustainable properties (short, medium and long term)
- Technological innovation and future-proofed properties (medium and long term)
- Reduced borrowing costs (short, medium and long term)
- Attractive employer (short, medium and long term)

Kungsliden has been affected by identified climate risks and opportunities in that climate risks are analysed in all acquisitions, investments and projects, whereby the outcome of the analysis affects the investment decision. These analyses also formed the basis for our strategic planning of climate risks for 2021 and 2022. In 2021, we will implement an overriding scanning process to identify the climate risks and opportunities of relevance in each geographical area where we have properties. In 2022, we will implement a detailed climate-risk analysis at property level covering the entire portfolio and will formulate action plans for managing identified climate risks and opportunities per property where necessary.

Kungsliden's strategy is resistant to climate risks. Examples of this are that we set targets for our work on climate risks – see Indicators and Target C under the TCFD recommendations – and that we have included climate risks as a focus area – "Climate adaptation and water" under the sustainability area Planet. Our targets are analysed annually to determine whether conditions have changed and we implement an in-depth climate-risk analysis every three years in which our targets and performance are evaluated as a basis for potential adjustments of the strategy.

RISK MANAGEMENT

Our process for identifying and assessing climate-related risks was formulated at a workshop held in 2020 with external consultants together with representatives of Management, the General Counsel, property management, projects, project development and the Sustainability Manager.

Our process for managing climate-related risks and opportunities involves overriding business intelligence by the Sustainability Manager and the General Counsel. Transition risks and climate-related opportunities are managed by the Sustainability Manager in consultation with Management and the Board whereby this matter is addressed annually. Physical climate risks are addressed by property management, headed by Regional Managers. In 2021, we will increase our knowledge through an analysis of the property portfolio at a geographical level and, in 2022, physical climate risks related to properties will be identified and action plans formulated for the identified climate risks. Physical climate risks at property level will be followed up and addressed by property technicians with support from property management and market area managers.

Our climate-related risks are integrated with other risk management through an annual risk workshop for Management, discussions with the Board of Directors and a thorough risk analysis by Management and the Board every three years.

INDICATORS & TARGETS

We use identified physical climate risks that are identified by property owners and will measure these at municipal and property levels. Climate risks are assessed together with the technical condition of properties. For transition risks and climate-related opportunities for achieving our emissions reduction target, we measure carbon emissions together with investment profitability in order to assess suitable plans and actions. Initially, added value for our brand and for the tenants is estimated.

Kungsliden reports direct and indirect emissions (Scopes 1, 2, 3) in accordance with the Green House Gas protocol; see page 134

For physical climate risks, we have set a target of identifying climate risks in geographical areas where we have properties in 2021, with the outcome evaluated in late 2021 and included in the sustainability report. For 2022, our target is to identify and assess all climate risks at property level together with the property's technical conditions and to prepare an action plan to manage any climate risks, with the outcome evaluated at the end of 2022 and to be included in the sustainability report. From 2023 and thereafter, we will implement annual follow-ups at property level, where the status of climate risks is assessed together with the technical condition of the property. Our long-term goal is for all of our properties to show a low risk of physical climate risks.

For climate-related transition risks and opportunities, we have a long-term emissions reduction target of being climate positive throughout the value chain by 2035 (Scopes 1-3) and in property management by 2025 (Scopes 1, 2) We also have an emissions reduction target in line with the Science Based Targets of limiting global warming to a maximum of 1.5°C, whereby we will reduce our Scope 1 and 2 climate emissions by 50 per cent by 2030 compared with 2018 levels and measure and reduce our Scope 3 emissions. The outcome of our climate emissions, financial costs for climate activities and reduced energy consumption in properties is evaluated annually. We implement regular customer surveys concerning our sustainability and climate activities to identify additional customer opportunities, and we regularly check with the financing market to identify additional green financing opportunities that result from our ambitious emissions reduction targets and our climate activities.

Risk	Description	Probability x Consequence = Risk value	Management
Higher price of carbon dioxide	In the long term, we see a probable risk of increased costs, since we expect the property sector to be asked to pay for our Scope 1 and 2 emissions	3 x 1 = 3	We are working actively to reduce our climate impact, which will lower the potential impact.
Changes in customer preferences and behaviour	Our customers' interest in the climate issue is increasing continuously. We also note that new customers from younger generations are showing a greater focus on climate-related issues.	2 x 2 = 4	We have a distinct strategy and are working determinedly to reduce the climate impact of our commercial premises and, during 2021, we will offer climate-smart premises with a focus on reuse for our climate-conscious customers.
Increased investor requirements	We are already experiencing increased requirements for our climate activities and management of climate risks from investors and believe that this trend will continue.	3 x 2 = 6	We regularly communicate with investors to understand their expectations and are accelerating our own climate and climate-risk efforts.
Increased energy prices due to political decisions	We are witnessing a general electrification of our society and a switch towards fossil-free alternatives. We regard it as probable that this will ultimately result in increased energy prices.	2 x 1 = 2	We are working determinedly to achieve energy efficiency and to increase the amount of locally generated renewable energy.
Increased temperatures	Climate change has already resulted in a higher average temperature in Sweden and it is highly probable that this trend will accelerate in the future.	3 x 1 = 3	We monitor properties that lack cooling and where cooling needs may need to be increased in the future, and include this in the properties' maintenance and investment plan.
Increased precipitation	Climate change causes increased precipitation over a shorter period of time, which is increasing the risk of flooding and moisture damage in properties.	3 x 1 = 3	We analyse properties that are at risk of flooding and moisture damage as part of technical inspections and will do this more thoroughly as of 2022.

Opportunity	Description	Probability x Consequence = Value opportunity	Management
Reduced energy consumption in buildings	A reduced consumption of energy resulting in lower operating expenses and lower climate emissions.	3 x 2 = 6	Our target is to reduce the energy consumption of our properties by 25 per cent up to 2025 by improving energy efficiency and increasing locally generated renewable energy in the form of solar panels and geoenery installations.
Increased demand for sustainable properties	From interviews with customers, we know that over time our customers are continuously increasing their demands for sustainability.	3 x 2 = 6	We are working determinedly to ensure that all of our properties become more sustainable via, for example, certification and reducing their climate impact.
Technological innovation and future-proofed properties	The buildings and offices of the future need to be intelligent and future-proofed to be attractive to customers and the insurance industry.	2 x 2 = 4	No later than 2022, all climate risks will be identified and included in a property-level action plan. We are working actively at Management level to achieve technological innovation for ensuring that we are at the cutting edge of development.
Reduced financing costs	The green financial market is showing an increased interest in the climate and climate risks, a trend that we expect to continue.	2 x 2 = 4	Our ambitious emissions reduction targets and efforts to reduce climate risks through TCFD's recommendations will be included in an updated green financial framework during 2021.
Attractive employer	We know from employee interviews that employees are attracted by companies that have a strong sustainability and climate focus.	2 x 3 = 6	With new ambitious sustainability emissions reduction targets launched in 2020, we are well positioned to be and to become an increasingly attractive employer moving forward.

GRI Index

Kungsliden reports according to the GRI Standards at Core level. A GRI index that indicates where to find in-depth information is provided below. Kungsliden has adopted GRI as its system and guidelines to improve comparability with other entities within and outside its sector.

The Sustainability Report covers all operations unless otherwise stated. Kungsliden's Annual & Sustainability Report is issued annually and this report pertains to the period 1 January–31 December 2020. The latest Sustainability Report was published at www.kungsliden.se on 19 March 2020. No restatements from previous reports but the boundary for the reporting of GHG emissions has been expanded. We now also include Scope 3; which comprises construction material, business travel by road, air and rail, and emissions from cloud services. During 2020, we are reporting for the first time according to TCFD and we have now included the reporting of waste, water, social commitment, and compliance with environmental laws. Important external sustainability initiatives that Kungsliden has joined or complies with include the UN Global Compact, Global Reporting Initiative, EPRA, LEED, BVB, GRESB and TCFD. As a consequence of signing the UN Global Compact, Kungsliden is required to comply with the precau-

tionary principle, which is a feature of the initiative's environmental undertakings. Other important organisations in which Kungsliden is a member are Fossil-free Sweden, Sweden Green Building Council, Network for a sustainable business sector (NMC), Swedish Property Owners' Sustainability Council, Construction Material Assessment Body (BvB), LEED Council and GRESB, and UN Global Compact. This Sustainability Report has not been externally verified. The auditor's statement on the Sustainability Report according to the requirements of the Swedish Annual Accounts Act is presented on page XX. The contact for questions concerning the Sustainability Report is: Erik Florman, Sustainability Manager
E-mail: erik.florman@kungsliden.se
Telephone: Int. + 46 8 503 052 33
Website: www.kungsliden.se

GRI Standard	Disclosure	EPRA	Description	Comment	Pages
General Disclosures					
GRI 102: General Disclosures 2016	Organisational profile				
	102-1		Name of the organisation	Kungsliden Fastighets AB, corporate identity number 556459-8612	GRI index, page 133
	102-2		Activities, brands, products, and services		Page 5
	102-3		Location of headquarters	Stockholm, Sweden	Page 78, GRI index, page 133
	102-4		Location of operations	Kungsliden conducts operations in Sweden alone	GRI index, page 133
	102-5		Ownership and legal form		Pages 5, 66
	102-6		Markets served	Sweden	GRI index, pages 133, 27-28, 43
	102-7		Scale of the organisation		Pages 5, 6, 42, 113, 123
	102-8		Information on employees		Page 123
	102-9		Supply chain		Pages 20–21, 84
	102-10		Significant changes to the organisation and its value chain during the reporting period		Page 7
	102-11		Precautionary Principle or approach		Page 133
	102-12		External initiatives		Page 133
102-13		Membership of associations		Page 133	
Strategy and analysis					
102-14		Statement from senior decision-maker		Pages 10–11	
Ethics and integrity					
102-16		Values, principles, standards, and norms of behavior		Pages 59, 61	
Governance					
102-18		Governance structure		Pages 47, 66–71, 124, 131	
Relations with stakeholders					
102-40		List of stakeholder groups		Pages 122–123	
102-41		Collective bargaining agreements		Page 126	
102-42		Identifying and selecting stakeholders		Page 122	
102-43		Approach to stakeholder engagement		Pages 122–123	
102-44		Key topics and concerns raised		Page 123	

GRI Standard	Disclo- sure	EPRA	Description	Comment	Pages
Reporting practice					
GRI 102: General Disclosures 2016	102-45		Entities included in the consolidated financial statements		Page 116 (note 6)
	102-46		Defining report content and topic boundaries		Page 130
	102-47		List of material topics		Page 122
	102-48		Restatements of information		Page 133
	102-49		Changes in reporting		Page 133
	102-50		Reporting period		Page 133
	102-51		Date of most recent report		Page 133
	102-52		Reporting cycle		Page 133
	102-53		Contact point for questions regarding the report		Page 133
	102-54		Claims of reporting in accordance with the GRI Standards		Page 133
	102-55		GRI index		Pages 133-135
102-56		External assurance	Not including external review		Pages 133, 136
Specific Disclosures					
Economic performance					
	103-1/2/3		Management approach		Pages 20-25, 46-47, 78-81, 122-124
GRI 201: Economic performance 2016	201-1		Direct economic value generated and distributed		Page 123
	201-2		Financial implications and other risks and opportunities due to climate change.		Page 137
Anti-corruption					
	103-1/2/3		Management approach		Pages 46-47, 60-62, 84, 122-123
GRI 205: Anti-corruption 2016	205-1		Operations assessed for risks related to corruption		Pages 84, 123
	205-2		Communication & training about anti-corruption policies and procedures		Pages 61-62, 123
	205-3		Confirmed incidents of corruption & actions taken		Page 123
Energy					
GRI 302: Energy 2016	103-1/2/3		Management approach	Triple net properties are not included	Pages 25, 45, 47, 49-51, 122-123
	302-1		Energy consumption within the organization		Pages 128-130
	302-3		Energy consumption per square metre		Pages 128-130
Water					
GRI 303: Water 2016	103-1/2/3		Management approach	Triple net properties are not included	Pages 47, 122-123
	303-1		Interactions with water as a shared resource		Pages 128-130
Biodiversity					
GRI 304: Biodiversity 2016	103-1/2/3		Management approach	Measurement data for 2020 is not available; work is under way to define appropriate measurement data and measurement methods.	Pages 47, 122-123
Emissions					

GRI Standard	Disclo- sure	EPRA	Description	Comment	Pages
GRI 305: Emissions 2016	103-1/2/3		Management approach	Triple net properties are not included	Pages 25, 45, 47, 49-51, 122-123, 131-132
	305-1		Direct (Scope 1) GHG emissions		Pages 127-130
	305-2		Energy indirect (Scope 2) GHG emissions		Pages 127-130
	305-3		Other indirect (Scope 3) GHG emissions		Pages 127-130
	305-4		GHG emissions intensity		Pages 127-130
Waste					
GRI 306: Waste 2016	103-1/2/3		Management approach		Pages 47, 122-123, 130, 133
	306-2		Waste by type and disposal method	We report waste in properties wherever information is available. 35 of 211 properties.	Pages 128-130
Compliance with environmental laws					
GRI 307: Environmental compliance 2016	103-1/2/3		Management approach		Pages 47, 122-123, 127
	307-1		Non-compliance with environmental laws and regulations		Page 127
Land contamination and remediation					
	103-1/2/3		Management approach		Pages 47, 84, 122-123, 127
	CRE5		Contaminated and remediated land		Page 127
Environmental certification					
	103-1/2/3		Management approach		Pages 47, 50, 89, 122-123, 132
			Number and proportion of environmentally certified properties		Pages 45, 128-130
Employee health & safety					
GRI 403: Employee health & safety 2018	103-1/2/3		Management approach		Pages 46-47, 58-63, 82-83, 122-123, 126
	403-1 - 403-7		Topic-specific management approach		Page 126
	403-8		Workers covered by an occupational health and safety management system		Page 126
Skills management of employees					
GRI 404: Training and education 2016	103-1/2/3		Management approach		Pages 46-47, 58-63, 82-83, 122-123, 126
	404-2		Programs for upgrading employee skills and transition assistance programs		Page 126
	404-3		Percentage of employees receiving regular performance and career development discussions		Page 126
Diversity and gender equality					
GRI 405: Diversity and equal opportunity 2016	103-1/2/3		Management approach		Pages 46-47, 58-63, 82-83, 122-123, 126
	405-1		Composition of company by gender and age group		Page 127
	405-2		Ratio of basic salary and remuneration of women to men		Page 127
	406-1		Incidents of discrimination and corrective actions taken		Page 127
Social commitment					
GRI 413: Social commitment	103-1/2/3		Management approach		Pages 47, 60-63, 122-123
	413-1		Operations with local community engagement, impact assessments, and development programs		Page 123
Sustainability supply chain					
	103-1/2/3		Management approach		Pages 84, 122-123
GRI 308: Supplier Environmental Assessment 2016	308-2		Negative environmental impacts in the supply chain and actions taken	No quantitative supplier assessment data is reported due to a lack of information; work in this area will be developed moving forward.	Pages 61, 84
GRI 414: Supplier Social Assessment 2016	414-2		Negative social impacts in the supply chain and actions taken	No quantitative supplier assessment data is reported due to a lack of information; work in this area will be developed moving forward.	Pages 61, 84
Customer health & safety					
GRI 416: Customers health & safety 2016	103-1/2/3		Management approach		Pages 45-47, 52-57, 83, 122-123
	416-2		Incidents of non-compliance concerning the health and safety impacts of products & services	No instances of non-compliance reported. Faults reporting in properties is managed continuously by means of a fault reporting system.	Pages 52, 126

Summary of Kungsleden's fulfilment of the reporting standards of the Swedish Annual Accounts Act

Segment	Disclosure	Pages
Overall	Business model	Pages 20–21, 45–47
Environment	Policy and environmental issues Risks and their management within environmental issues Goals and performance related to environmental issues	Pages 45–51, 84, 122–123, 127–132
Human resources and social conditions	Policy and social issues Risks and their management within social issues Goals and performance related to social issues	Pages 45–47, 52–63, 84, 122–123, 126–127
Respect for human rights	Policy and social issues Risks and their management within social issues Goals and performance related to social issues	Pages 45–47, 58–63, 84, 122–123, 126–127
Anti-corruption	Policy for work on anti-corruption Risks and their management within anti-corruption Goals and performance related to anti-corruption	Pages 45–47, 60–63, 84, 122–124

Auditor's report on the statutory sustainability statement

To the general meeting of the shareholders of Kungsleden AB (publ), corporate identity number 556545-1217.

ENGAGEMENT AND RESPONSIBILITY

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2020 on pages 21-21, 45-63, 84, 122-124 and 126-132 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 *The auditor's opinion regarding the statutory sustainability statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

OPINIONS

A statutory sustainability statement has been prepared.

Stockholm 24 March 2021
Ernst & Young AB

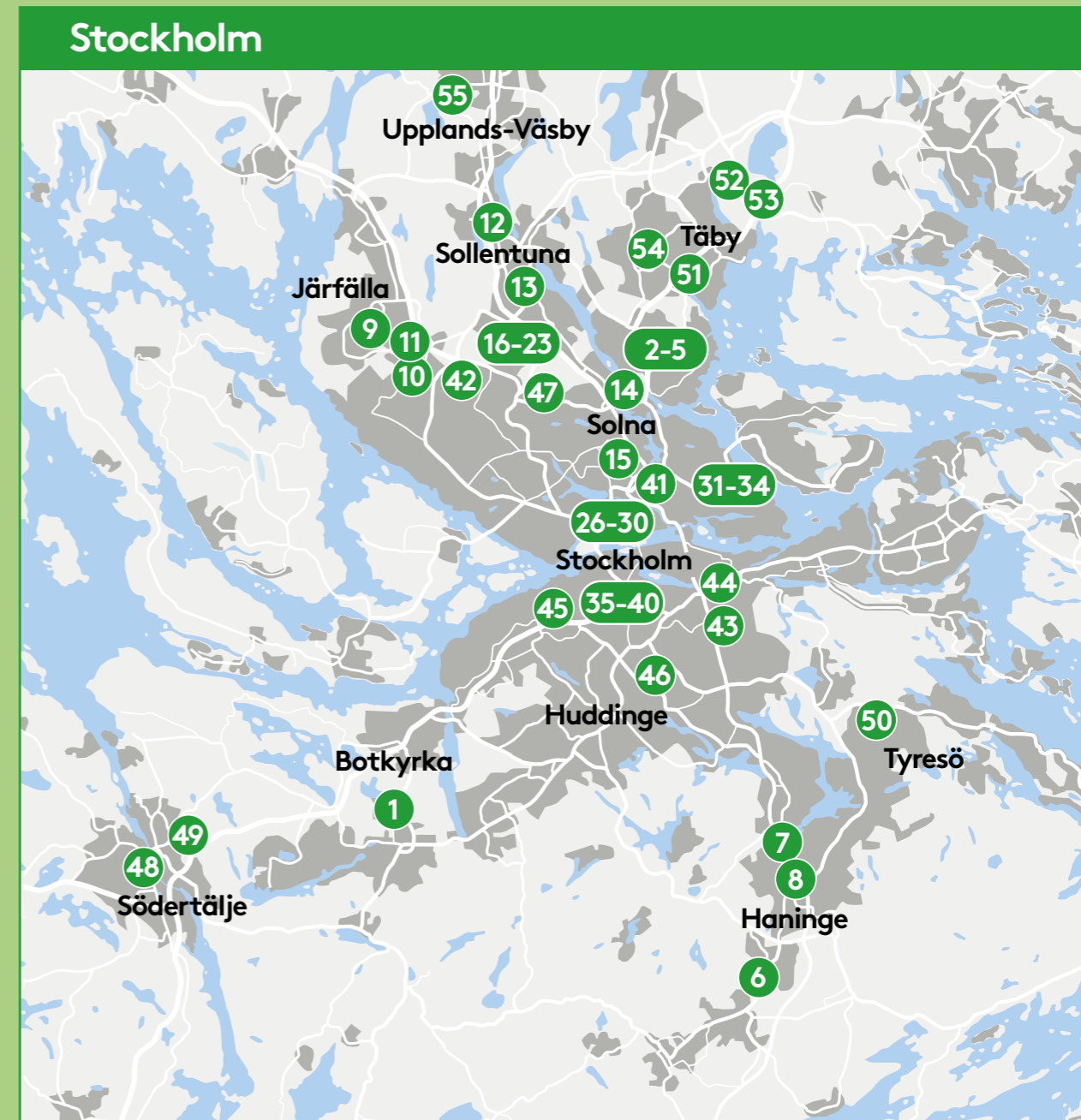
Jonas Svensson
Authorized Public Accountant

Ingemar Rindstig
Authorized Public Accountant



Stockholm

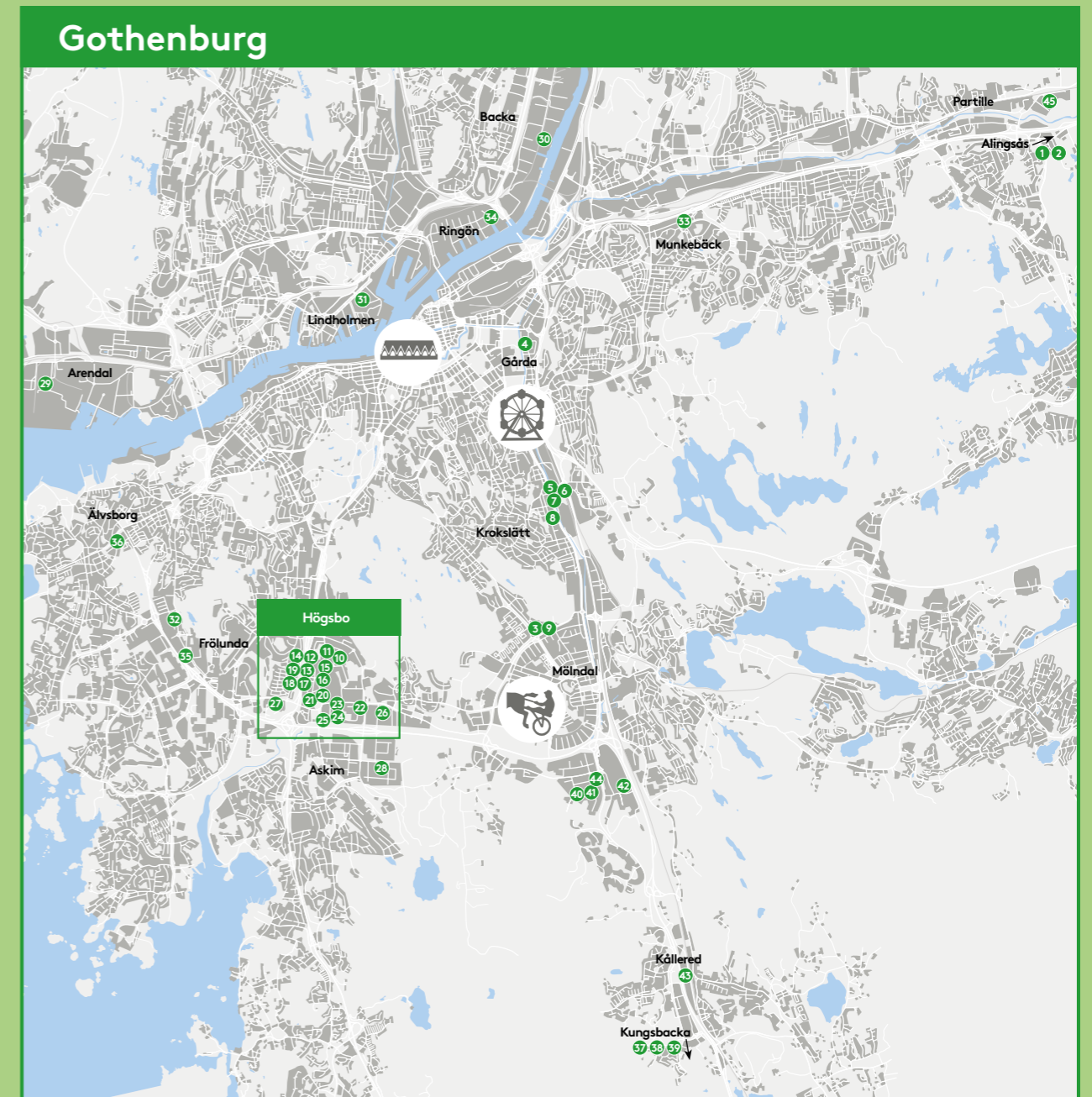
Municipality	Cluster	Property	Address	Property category	Area	Prop. concentration	
1	Botkyrka	Other	Tunaberg 4	Tunabergsvägen 1	Retail	1,320	Stockholm
2	Danderyd	Danderyd Office	Bergudden 8	Berga Backe 2-4, Karlsrovägen 1-2	Office	19,329	Stockholm
3			Muttern 3	Enebybergsvägen 8-12	Office	7,502	Stockholm
4			Svärdet 7	Svärdvägen 3-31	Office	40,674	Stockholm
5			Trekanten 5	Vendevägen 85 A-B, 87-91	Office	32,061	Stockholm
6	Haninge	Other	Jordbromalm 6:14	Lagervägen 11	Industrial/Warehouse	9,573	Stockholm
7			Täckeråker 2:227	Gamla Nynäsvägen 3A	Retail	2,810	Stockholm
8			Täckeråker 2:273	Gamla Nynäsvägen 3B	Retail	5,966	Stockholm
9	Järfälla	Other	Veddesta 2:37	Datavägen 7	Office	2,895	Stockholm
10			Veddesta 2:65	Veddestavägen 15	Industrial/Warehouse	14,362	Stockholm
11			Veddesta 2:73	Veddestavägen 17	Office	6,759	Stockholm
12		Other	Gärdsmygen 4	Skolvägen 12, 14	Office	2,404	Stockholm
13			Träböcken 1	Sofielundsvägen 2-6	Office	5,365	Stockholm
14	Solna	Other	Forellen 1	Björnstigen 4	Industrial/Warehouse	1,363	Stockholm
15			Ugnen 5	Industrivägen 7	Office	3,699	Stockholm
16	Stockholm	Kista City	Borgarfjord 5	Torshamnsgatan 25, 27	Office	10,035	Stockholm
17			Färöarna 3	Kistagången 20, 22, 24, 26, 28, 30	Office	37,666	Stockholm
18			Holar 1	Skalholtsgränd 2	Office	6,044	Stockholm
19			Holar 4	Skalholtsgränd 6-8	Office	7,292	Stockholm
20			Hornafjord 1	Borgarfjordsg 7-13	Office	22,836	Stockholm
21			Keflavik 1	Isafjordsgatan 30 B	Office	25,097	Stockholm
22			Reykjavik 2	Borgarfjordsgatan 14	Office	11,892	Stockholm
23			Terminalen 2	Esbogatan 12-18	Office	15,152	Stockholm
24			Torsnäs 1	Skalholtsgränd 5, 9, 11	Office	10,523	Stockholm
25	Stockholm	City West	Gladan 4	Warfvinges väg 30-32	Office	7,547	Stockholm
26			Gladan 5	Warfvinges väg 22-24	Office	4,157	Stockholm
27			Gladan 6	Warfvinges väg 26	Office	4,233	Stockholm
28			Gladan 7	Warfvinges väg 28	Office	2,886	Stockholm
29			Lustgården 11	Warfvinges väg 35	Office	7,473	Stockholm
30			Lustgården 12	Warfvinges väg 29-33	Office	13,366	Stockholm
31	Stockholm	City East	Rotterdam 1	Hangövägen 18-20	Office	21,820	Stockholm
32			Stettin 5	Tegeluddsvägen 82-84	Other	17,469	Stockholm
33			Stettin 6	Tegeluddsvägen 96-100	Office	25,125	Stockholm
34			Tegeludden 13	Tegeluddsvägen 70-80/ Östhammarsgatan 68 & 74	Office	20,612	Stockholm
35	Västberga		Dagskiftet 3	Elektravägen 18	Industrial/Warehouse	5,458	Stockholm
36			Dikesrenen 2	Vretensborgsvägen 21	Industrial/Warehouse	3,124	Stockholm
37			Domptören 4	Västberga Allé 4	Industrial/Warehouse	4,455	Stockholm
38			Nattskiftet 15	Drivhjulsvägen 22, 24, 26	Office	10,412	Stockholm
39			Timpenningen 1	Västbergavägen 24	Industrial/Warehouse	12,321	Stockholm
40			Vreten 20	Vretensborgsvägen 16	Industrial/Warehouse	2,647	Stockholm
41	Other		Blästern 14	Gävlegatan 16, 18 A-C	Office	17,175	Stockholm
42			Furudal 2	Fagerstagatan 4	Office	1,820	Stockholm
43			Glasmålningen 4	Nynäsvägen 297, 299	Industrial/Warehouse	3,011	Stockholm
44			Godsvagnen 9	Virkesvägen 21 B	Other	8,314	Stockholm
45			Gulddragaren 24	Västertorpsvägen 136	Office	1,546	Stockholm
46			Kantjärnet 4	Skebokvarnsvägen 370	Office	5,558	Stockholm
47	Sundbyberg	Other	Päronet 1	Ursviksvägen 129	Industrial/Warehouse	4,213	Stockholm
48	Södertälje	Other	Enen 10	Järnagatan 12	Office	6,040	Stockholm
49			Traktorn 7	Gränsbovägen 8	Industrial/Warehouse	5,610	Stockholm
50	Tyresö	Other	Järnet 6	Bollmora Gårdsv. 2-18	Office	21,337	Stockholm
51	Täby	Other	Fräsen 1	Maskinvägen 2	Office	1,904	Stockholm
52			Måttbandet 8	Måttbandsvägen 5	Retail	1,938	Stockholm
53			Räknestickan 2	Tillverkarvägen 4	Industrial/Warehouse	928	Stockholm
54			Tändstiftet 2	Enhagsvägen 4	Other	2,207	Stockholm
55	Upplands Väsby	Other	Njursta 1:21	Jupitervägen 2	Industrial/Warehouse	13,484	Stockholm



Gothenburg

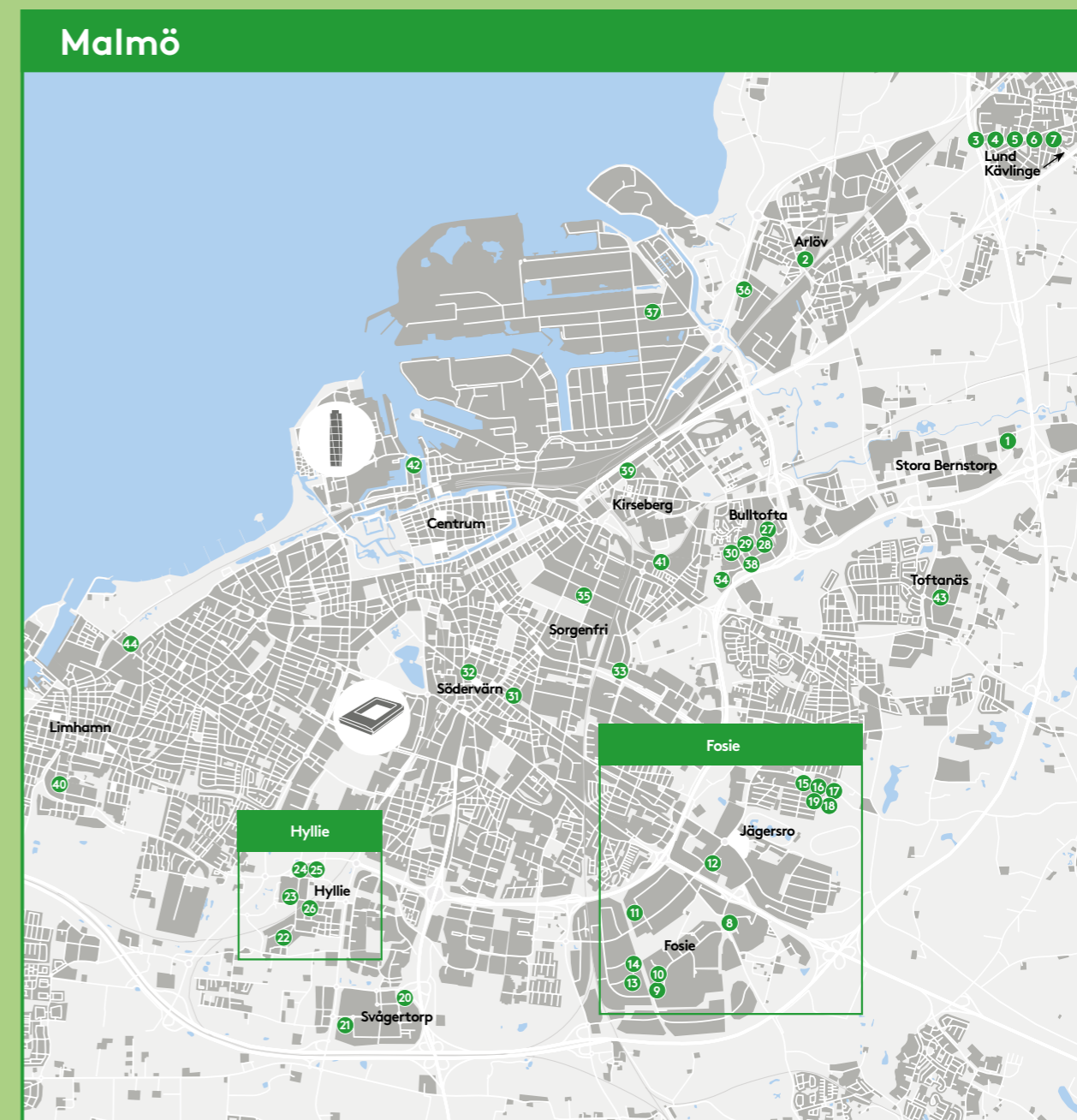
Municipality	Cluster	Property	Address	Property category	Area	Prop. concentration	
1	Alingsås	Other	Bulten 1	Sävelundsgatan 2	Industrial/Warehouse	18,381	Gothenburg/Malmö
2			Plommonet 12	Noltorps Centrum 2, 4	Retail	2,102	Gothenburg/Malmö
3	Gothenburg	Gothenburg South Central	Part of Stiernhielm 7 ²	Wallinsgatan 6	Office	0	Gothenburg/Malmö
4			Gårda 19:10	Fabrikgatan 13	Office	3,748	Gothenburg/Malmö
5			Kallebäck 2:7	Grafiska vägen 2B	Office	5,605	Gothenburg/Malmö
6			Kallebäck 2:9	Almedalsvägen 20	Other	11,600 ¹	Gothenburg/Malmö
7			Kallebäck 2:11	Grafiska vägen 2C	Office	12,662	Gothenburg/Malmö
8			Krokslätt 34:16	Ebbe Lieberathsgatan 18a	Office	11,692	Gothenburg/Malmö
9			Stiernhielm 7	Wallinsgatan 6	Office	6,578	Gothenburg/Malmö
10		Högsbo	Högsbo 10:17	Britta Sahlgrens gata 8 A-D	Industrial/Warehouse	10,092	Gothenburg/Malmö
11			Högsbo 11:5	Britta Sahlgrens gata 5	Industrial/Warehouse	3,483	Gothenburg/Malmö
12			Högsbo 13:2	E A Rosengrens Gata 13 (A-E)	Industrial/Warehouse	2,873	Gothenburg/Malmö
13			Högsbo 13:4	E A Rosengrens Gata 19	Office	5,600	Gothenburg/Malmö
14			Högsbo 13:6	E A Rosengrens Gata 17	Industrial/Warehouse	7,664	Gothenburg/Malmö
15			Högsbo 14:3	Victor Hasselblads gata 16 (A-B)	Office	3,532	Gothenburg/Malmö
16			Högsbo 14:7	Viktor Hasselblads gata 12	Industrial/Warehouse	3,565	Gothenburg/Malmö
17			Högsbo 17:4	E A Rosengrens Gata 25	Office	1,804	Gothenburg/Malmö
18			Högsbo 17:6	E A Rosengrens Gata 29 (A-C)	Office	4,418	Gothenburg/Malmö
19			Högsbo 17:8	E A Rosengrens Gata 23	Industrial/Warehouse	2,165	Gothenburg/Malmö
20			Högsbo 20:12	F.O. Petersons Gata 2	Industrial/Warehouse	5,931	Gothenburg/Malmö
21			Högsbo 20:13	F.O Petersons Gata 4	Industrial/Warehouse	643	Gothenburg/Malmö
22			Högsbo 24:13	August Barks Gata 21	Office	2,086	Gothenburg/Malmö
23			Högsbo 27:8	August Barks gata 8	Industrial/Warehouse	2,556	Gothenburg/Malmö
24			Högsbo 27:9	August Barks Gata 10	Industrial/Warehouse	9,252	Gothenburg/Malmö
25			Högsbo 29:2	August Barks Gata 1	Industrial/Warehouse	11,888	Gothenburg/Malmö
26			Högsbo 36:3	Norra Långebergsgatan 4	Industrial/Warehouse	3,570	Gothenburg/Malmö
27			Järnbrott 168:1	Järnbrotts Prästväg 2	Office	16,294	Gothenburg/Malmö
28			Kobbegården 172:1	Datavägen 24, Stora Ävägen 23-25	Office	11,239	Gothenburg/Malmö
29		Other	Arendal 764:385	Sydatlantén 12	Industrial/Warehouse	10,105	Gothenburg/Malmö
30			Backa 21:5	Exportgatan 47a	Industrial/Warehouse	8,840	Gothenburg/Malmö
31			Lundbyvassen 4:9	Regnbågsgatan 8 C	Office	3,610	Gothenburg/Malmö
32			Rud 52:2	Klangfärgsgatan 11	Office	2,079	Gothenburg/Malmö
33			Sävenäs 67:3	Torpavallsgatan 9	Office	5,156	Gothenburg/Malmö
34			Tingstadvassen 31:2	Ringögatan 29	Industrial/Warehouse	9,059	Gothenburg/Malmö
35			Tynnered 1:13	Lergöksgatan 4	Office	6,258	Gothenburg/Malmö
36			Älvsborg 178:8	Redegatan 9	Office	6,671	Gothenburg/Malmö
37	Kungsbacka	Other	Sågen 14	Järnvägsgatan 36	Office	2,781	Gothenburg/Malmö
38			Varla 14:1	Borgås Gårdsväg 19	Retail	2,490	Gothenburg/Malmö
39			Varla 14:8	Magasinsgatan 12	Office	1,555	Gothenburg/Malmö
40	Möndal	Other	Kryptongasen 4	Kryptongatan 20	Industrial/Warehouse	8,291	Gothenburg/Malmö
41			Kryptongasen 7	Kryptongatan 22B	Industrial/Warehouse	5,000	Gothenburg/Malmö
42			Tingshuset 2	Kråketorpsgatan 16	Industrial/Warehouse	3,450	Gothenburg/Malmö
43			Vämmedal 2:110	Bangårdsvägen 37	Retail	4,335	Gothenburg/Malmö
44			Ädelgasen 1	Neogatan 5	Industrial/Warehouse	14,344	Gothenburg/Malmö
45	Partille	Other	Lexby 2:29	Brodalsvägen 13 B-C	Industrial/Warehouse	10,526	Gothenburg/Malmö

1. Includes non-leasable area.
2. Property divested but not vacated.



Malmö

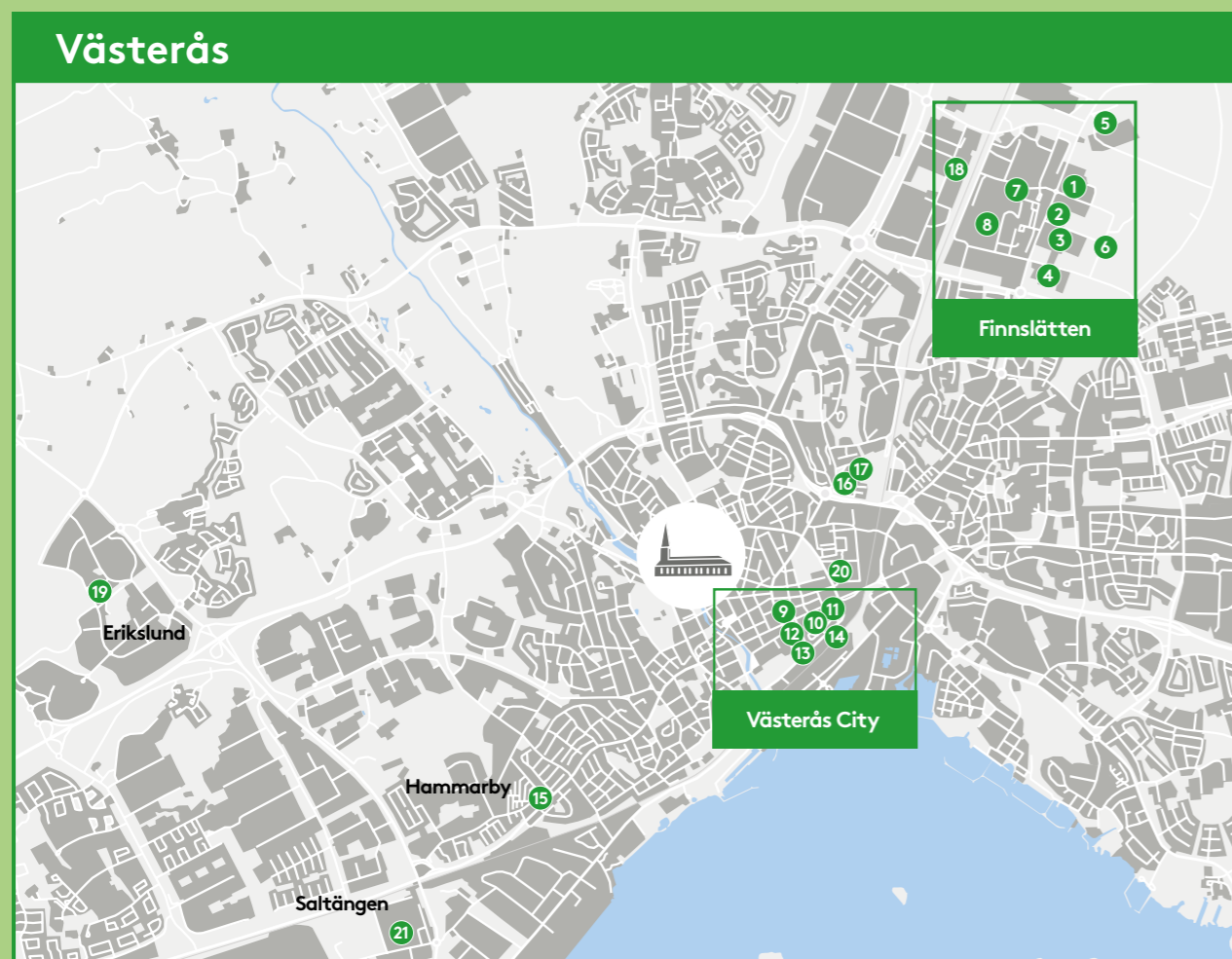
Municipality	Cluster	Property	Address	Property category	Area	Prop. concentration	
1	Burlöv	Other	Sunnanö 12:34	Starrvägen	Industrial/Warehouse	5,316	Gothenburg/Malmö
2			Tågarp 20:81	Lommavägen 39	Industrial/Warehouse	26,348	Gothenburg/Malmö
3	Kävlinge	Other	Löddeköpinge 14:54	Varuvägen 8	Retail	2,060	Gothenburg/Malmö
4	Lund	Other	Flintan 4	Skiffervägen 18-20	Office	5,082	Gothenburg/Malmö
5			Företaget 8	Företagsvägen 28	Office	2,209	Gothenburg/Malmö
6			Verkstaden 5	Annedalsvägen 9	Office	6,984	Gothenburg/Malmö
7			Studentkåren 7	Tunavägen 39 A-H	Office	20,080	Gothenburg/Malmö
8	Malmö	Fosie	Domarringen 1	Boplatsgatan 2	Office	3,948	Gothenburg/Malmö
9			Dubbelknappen 20	Kantyxegatan 29	Industrial/Warehouse	5,682	Gothenburg/Malmö
10			Dubbelknappen 4	Kantyxegatan 25	Industrial/Warehouse	21,777	Gothenburg/Malmö
11			Holkynan 6	Bronsyxegatan 13	Industrial/Warehouse	4,648	Gothenburg/Malmö
12			Hästvagnen 3	Agnesfridsvägen 126	Retail	5,349	Gothenburg/Malmö
13			Krukskärvan 11	Flintyxegatan 8 A	Office	2,688	Gothenburg/Malmö
14			Lerkärllet 3	Flintyxegatan 2	Industrial/Warehouse	1,148	Gothenburg/Malmö
15			Påskbuketten 5	Amiralsgatan 115	Office	1,071	Gothenburg/Malmö
16			Påskbuketten 6	Hästvägen 4 A	Office	2,140	Gothenburg/Malmö
17			Påskbuketten 8	Hästvägen 4 C	Office	1,796	Gothenburg/Malmö
18			Påskbuketten 9	Hästvägen 4 D	Office	1,433	Gothenburg/Malmö
19			Påskbuketten 10	Hästvägen 4 E	Office	796	Gothenburg/Malmö
20		Hyllie	Gefion 3	Nornegatan 6	Retail	3,257	Gothenburg/Malmö
21			Långhuset 1	Långhusgatan	Retail	894	Gothenburg/Malmö
22			Löpöglan 2	Hyllie Bolevard 53	Other	7,630	Gothenburg/Malmö
23			Marknadsplatsen 8	Hyllie Boulevard 17	Office	10,249	Gothenburg/Malmö
24			Mässhallen 1	Hyllie Vattenparksg 2-10	Other	20,979	Gothenburg/Malmö
25			Mässhallen 1:1	Hyllie Vattenparksg 2-10	Other	397	Gothenburg/Malmö
26			Vagnslidret 1	Arenagatan 12	Office	4,584	Gothenburg/Malmö
27		Other	Flygbasen 4	Höjdrodergatan 17	Industrial/Warehouse	1,681	Gothenburg/Malmö
28			Flygbasen 7	Höjdrodergatan 11	Industrial/Warehouse	1,252	Gothenburg/Malmö
29			Flygledaren 1	Höjdrodergatan 14	Office	901	Gothenburg/Malmö
30			Flygstolen 1	Höjdrodergatan 12	Office	1,463	Gothenburg/Malmö
31			Idrotten 7	Palmgatan 28	Other	0	Gothenburg/Malmö
32			Julius 1	Ahlmansg. 1	Office	2,871	Gothenburg/Malmö
33			Kloren 1	Volframgatan 5	Retail	5,739	Gothenburg/Malmö
34			Noshjulet 3	Pilotgatan 5	Industrial/Warehouse	801	Gothenburg/Malmö
35			Nämnden 1	Industrigatan 13	Office	4,668	Gothenburg/Malmö
36			Rektangeln 9	Arlösvägen 10, 12	Office	3,416	Gothenburg/Malmö
37			Rödkallen 11	Bjurögatan 40, 42	Industrial/Warehouse	5,548	Gothenburg/Malmö
38			Sidorodret 3	Höjdrodergatan 2	Industrial/Warehouse	1,057	Gothenburg/Malmö
39			Skjutsstallslyckan 23	Lundavägen 56	Industrial/Warehouse	7,823	Gothenburg/Malmö
40			Sockeln 1	Krossverksgatan 32	Office	1,510	Gothenburg/Malmö
41			Spindeln 9	Singelgatan 8-10	Industrial/Warehouse	1,993	Gothenburg/Malmö
42			Tyfonen 1	Nordenskiöldsgatan 24	Office	17,597	Gothenburg/Malmö
43			Ventilen 3	Ventilgatan 6	Industrial/Warehouse	2,181	Gothenburg/Malmö
44			Vildanden 8	Geijersgatan 6-8	Office	7,960	Gothenburg/Malmö



Västerås

	Municipality	Cluster	Property	Address	Property category	Area	Prop. concentration
1	Västerås	Finnslätten	Effekten 2	Nätverksgatan	Office	31,385	Mälardalen
2			Effekten 3	Elmotorgatan bnr 393	Industrial/Warehouse	2,630	Mälardalen
3			Effekten 4	Elmotorgatan 2 bnr 394	Industrial/Warehouse	26,493	Mälardalen
4			Effekten 5	Fredholmsgatan	Office	21,952	Mälardalen
5			Effekten 6 ¹	Lugna gatan	Industrial/Warehouse	0	Mälardalen
6			Effekten 7 ¹	Effektgatan	Industrial/Warehouse	0	Mälardalen
7			Finnslätten 1	Lugna gatan	Industrial/Warehouse	146,622	Mälardalen
8			Finnslätten 4	Banmatarvägen 41 bnr 342	Industrial/Warehouse	8,185	Mälardalen
9		Västerås City	Lorens 14	Kopparbergsvägen 10	Office	26,067	Mälardalen
10			Mimer 5	Stora Gatan 1E	Office	89,291	Mälardalen
11			Mimer 6	Port-Anders gata 6	Other	0	Mälardalen
12			Ottar 5	Kopparbergsvägen 6-8	Office	20,404	Mälardalen
13			Ottar 6	Kopparbergsvägen 2	Office	18,126	Mälardalen
14			Västerås 5:9	Södra Ringvägen 1	Other	0	Mälardalen
15		Other	Direktören 8	Köpingsvägen 70	Retail	1,998	Mälardalen
16			Isolatorn 3	Forskargränd 1	Office	30,805	Mälardalen
17			Isolatorn 12	Utvecklingsgränd 27	Industrial/Warehouse	11,945	Mälardalen
18			Kontaktledningen 1	Stenbygatan 10	Industrial/Warehouse	15,104	Mälardalen
19			Linblocket 1	Hallsta Gårdsgata 26	Retail	2,808	Mälardalen
20			Verkstaden 7	Metallverksgatan	Industrial/Warehouse	20,409	Mälardalen
21			Örjan 1	Örjansgränd 17	Industrial/Warehouse	52,564	Mälardalen

1. Property divested but not vacated.



Regional cities

	Municipality	Cluster	Property	Address	Property category	Area	Prop. concentration
1	Borås	Other	Kompaniet 2	Pickesjövägen 1-5	Other	2,024	Gothenburg/Malmö
2			Osdal 3:2	Lagercrantz plats 2	Office	18,573	Gothenburg/Malmö
3			Spindeln 12	Bergslenagatan 9	Retail	10,686	Gothenburg/Malmö
4	Halmstad	Other	Eketånga 24:56	Kundvägen 4	Retail	4,062	Gothenburg/Malmö
5			Eketånga 3:204	Jutaplatsen 3	Retail	2,376	Gothenburg/Malmö
6	Helsingborg	Other	Kruthornet 1	Garnisonsgatan 46	Retail	2,700	Gothenburg/Malmö
7	Hässleholm	Other	Märden 7	Första Avenyn 14 A-D	Office	5,728	Gothenburg/Malmö
8	Jönköping	Other	Ädelmetallen 15	Grossistgatan 14	Industrial/Warehouse	5,000	Gothenburg/Malmö
9			Översikten 6	Solåsvägen 22	Retail	10,491	Gothenburg/Malmö
10			Översikten 9	Solåsvägen 18	Retail	4,516	Gothenburg/Malmö
11	Linköping	Other	Gardisten 4	Kolfallsgatan 3A	Office	1,050	Mälardalen
12			Glasflaskan 1	Roxtorpsgränd 16	Industrial/Warehouse	3,151	Mälardalen
13			Greken 5	Rudsjög. 1,3/Oskarsgatan 1	Industrial/Warehouse	3,490	Mälardalen
14			Grundet 9	Sunnorpsgränd 4	Office	1,658	Mälardalen
15			Isbjörnen 4	Tröskaregatan 5-35	Retail	2,611	Mälardalen
16			Magnetbandet 3	Finnögatan 1	Industrial/Warehouse	5,207	Mälardalen
17			Prislappen 1	Mörtlösa 1	Retail	4,180	Mälardalen
18	Norrköping	Other	Amerika 5	Sjötullsgatan 42	Industrial/Warehouse	2,286	Mälardalen
19			Fotogenen 4	Importgatan 32	Industrial/Warehouse	7,472	Mälardalen
20			Oxelbergen 1:2	Vikboplan 1-15/Odalgatan 19	Office	25,075	Mälardalen
21			Sågen 7	Rörgatan 6, 8	Industrial/Warehouse	935	Mälardalen
22			Taktpinnen 1	Falkborgsvägen 17	Office	17,705	Mälardalen
23	Nyköping	Other	Asken 17	Hantverksvägen 7A	Industrial/Warehouse	1,870	Mälardalen
24			Gumsbacken 12	Gumsbackevägen 5-15	Retail	13,202	Mälardalen
25			Gumsbacken 15	Gumsbackevägen	Other	0	Mälardalen
26			Ribban 5	Brukslagarvägen 5, 7, 9	Office	39,944	Mälardalen
27	Trollhättan	Other	Läkaren 1	Lasarettsvägen 1-19	Other	31,275	Gothenburg/Malmö
28	Uddevalla	Other	Barken 6	Junogatan 9	Office	4,226	Gothenburg/Malmö
29			Ran 20	Odengatan 3	Retail	1,644	Gothenburg/Malmö
30			Thorild 12	Kilbäcksgatan 2, 4, 6, 8, 10, 12	Retail	6,866	Gothenburg/Malmö
31			Varvet 3	Kasenabbevägen 8	Industrial/Warehouse	4,241	Gothenburg/Malmö
32	Umeå	Other	Part of Aspgården 18 ¹	Bölevägen 44	Industrial/Warehouse	0	Stockholm
33			Laven 6	Illervägen 3	Retail	5,338	Stockholm
34	Uppsala	Other	Librobäck 3:3	Hållnäsgränd 6a	Retail	2,994	Stockholm
35	Växjö	Other	Deltat 1	Deltavägen 7	Office	2,551	Gothenburg/Malmö
36			Dockan 9	Västra Esplanaden 9 A-B	Office	14,132	Gothenburg/Malmö
37			Fyren 1	Ljungadalsgränd 17	Industrial/Warehouse	5,422	Gothenburg/Malmö
38			Tegnér 15	Biblioteksgatan 1,3	Retail	16,224	Gothenburg/Malmö
39			Ödman 14	Liedbergsgatan 4	Office	5,008	Gothenburg/Malmö
40	Ängelholm	Other	Älvdalen 1	Brandsvigsgatan 6	Industrial/Warehouse	11,816	Gothenburg/Malmö
41	Örebro	Other	Arbetaren 1	Aspholmsvägen 12 A	Office	4,129	Mälardalen
42			Lastaren 1	Transportgatan 22	Industrial/Warehouse	6,338	Mälardalen
43			Rörläggaren 4	Boställsvägen 4	Office	2,468	Mälardalen
44	Östersund	City of Östersund	Arken 7	Kyrkogatan 53	Office	1,344	Stockholm
45			Arkivet 1	Arkivvägen 1	Office	2,006	Stockholm
46			Handelsmannen 6	Köpmangatan 24	Office	8,965	Stockholm
47			Karlsund 5:2	Fyrvallavägen 1-5	Office	61,461	Stockholm
48			Läkarboken 5	Rådhusgatan 15-17	Office	6,039	Stockholm
49			Verkstaden 11	Kyrkgatan 76	Office	2,402	Stockholm

1. Property divested but not vacated.

KUNGSLEDEN'S SHARE

Kungsleden's share is listed on Nasdaq Stockholm's Large Cap list. Kungsleden has one share class, ordinary shares, and each share carries one vote. There are 218,403,302 ordinary shares. Share capital is SEK 91,001,376.

SHAREHOLDERS AND OWNERSHIP STRUCTURE

At year-end, the ten largest shareholders controlled 45.2 per cent (39.5) of the capital and votes. As of 31 December 2020, Swedish companies, investment trusts and private individuals held 58.1 per cent (55.7) of the share capital. Foreign ownership at year-end was 41.9 per cent (44.3). At 31 December 2020, there were 23,375 shareholders (20,488). In November, the Board decided to utilise the mandate from the AGM and repurchase own shares to optimise the capital structure, thereby increasing shareholder value. The buy-back programme commenced immediately and comprises up to MSEK 300 until the 2021 AGM. About MSEK 57 of the

buy-back programme, corresponding to 638,732 shares, had been completed by 31 December 2020.

TURNOVER AND TRADING

The average daily turnover of the Kungsleden share was 1.3 million (0.8) shares. A total of 325.5 million (197.6) shares were traded in 2020, with a total value of SEK 26.4 billion (15.7). The share was traded on several marketplaces, with Nasdaq Stockholm representing 47.5 per cent of turnover.

SHARE PRICE FOR THE YEAR

Kungsleden's share price declined by 8.5 per cent in the year. The OMX Stockholm PI fell by 12.9 per cent and the OMX Stockholm Real Estate PI declined by 5.7 per cent. The closing price for 2020 was SEK 90.10 per share, equivalent to market capitalisation of SEK 19.6 billion.

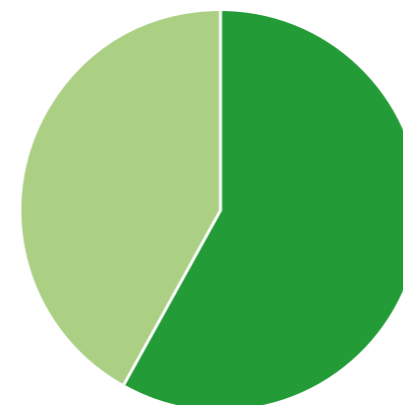
RETURNS

Total returns in the year were -6.5 per cent. The dividend yield as of 31 December was 3.1 per cent based on the Board of Directors' proposed dividend for 2020 of SEK 2.80 per share. The highest closing price of the share in 2020 was SEK 112.30 on 19 February, and the lowest closing price was SEK 59.75 on 18 March.

DIVIDEND AND DIVIDEND POLICY

Kungsleden's dividend policy for the 2020 financial year stipulates that the dividend should progress consistently with profit from property management. Profit from property management in 2020 increased by 6 per cent and accordingly the Board proposes an increase in dividend to SEK 2.80 per share for 2020, compared with a dividend of SEK 2.60 per share for the 2019 financial year.

SHAREHOLDER STRUCTURE AS OF 31 DECEMBER 2020



■ SWEDISH SHAREHOLDERS 58.1%
■ FOREIGN SHAREHOLDERS 41.9%

ANALYSTS MONITORING KUNGSLEDEN

Tobias Kaj
ABG Sundal Collier

Erik Granström
Carnegie

Fredrik Cyon
Carnegie

Philip Hallberg
Danske Bank

Simon R. Mortensen
DnB

Niklas Wetterling
DnB

Peter Papadakos
Green Street Advisors

Johan Edberg
Handelsbanken

Markus Henriksson
Pareto Securities

Jan Ihrfelt
Kepler Cheuvreux

Paul May
Barclays

Stefan Andersson
SEB Enskilda

KEY FACTS

Marketplace:
Nasdaq Stockholm, Large Cap

Segment/sector:
Financials/Real Estate

Share classes:
Ordinary shares

Market capitalisation as of
31 December 2020:
SEK 19.6 billion

ISIN code: SE0000549412

Tickers
Nasdaq: KLED
Bloomberg: KLED SS
Reuters: KLED ST

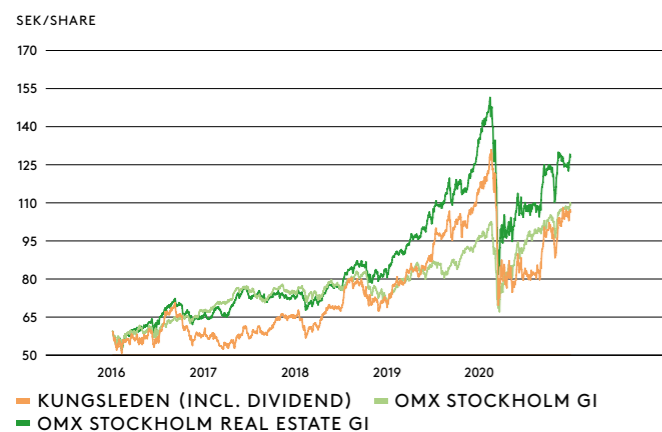
SHAREHOLDERS AS OF 31 DECEMBER 2020

Name	No. of shares	Share of capital, %
Gösta Welandson and companies	31,677,781	14.5
Ilija Batljan	15,177,397	6.9
BlackRock	11,043,787	5.1
APG Asset Management	8,242,606	3.8
Olle Florén and companies	6,750,797	3.1
Vanguard	6,306,518	2.9
Norges Bank	5,732,048	2.6
Handelsbanken Investments Funds	5,519,409	2.5
BMO Global Asset Management	5,125,676	2.3
Nordea Investment Funds	3,079,400	1.4
10 largest shareholders	98,655,419	45.2
Foreign shareholders, other	51,898,748	23.8
Swedish shareholders, other	67,210,403	30.8
Total no. of shares outstanding	217,764,570	99.7
Treasury shares	638,732	0.3
Total no. of registered shares	218,403,302	100.0

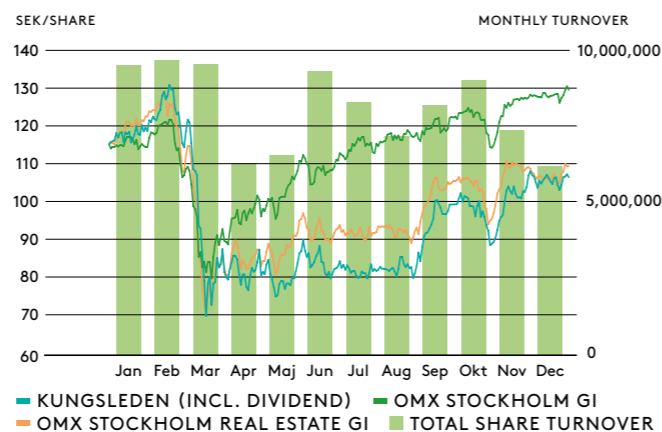
KEY RATIOS PER SHARE

Data per share	2020	2019
Dividend paid, SEK	1.90	2.35
Total return on share, %	-6.5	60.2
Dividend yield on share, %	3.1	2.6
Profit from property management, SEK	5.76	5.43
Net profit, SEK	7.50	10.28
EPRA EPS, SEK	5.53	5.37
	31 Dec '20	31 Dec '19
EPRA NRV, SEK	99.50	91.94
EPRA NTA, SEK	97.13	90.10
EPRA NDV, SEK	84.95	80.07
Equity, SEK	84.95	80.07
Share price, SEK	90.10	98.40

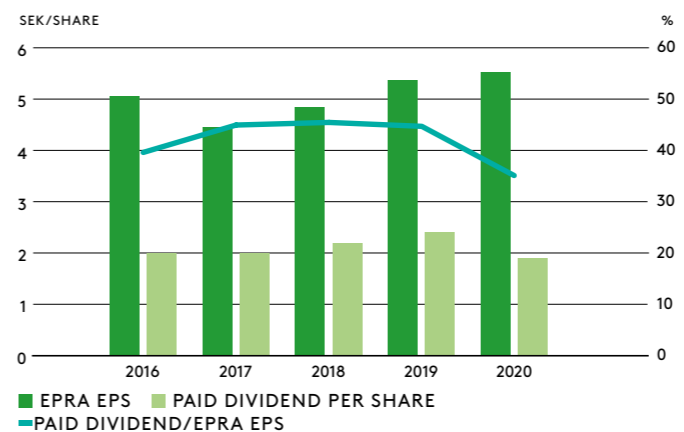
TOTAL RETURN ON THE SHARE 2016-2020, INDEX



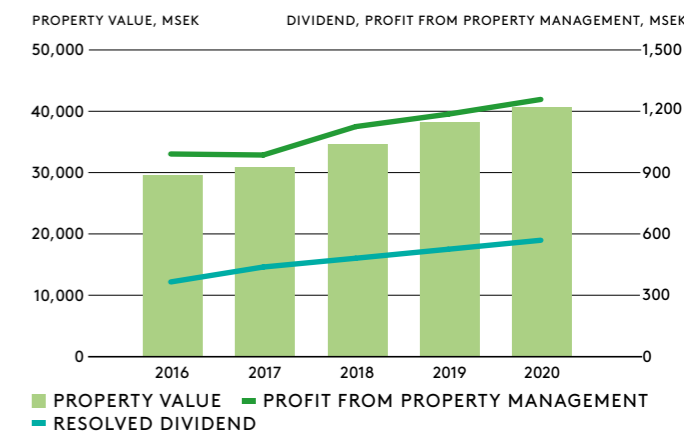
TOTAL RETURN ON THE SHARE 2020, INDEX



EPRA EPS AND DIVIDEND PER SHARE



PROPERTY VALUE, PROFIT FROM PROPERTY MANAGEMENT AND DIVIDEND



PROPERTY RELATED KEY RATIOS**Average remaining contract length maturity**

Remaining contract value divided by contracted annual rent.

AVERAGE RENT, SEK PER SQ.M

Rental revenues in relation to average leasable area.

CONTRACTED ANNUAL RENT

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

LEASABLE AREA

Leased area and leasable vacant area.

LIKE-FOR-LIKE PORTFOLIO TERMS

Refers to properties owned during the entire reporting period and the entire comparison period.

NET LEASING

Total rent for the period agreed for new leases with deductions for annual rents terminated for vacancy.

OCCUPANCY RAT

Calculated as rental revenue before deductions in relation to rental value.

OTHER REVENUE

Revenues which have no direct link to lease agreements.

PROPERTY COSTS, SEK PER SQ.M

Property costs in relation to average leasable area.

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 year-end 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 SEGMENT

The value for the year-end 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.

RENTAL REVENUE

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

RENTAL VALUE

Rental revenue plus estimated market rent for vacant units.

SURPLUS RATIO

Operating net in relation to rental revenues.

VACANCY RATE

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

FINANCIAL KEY RATIOS**DEBT/EQUITY RATIO**

Interest-bearing liabilities in relation to equity.

EQUITY RATIO

Equity including minority interests in relation to total assets.

INTEREST COSTS

Interest expenses and loan related costs such as arrangement fees etc.

INTEREST COVERAGE RATIO

Profit from property management excluding interest costs, in relation to interest costs.

LTV (LOAN-TO-VALUE) RATIO

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

RETURN ON EQUITY

Net profit for the period after tax in relation to average equity. At year-end 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 year-end 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.

SHARE-RELATED KEY RATIOS**ADOPTED/PROPOSED DIVIDEND PER SHARE**

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

CASH FLOW BEFORE CHANGES IN WORKING CAPITAL PER SHARE

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

DIVIDEND YIELD ON SHARES

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

EPRA EPS (PROFIT FROM PROPERTY MANAGEMENT AFTER TAX) PER SHARE

Profit from property management less nominal tax on 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 period end.

EPRA NNNAV (CURRENT NET ASSET VALUE) PER SHARE

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

EQUITY PER SHARE

Equity in relation to the number of shares at period end.

NET PROFIT FOR THE PERIOD, PER SHARE

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

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.

ALTERNATIVE PERFORMANCE MEASURES**ESMA GUIDELINES**

Kungsliden 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). Kungsliden reports EPRA EPS, EPRA NAV and EPRA NNNAV in accordance with European Public Real Estate Association (EPRA) definitions.

GLOSSARY**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.

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.

CLUSTER

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.

EPRA

The European Public Real Estate Association is a trade organisation for publicly listed real estate companies and investors in Europe which sets standards for the financial reporting.

INVESTMENT PROPERTIES

The total property holding excluding development properties.

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.

PROPERTY COSTS

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

SEGMENT

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

UNREALISED CHANGES IN VALUE

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

Invitation to Annual General Meeting

The Annual General Meeting of Kungsleden AB (publ) will be held on Thursday 22 April 2021. Due to the COVID-19 pandemic, the Board of Directors has decided that the Annual General Meeting will be carried out without the physical presence of shareholders and that shareholders will be given the opportunity to exercise their voting rights only by means of voting in advance; i.e. so-called postal voting. However, the shareholders will have an opportunity to ask questions in writing ahead of the Annual General Meeting. The questions and answers will be published on Kungsleden's website.

PARTICIPATION

Shareholders wishing to participate in the Annual General Meeting, shall

- be entered in the register of shareholders maintained by Euroclear Sweden AB on Wednesday 14 April 2021,
- secondly, notify their intention to participate by submitting an advance vote in such a manner that it has been received by Wednesday 21 April 2021 at the latest.

NOMINEE-REGISTERED SHARES

To be entitled to participate in the Annual General Meeting, shareholders with nominee-registered holdings must, in addition to registering for the Annual General Meeting, register the shares in their own name so that the shareholder is registered in the share register on 14 April 2021. Such registration may be temporary (so-called voting rights registration) and should be requested from the nominee in accordance with the nominee's procedures well in advance of the Annual General Meeting, as decided by the nominee. Voting rights registered not later than the second banking day after 14 April 2021 will be taken into account in the preparation of the share register.

POSTAL VOTING

A special form is to be used for postal voting. The form is available on Kungsleden's website www.kungsleden.se/arsstamma2021. The completed form must be in the possession of Euroclear Sweden AB by Wednesday, 21 April 2021 at the latest.

The completed form shall be sent to Kungsleden AB, "Annual General Meeting", c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm. The completed form may also be submitted electronically.

Electronic submissions can be provided either by signing with a BankID according to instructions at:

<https://anmalan.vpc.se/euroclearproxy> or by e-mailing the completed form to: GeneralMeetingService@euroclear.com. Shareholders are not permitted to include special instructions or conditions with the advance vote. If this occurs, the advance vote (i.e. the advance vote in its entirety) will be rendered invalid. Additional instructions and terms and conditions are provided in the form for advance voting.

POWERS OF ATTORNEY

If a shareholder submits an advance vote by proxy, the form must include a power of attorney. The power of attorney form is available on our website. www.kungsleden.se/arsstamma2021. If the shareholder is a legal entity, proof of registration or an other authorisation document must be enclosed with the form.

DIVIDEND

With the support of Kungsleden's dividend policy for the 2020 financial year and against the background of the financial position of the Parent Company and Group, the Board of Directors proposes a dividend of SEK 2.80 (2.60) per share for the 2020 financial year.

The Board of Directors also proposes that the dividend be paid quarterly, with SEK 0.70 per ordinary share paid on each occasion. The proposed record date is two working days after the Annual General Meeting, and the final week day in each subsequent three quarters. The payment dates will be three banking days after this, on: 29 April, 5 July and 5 October 2021, as well as 5 January 2022.

KUNGSLEDEN'S NOMINATION COMMITTEE'S PROPOSALS CONCERNING ELECTION OF THE BOARD OF DIRECTORS

Kungsleden's Nomination Committee has proposed the re-election of all Board members: Charlotte Axelsson, Ingalill Berglund, Jonas Bjuggren, Christer Nilsson, Jonas Olavi, Charlotta Wikström and Fredrik Wirdenius. It is proposed that Charlotte Axelsson be re-elected Chairman of the Board.

Calendar 2021

ANNUAL GENERAL MEETING

22 April

INTERIM REPORT

Jan-Mar

22 April

INTERIM REPORT

Jan-Jun

7 July

Contacts

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