

JANUARY – SEPTEMBER 2020

Q3 2020

**”Kungsleden continues
delivering good results”
Biljana Pehrsson, CEO**



KUNGSLEDEN

INTERIM REPORT JANUARY-SEPTEMBER 2020

Kungsleden are people that create places and experiences for people. By developing and managing attractive and sustainable places, we offer people better and more inspiring work experience. We are a long-term property owner focused on commercial properties in Sweden's growth regions. As of 30 September 2020, we owned 211 properties with total value of SEK 39,872 million.

INTERIM PERIOD JANUARY-SEPTEMBER

- Profit from property management increased by 6 per cent to SEK 940 million (889). The increase is due to higher revenue and operating net in like-for-like portfolio terms.
- New leasing was SEK 101 million (142), and net leasing was SEK 12 million (21).
- 81 contracts (86) with rental value of SEK 182 million (180) were renegotiated in the period, resulting in average rental value increases of 15 per cent (7).
- After investments of SEK 1,019 million, transactions and positive value changes, total property value was SEK 39,872 million, compared to SEK 38,310 million at the beginning of the year.
- Unrealised value changes on properties amounted to SEK 479 million (1,266), which corresponds to an uplift of 1.3 per cent. The value increase is mainly due to higher rental revenue, but also to some extent a reduction in the required yield.
- Current net asset value increased to SEK 96.34 per share (87.07).

SIGNIFICANT EVENTS DURING AND AFTER THE THIRD QUARTER

- Kungsleden remained active in the Nordic capital markets in the third quarter, issuing a total of SEK 1,700 million, the majority on maturities of 5 and 6 years. These issues have attracted high interest, and pricing was favourable, even on longer maturities.
- The Board of Directors has proposed to reinstate a dividend of SEK 2.60 per share to shareholders for the financial year 2019, and an Extraordinary General Meeting (EGM) has approved the Board's proposal.
- The Västerås City cluster expanded through the acquisition of the property Mimer 6, consisting of a parking facility and building rights on just over 40,000 sq.m. gross total area (GTA).
- Lease contracts on a total of approximately 10,000 sq.m. were signed in Nyköping. The Gumsbacken retail park is now fully leased and PDL Group will open the city's first padel racquet sport centre in the property Ribban 5 in central Nyköping.
- Kungsleden is Sweden's first real estate company to set the goal of being climate positive in the entire value chain by 2035, and an interim target is to become climate positive in property and facility management by 2025.

| Key ratios | 2020 Jan-Sep | 2019 Jan-Sep | 2020 Jul-Sep | 2019 Jul-Sep | 2019 Jan-Dec |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Property yield, investment properties, % | 4.7 | 4.8 | 4.7 | 4.9 | 4.8 |
| Occupancy rate, investment properties, % | 93.1 | 92.9 | 93.1 | 92.9 | 93.2 |
| Surplus ratio, investment properties, % | 70.5 | 68.9 | 73.2 | 69.4 | 68.9 |
| Surplus ratio, investment properties excluding non-recurring effects, % | 70.4 | 68.9 | 73.6 | 71.0 | 69.0 |
| Book value properties, SEK million | 39,872 | 36,833 | 39,872 | 36,833 | 38,310 |
| Return on equity, % | 9.8 | 11.6 | 8.5 | 12.7 | 13.6 |
| LTV (loan-to-value) ratio, % | 45.0 | 45.4 | 45.0 | 45.4 | 45.8 |
| Interest coverage ratio, multiple | 4.5 | 4.6 | 4.5 | 4.6 | 4.6 |
| Net profit, SEK per share | 4.39 | 6.75 | 1.77 | 2.38 | 10.28 |
| EPRA NTA (current net asset value), SEK per share | 96.34 | 87.07 | 96.34 | 87.07 | 90.10 |
| Share of certified properties, % | 39 | 19 | 39 | 19 | 28 |

CEO'S STATEMENT

KUNGSLEDEN CONTINUES DELIVERING GOOD RESULTS

Kungsleden continued to deliver good results in the first nine months of the year, with profit from property management increasing by 6 per cent to SEK 940 million. We have good new leasing, positive net leasing, and good outcomes from renegotiations, securing 15 per cent higher rental revenue on average. Going forward, we've set one of the sector's most ambitious climate targets - to be climate positive in the whole value chain by 2035.

We're seeing healthy activity on the rental market with good demand for offices, warehouses and business premises on all of our four main markets, and we have a strong pipeline. In the first nine months of the year, new leasing was SEK 101 million, and net leasing was SEK 12 million. We successfully renegotiated lease contracts worth SEK 182 million, increasing the rent by SEK 26 million, equating to an average increase of 15 per cent. In like-for-like portfolio terms, our rental revenue and operating net increased by 5 and 7 per cent respectively. On a rolling 12-month basis, the average rent in the investment property portfolio as of 30 September increased by 5 per cent on the corresponding period of the previous year.

Satisfied customers in challenging times, effects of Covid-19 remain limited

In recent years we've been working actively on delivering on our customer promise - of always centring on customers by being welcoming, contributing to their business and making their everyday lives easier with us. We maintain positive and close dialogues with our customers, and if anything, this pandemic has brought us even closer together.

Payment of fourth-quarter rents has been good, and consistent with previous quarters. For the fourth-quarter rent, agreed rent relief reduced compared to the previous two quarters. We granted rent discounts of SEK 9 million, and in return, have extended lease contracts and/or increased rents for the remaining lease term. We have allowed deferrals on SEK 7 million of fourth-quarter rent, against 12 to 24-month repayment plans.

We have a well-diversified tenant portfolio, and our customers represent a cross-section of Sweden's business community. For our 10 largest tenants, the average remaining lease contract term is 5.4 years. For our whole portfolio, public sector tenants represent about 18 per cent of rental value, and the average remaining lease term is 4.1 years.

Several successful bond issues and strong investor demand

We remained active on the capital markets in the third quarter, successfully issuing a total of SEK 1.7 billion of green bond loans. This further improves our already good liquidity reserves. Kungsleden is financially stable. Our loan-to-value (LTV) ratio continues to decrease, and is now at 45.0 per cent.

After a hesitant phase in the spring, we're noting increased activity on the transaction market, and high investor interest on the market for our properties. 74 per cent of our portfolio consists of Offices, and 16 per cent of Logistics, Warehouse and Industrial. Some 4 per cent of property value is Retail,



the majority being food, discount retail, as well as "do it yourself" and furniture retailing.

The value of Kungsleden's property portfolio has increased to approximately SEK 39.9 billion, mainly due to investments and increased rental revenue, and to some extent, a lower required yield.

Ambitious climate target

Operating sustainably is very important to us as a company, to our customers and shareholders. We're Sweden's first real estate company to set the goal of being climate positive end to end in the value chain by 2035, with the milestone of being climate positive in property and facility management by 2025. Our intention with this goal is to raise the tempo of our climate work significantly. We're part of an ecosystem with limited resources, and this is one way to assume more responsibility for reducing ongoing climate change.

Gradual market recovery

We're seeing a gradual recovery on the market, which so far, has gone faster than expected, but may also prove more inconsistent with the risk of setbacks along the way. This is because of the second wave of Covid-19 with local or regional outbreaks across several European countries, including Sweden. Meanwhile, we have an improved outlook for GDP growth and unemployment so far. We share the opinion of several commentators of somewhat less negative GDP growth in Sweden of between 3 and 4 per cent in 2020, followed by positive GDP growth of some 3 per cent in 2021 and beyond.

Our focus is on creating growth in cash flow and value. We are continuing to make profitable investments in our projects and investment properties as they are leased at good rent levels. I'd like to thank all my colleagues, who in our most recent employee satisfaction survey, have demonstrated the highest-ever employee commitment and very good leadership in these troubling times.

Stockholm, 21 October 2020

Biljana Pehrsson, CEO

GROUP COMPREHENSIVE INCOME

| SEK million | 2020 Jan-Sep | 2019 Jan-Sep | 2020 Jul-Sep | 2019 Jul-Sep | 2019 Jan-Dec |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenue | | | | | |
| Rental revenue | 1,867 | 1,806 | 619 | 618 | 2,418 |
| Other revenue | 20 | 4 | 4 | 0 | 5 |
| Total revenue | 1,888 | 1,810 | 622 | 618 | 2,423 |
| Property costs | | | | | |
| Operations | -331 | -328 | -90 | -92 | -441 |
| Maintenance | -57 | -57 | -19 | -20 | -82 |
| Property tax | -109 | -110 | -36 | -53 | -141 |
| Property administration | -87 | -83 | -27 | -28 | -108 |
| Total property costs | -583 | -579 | -171 | -193 | -773 |
| OPERATING NET | 1,305 | 1,232 | 451 | 424 | 1,650 |
| Selling- and administration costs | -74 | -74 | -21 | -20 | -109 |
| Financial revenues and financial costs | -269 | -247 | -94 | -87 | -325 |
| Costs of right of use | -22 | -22 | -7 | -7 | -31 |
| Net financial items | -291 | -269 | -101 | -94 | -356 |
| PROFIT FROM PROPERTY MANAGEMENT | 940 | 889 | 329 | 310 | 1,185 |
| Changes in value | | | | | |
| Properties | 481 | 1,260 | 178 | 416 | 1,756 |
| Interest derivatives | -191 | -274 | -13 | -65 | -75 |
| Total changes in value | 291 | 985 | 165 | 351 | 1,682 |
| PROFIT BEFORE TAX | 1,231 | 1,875 | 494 | 661 | 2,867 |
| Tax | -271 | -400 | -107 | -140 | -622 |
| NET PROFIT | 960 | 1,475 | 387 | 521 | 2,245 |
| Other comprehensive income | | | | | |
| Translation gains/losses for the period on translation of foreign operations | 0 | 0 | 0 | 0 | 0 |
| COMPREHENSIVE INCOME FOR THE PERIOD | 960 | 1,475 | 387 | 521 | 2,245 |
| NET PROFIT PER SHARE | 4.39 | 6.75 | 1.77 | 2.38 | 10.28 |

COMMENTS ON THE RESULT FOR THE THIRD QUARTER

Profit from property management rose by 6 per cent for the third quarter to SEK 329 million (310), with the increase mainly due to higher rental revenue and a 6 per cent increase in operating net. In a like-for-like portfolio of investment properties, operating net increased by SEK 21 million, or 6 per cent. Profit for the quarter was SEK 387 million, against SEK 521 million for the corresponding period of the previous year, the decrease mainly due to lower changes in value on properties.

PERFORMANCE ANALYSIS JANUARY-SEPTEMBER 2020

REVENUE

Total revenue for the interim period increased by SEK 77 million to SEK 1,888 million (1,810). In like-for-like portfolio terms of investment properties, total revenue increased by SEK 75 million and rental revenue increased by SEK 59 million compared to the corresponding period of the previous year. The completed project Blästern 14 contributed SEK 24 million of the increase, with the remainder being the result of successful new leasing and renegotiation, as well as indexation. Adjusted for items affecting comparability, the increase of total revenue in like-for-like portfolio terms of investment properties was 5 per cent. Adjusted for items affecting comparability, the increase in rental revenue was also 5 per cent. The loss of rental revenue from divested properties and development properties was SEK 13 million, which was offset by additional rental revenue from accessed properties of SEK 15 million. Covid-19-related discounting reduced rental revenue for the period by SEK 15 million. We have obtained SEK 2 million in Government support.

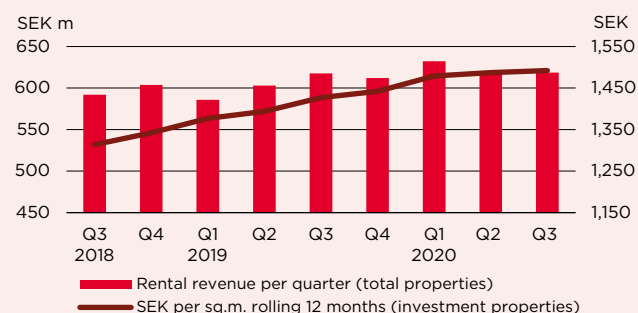
| SEK million | 2020 Jan-Sep | 2019 Jan-Sep |
|-----------------------------|-----------------|-----------------|
| Stockholm | 685 | 646 |
| Gothenburg | 213 | 208 |
| Malmö | 214 | 211 |
| Västerås | 408 | 392 |
| Regional cities | 260 | 248 |
| Development properties | 87 | 99 |
| Total rental revenue | 1,867 | 1,806 |
| Other revenue | 20 | 4 |
| Total revenue | 1,888 | 1,810 |

| SEK million | 2020 Jan-Sep | 2019 Jan-Sep |
|---|-----------------|-----------------|
| Like-for-like portfolio terms (investment properties) | 1,765 | 1,706 |
| Development properties | 87 | 99 |
| Acquired properties | 15 | 0 |
| Divested properties | 0 | 1 |
| Total rental revenue | 1,867 | 1,806 |

Rental revenue per sq.m. of investment properties continued to increase during the quarter, and on a rolling 12-month basis, was SEK 1,492 per sq.m., compared to SEK 1,427 per sq.m. one year previously. This increase is the outcome of successful leasing and renegotiation work, and a targeted focus on office properties in metropolitan areas, which have higher rent levels.

Rental revenue per quarter

SEK per sq.m. - investment properties



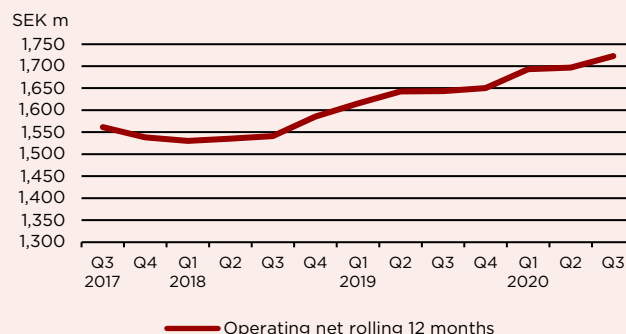
PROPERTY COSTS

Total property costs increased by SEK 4 million to SEK 583 million (579). In like-for-like portfolio terms of investment properties, costs increased by SEK 8 million. The change is a net effect of reduced electricity and heating costs due to a mild winter, and provisions for potential rent losses relating to Covid-19. The net effect from the loss of property costs from divested properties and additional costs for accessed and development properties was SEK 4 million.

| SEK million | 2020 Jan-Sep | 2019 Jan-Sep |
|---|-----------------|-----------------|
| Like-for-like portfolio terms (investment properties) | 541 | 533 |
| Development properties | 39 | 43 |
| Acquired properties | 2 | 0 |
| Divested properties | 0 | 2 |
| Total property costs | 583 | 579 |

OPERATING NET

Operating net increased by SEK 73 million to SEK 1,305 million (1,232) in the period. In like-for-like portfolio terms of investment properties, operating net increased by SEK 68 million. After adjusting for items affecting comparability, the operating net increase in a like-for-like portfolio was 7 per cent. The loss of operating net from divested properties and additional operating net from accessed and development properties results in a net increase of SEK 4 million.



SELLING- AND ADMINISTRATION COSTS

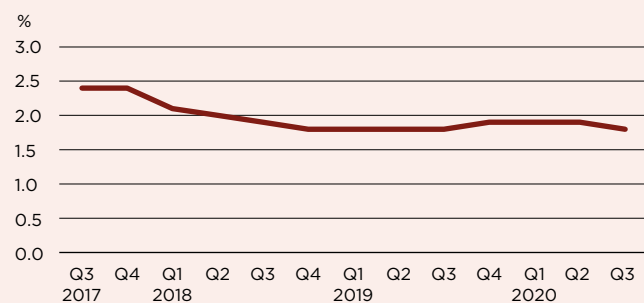
Selling- and administration costs were SEK 74 million (74), which is comparable between the years.

NET FINANCIAL ITEMS

Net financial items were SEK -291 million (-269). The increase is due to a larger loan volume, underlying market interest rates increasing compared to the previous year, and non-recurring expenses from the repurchase of short-term bonds, which charged approximately SEK 7 million to financial net in the third quarter. In the third quarter, the average interest rate reduced to 1.8 per cent due to three-month Stibor decreasing in the quarter.

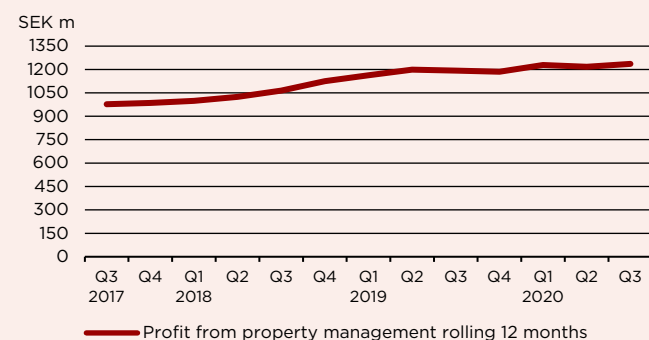
| SEK million | 2020 Jan-Sep | 2019 Jan-Sep |
|---|-----------------|-----------------|
| Financial revenues | 0 | 0 |
| Interest expenses | -243 | -215 |
| One-off items related to repurchases of bonds | -7 | - |
| Other financial costs | -20 | -32 |
| Costs of right of use | -22 | -22 |
| Net financial items | -291 | -269 |

Average interest rate per quarter



PROFIT FROM PROPERTY MANAGEMENT

Profit from property management was SEK 940 million (889), a 6 per cent increase.



CHANGES IN VALUES ON PROPERTIES

Despite the effects of Covid-19, the demand for office premises and office properties remained brisk in the period. Additionally, a sharp increase in interest in warehouse and logistics premises had a positive impact on property portfolio value. The unrealised increase in value on the property portfolio was SEK 479 million (1,266) for the interim period, or 1.3 per cent. The value increase is mainly explained by higher rental revenue, although also to some extent by a 4 basis point reduction in the average required yield. At the end of the period, the average required yield was 5.2 per cent.

Unrealised changes in values on properties

| SEK million | 2020 Jan-Sep |
|--|-----------------|
| Change in yield requirements | 215 |
| Change in operating net | 392 |
| Changed assumptions of investments and other factors affecting the value | -129 |
| Acquisitions | 1 |
| Total | 479 |

CHANGES IN VALUES ON INTEREST RATE DERIVATIVES

The changes in values on financial instruments was SEK -191 million (-274), a consequence of interest rates on longer maturities decreasing in the period.

TAX

The total tax expense for the period was SEK 271 million (400), of which SEK 0 million (0) is current tax. When applying 20.6 per cent tax, the total tax expense amounts to SEK 254 million. Of the difference of SEK 17 million at 20.6 per cent on profit before tax, just over half relates to tax on non-deductible interest costs. The remainder relates to adjustments of deferred tax attributable to changes in value on properties.

NET PROFIT

Net profit was SEK 960 million, compared to SEK 1,475 million for the corresponding period of the previous year. The decrease is mainly due to lower changes in value on properties.

GROUP BALANCE SHEET

| SEK million | 30 Sep 2020 | 30 Sep 2019 | 31 Dec 2019 |
|--------------------------------------|---------------|---------------|---------------|
| ASSETS | | | |
| Non-current assets | | | |
| Intangible assets | 12 | 13 | 12 |
| Properties | 39,872 | 36,833 | 38,310 |
| Assets of right of use | 828 | 773 | 812 |
| Equipment | 3 | 4 | 4 |
| Other long-term receivables | 2 | 4 | 2 |
| Total non-current assets | 40,717 | 37,628 | 39,140 |
| Current assets | | | |
| Current receivables | 316 | 404 | 237 |
| Derivatives | 5 | - | - |
| Cash and bank balances | 966 | 548 | 353 |
| Total current assets | 1,287 | 952 | 590 |
| TOTAL ASSETS | 42,004 | 38,579 | 39,730 |
| EQUITY AND LIABILITIES | | | |
| Equity | 18,448 | 16,718 | 17,488 |
| Non-current liabilities | | | |
| Liabilities to credit institutions | 9,033 | 9,114 | 9,094 |
| Other interest-bearing liabilities | 9,071 | 7,746 | 8,146 |
| Liabilities of right of use | 818 | 766 | 804 |
| Derivatives | 301 | 305 | 105 |
| Deferred tax liability | 2,759 | 2,277 | 2,488 |
| Provisions | 3 | 5 | 3 |
| Total non-current liabilities | 21,986 | 20,213 | 20,640 |
| Current liabilities | | | |
| Liabilities to credit institutions | - | - | - |
| Other interest-bearing liabilities | 794 | 400 | 650 |
| Liabilities of right of use | 9 | 7 | 8 |
| Other liabilities | 767 | 1,242 | 945 |
| Total current liabilities | 1,571 | 1,649 | 1,602 |
| TOTAL EQUITY AND LIABILITIES | 42,004 | 38,579 | 39,730 |

GROUP CHANGES IN EQUITY

| SEK million | 30 Sep 2020 | 30 Sep 2019 | 31 Dec 2019 |
|-------------------------------------|---------------|---------------|---------------|
| Equity at beginning of period | 17,488 | 15,767 | 15,767 |
| Dividend | - | -524 | -524 |
| Comprehensive income for the period | 960 | 1,475 | 2,245 |
| Equity at end of period | 18,448 | 16,718 | 17,488 |

OUR PROPERTIES

We create attractive and sustainable places where people get inspired. We mainly focus on offices in desirable locations in selected Swedish growth locations, with Stockholm being our biggest market. Because many Kungsliden properties are concentrated in clusters, we can help drive development of whole locations, and work actively on developing our customer proposition.

OUR MARKETS

STOCKHOLM

47%
SEK 18,580 m

VÄSTERÅS

19%
SEK 7,470 m

GOTHENBURG

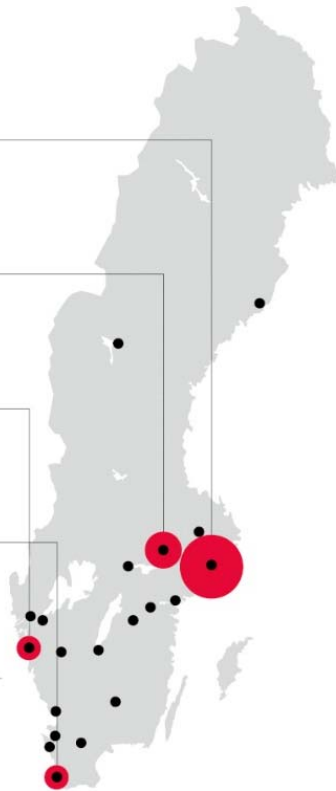
11%
SEK 4,350 m

MALMÖ

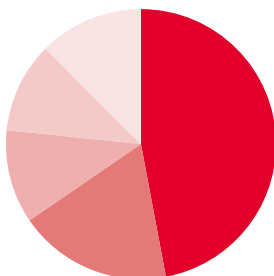
11%
SEK 4,498 m

REGIONAL CITIES

12%
SEK 4,975 m

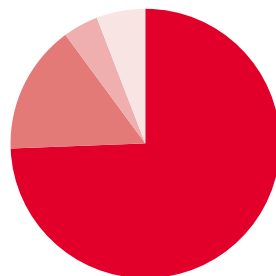


Property value per geography



- Stockholm, 47%
- Västerås, 19%
- Malmö, 11%
- Gothenburg, 11%
- Regional cities, 12%

Property value per category



- Office, 74%
- Industry/Warehouse, 16%
- Retail, 4%
- Other, 6%

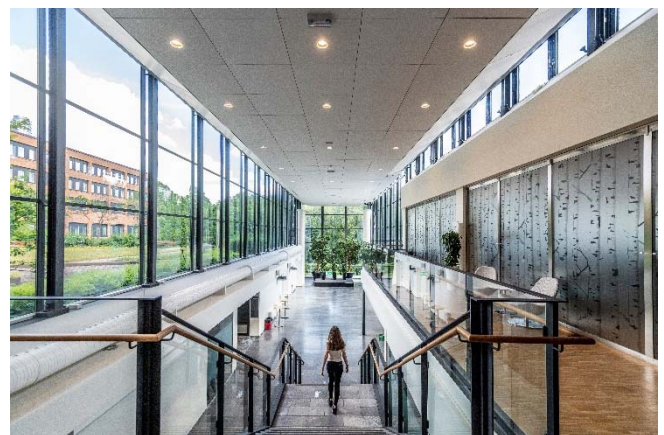
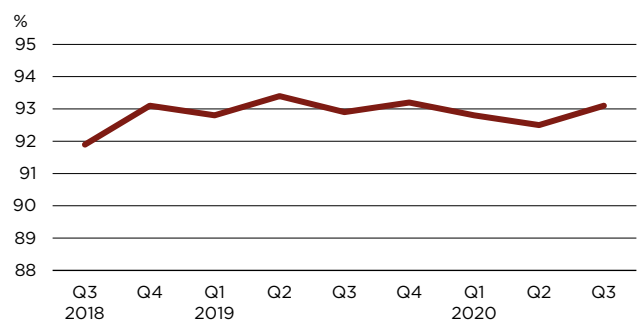
PROPERTY PORTFOLIO

| SEK million | No. of properties | Leasable area, 000 sq.m. | Book value | Occupancy rate, % | Rental value |
|---------------------------------|-------------------|--------------------------|---------------|-------------------|--------------|
| Investment properties | 197 | 1,777 | 37,022 | 93.1 | 1,937 |
| Development properties | 14 | 223 | 2,850 | 59.8 | 123 |
| Total property portfolio | 211 | 2,000 | 39,872 | 90.8 | 2,060 |

OCCUPANCY RATE

The occupancy rate in our investment properties was 93.1 per cent, compared to 92.5 per cent at the beginning of the quarter. The increase was impacted by factors including positive new leasing over the past year, resulting in several tenants moving in during the quarter.

Occupancy rate investment properties by quarter



Inviting areas in our property Trekanten 5 in Danderyd

Rental revenue, investment properties

| SEK per sq.m. | 2019/2020 Oct-Sep | 2018/2019 Oct-Sep |
|----------------------|----------------------|----------------------|
| Office | 1,843 | 1,753 |
| Industrial/Warehouse | 927 | 903 |
| Retail | 1,188 | 1,172 |
| Average | 1,492 | 1,427 |

Property costs, investment properties

| SEK per sq.m. | 2019/2020 Oct-Sep | | | |
|------------------------------|----------------------|--------------------------|------------|------------|
| | Office | Industrial/ Warehouse | Retail | Total |
| Operation | 262 | 186 | 182 | 230 |
| Maintenance | 48 | 34 | 51 | 43 |
| Property tax | 94 | 23 | 74 | 70 |
| Site leasehold fees | 0 | 0 | 0 | 0 |
| Direct property costs | 404 | 242 | 307 | 344 |
| Property administration | 70 | 36 | 47 | 58 |
| Total | 474 | 278 | 355 | 401 |

| SEK per sq.m. | 2018/2019 Oct-Sep | | | |
|------------------------------|----------------------|--------------------------|------------|------------|
| | Office | Industrial/ Warehouse | Retail | Total |
| Operation | 252 | 189 | 158 | 223 |
| Maintenance | 44 | 18 | 64 | 36 |
| Property tax | 96 | 22 | 64 | 70 |
| Site leasehold fees | 5 | 1 | 2 | 4 |
| Direct property costs | 397 | 229 | 288 | 333 |
| Property administration | 64 | 40 | 49 | 55 |
| Total | 462 | 269 | 337 | 388 |

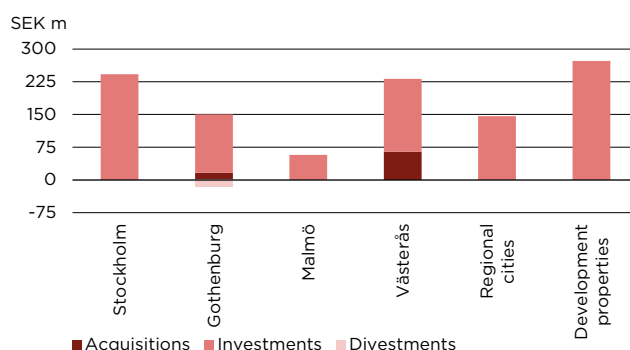
Kungsleden's clusters

70 per cent of the property portfolio's book value is located in one of our 12 clusters.

| | | Leasable area, sq.m. | Book value, SEK bn |
|-----------------------|--------------------------|-------------------------|--------------------------|
| Stockholm | Kista City | 146,000 | 4.6 |
| | Stockholm City East | 85,000 | 4.2 |
| | Danderyd Office | 100,000 | 3.3 |
| | Stockholm City West | 40,000 | 2.4 |
| | Västberga | 38,000 | 0.5 |
| Gothenburg | Gothenburg South Central | 40,000 | 1.6 |
| | Högsbo | 109,000 | 1.4 |
| Malmö | Hyllie | 48,000 | 1.4 |
| | Fosie | 52,000 | 0.7 |
| Västerås | Västerås City | 154,000 | 4.1 |
| | Finnslätten | 237,000 | 2.2 |
| Rest of Sweden | City of Östersund | 82,000 | 1.4 |

Progress of the property portfolio Jan-Sep 2020

| SEK million | Investment properties | Development properties | Total |
|--|--------------------------|---------------------------|---------------|
| Properties at beginning of period | 34,862 | 3,448 | 38,310 |
| Reclassifications | 848 | -848 | - |
| Acquisitions, completed | 81 | - | 81 |
| Investments | 746 | 273 | 1,019 |
| Divestments, completed | -17 | 0 | -17 |
| Unrealised changes in value | 501 | -22 | 479 |
| Properties at end of period | 37,022 | 2,850 | 39,872 |

Net investments by segment Jan-Sep 2020**ACQUISITIONS, DIVESTMENTS, ACCESSED PROPERTIES AND CLOSED DIVESTMENTS**

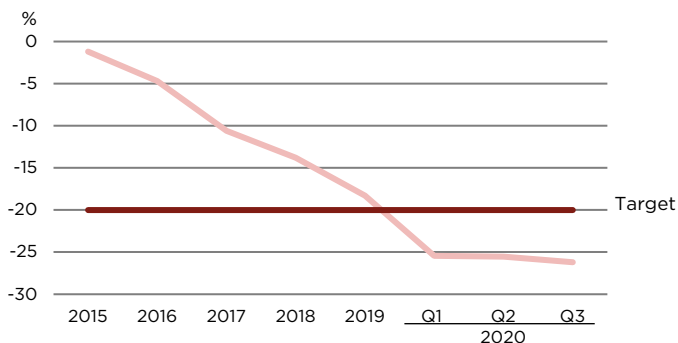
In the third quarter, Kungsleden signed an agreement to acquire the property Mimer 6 in Västerås, consisting of a parking lot with 600-plus spaces and building rights for 29,000 sq.m. GTA, plus 12,000 sq.m. GTA of car parking. This acquisition is strategic, and enables us to develop our Västerås City cluster, where we now hold 154,000 sq.m. We accessed this property at the end of the third quarter.



Our lovely light courtyard in the property Stettin 6 in Stockholm

ENERGY CONSUMPTION IN LIKE-FOR LIKE PORTFOLIO

Kungsleden's goal was to reduce energy consumption by 3 per cent per year, or by 20 per cent from 2014 to 2020, which it achieved in early-2020. The reduction is mainly because of lower electricity and cooling consumption, partly as a result of focused work on energy efficiency.

**TARGET LEED CERTIFYING****50%**

half of the portfolio (based on book value) should be certified according to LEED before the end of 2020. All properties should be certified before the end of 2025.

39%

of the property value was certified as of 30 September 2020.



A beautiful day outside our property Tyfonen 1 in Malmö

EARNINGS CAPACITY INVESTMENT PROPERTIES

By maintaining a growing share of offices in growth markets and working actively on leasing and renegotiation, Kungsleden maintains healthy earnings capacity in its investment properties. The average rent computed on earnings capacity amounts to SEK 1,493 per sq.m. as per 30 September compared to SEK 1,437 per sq.m. in the beginning of the year. The following tables illustrate the investment properties held at the end of the period, and the associated key indicators. Properties acquired but not accessed are not included, and properties that have been divested but not closed are included. The tables are intended to present a view of investment properties' portion of the current property portfolio's underlying earnings capacity but are not a forecast. Compared to the beginning of the year, earnings capacity in terms of operating net increased by SEK 70 million, from SEK 1,596 million to SEK 1,665 million. The increase is mainly due to increased rental revenues and operating net in like-for like portfolio terms.

Earnings capacity investment properties

| By geography | Stockholm | Gothenburg | Malmö | Västerås | Regional cities | Total investment properties | whereof sold not vacated | purchased not accessed ² |
|--|-----------|------------|-------|----------|-----------------|-----------------------------|--------------------------|-------------------------------------|
| No. of properties ¹ | 51 | 41 | 41 | 18 | 46 | 197 | 4 | - |
| Leasable area, 000 sq.m. ¹ | 508 | 258 | 223 | 450 | 338 | 1,777 | - | - |
| Rental value, SEK m ¹ | 957 | 300 | 281 | 559 | 386 | 2,484 | - | - |
| Rental revenues, SEK m ¹ | 871 | 288 | 261 | 529 | 352 | 2,302 | - | - |
| Operating net, SEK m | 662 | 207 | 201 | 363 | 233 | 1,665 | - | - |
| Book value, SEK m | 17,089 | 4,228 | 4,309 | 7,014 | 4,382 | 37,022 | - | - |
| Occupancy rate, % | 91.6 | 96.2 | 93.5 | 94.8 | 91.5 | 93.1 | - | - |
| Surplus ratio, % | 72.8 | 72.8 | 70.0 | 66.5 | 67.8 | 70.3 | - | - |
| Property yield, % | 3.9 | 4.9 | 4.7 | 5.2 | 5.3 | 4.5 | - | - |
| Rental revenue, SEK per sq.m. ¹ | 2,041 | 1,177 | 1,431 | 1,322 | 1,211 | 1,493 | - | - |

| By category | Office | Industrial/Warehouse | Retail | Other | Total investment properties | whereof sold not vacated | purchased not accessed ² |
|---------------------------------------|--------|----------------------|--------|-------|-----------------------------|--------------------------|-------------------------------------|
| No. of properties ¹ | 94 | 64 | 28 | 11 | 197 | 4 | - |
| Leasable area, 000 sq.m. ¹ | 1,000 | 563 | 131 | 83 | 1,777 | - | - |
| Rental value, SEK m ¹ | 1,744 | 496 | 146 | 97 | 2,484 | - | - |
| Rental revenues, SEK m ¹ | 1,608 | 470 | 132 | 92 | 2,302 | - | - |
| Operating net, SEK m | 1,162 | 316 | 88 | 99 | 1,665 | - | - |
| Book value, SEK m | 27,677 | 5,485 | 1,689 | 2,171 | 37,022 | - | - |
| Occupancy rate, % | 92.5 | 94.9 | 91.2 | 96.2 | 93.1 | - | - |
| Surplus ratio, % | 71.4 | 67.0 | 65.9 | 72.5 | 70.3 | - | - |
| Property yield, % | 4.2 | 5.8 | 5.2 | 4.6 | 4.5 | - | - |
| Hysesintäkt, kr per kvm ¹ | 1,853 | 932 | 1,189 | 1,576 | 1,493 | - | - |

1. As per 30 September

2. Not included in total

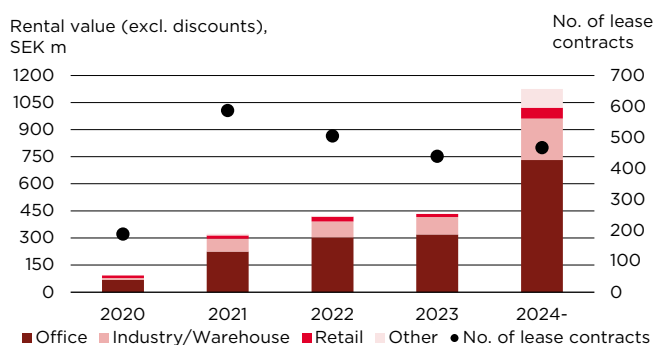
OUR CUSTOMERS

Tens of thousands of people spend their working days in Kungsleden's 211 properties. Whether multinational groups, public authorities, manufacturers, restaurants or start-ups, we're driven by sharpening customer competitiveness by providing inspiring and sustainable working environments and places. By applying our curiosity and responsiveness, we place our customers' current and future needs at the centre of everything we do.

LEASE CONTRACTS, MATURITY STRUCTURE

Kungsleden endeavours to achieve a diversified lease contract maturity structure. Around 10–20 per cent of the contract portfolio matures each year and can be renegotiated. As of 30 September, the average maturity of remaining lease contracts was 4.1 years (4.1). Kungsleden's contract portfolio also includes a broad spectrum of tenants, sizes of customer and sector, reducing the risk of rental losses and vacancies.

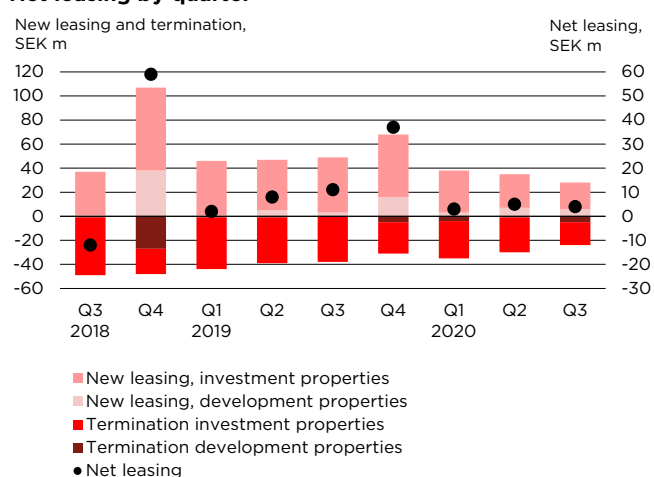
Lease contracts investment properties, maturity structure



LEASING

Kungsleden signed lease contracts with a rental value of SEK 101 million (142) in the period. These new lease contracts generally have higher rent per sq.m. than their predecessors. Net leasing for the period was SEK 12 million (21). Of the 201 new contracts signed in the period, 85 were green leases, which involve an undertaking between tenant and landlord on joint actions to maintain or improve the environmental performance of premises.

Net leasing by quarter



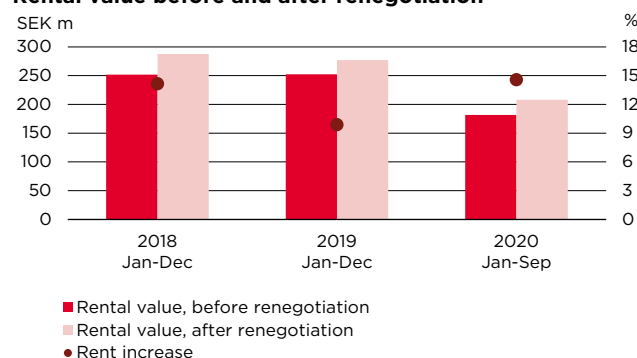
KUNGSLEDEN'S LARGEST TENANTS

| Tenant | Rental value, SEK million | Average duration, years |
|---|---------------------------|-------------------------|
| ABB | 210 | 4.7 |
| The Swedish Social Service Administration | 53 | 4.4 |
| Municipality of Västerås | 41 | 5.1 |
| Hitachi ABB Power Grids Sweden | 39 | 4.1 |
| ICA | 39 | 1.7 |
| Blique | 31 | 20.3 |
| Municipality of Stockholm | 27 | 3.8 |
| AFRY | 26 | 4.2 |
| Biz Apartments | 23 | 9.8 |
| The Swedish Custom Service | 22 | 3.0 |
| 10 largest tenants | 511 | 5.4 |
| Other | 1,896 | 3.8 |
| Total | 2,408 | 4.1 |

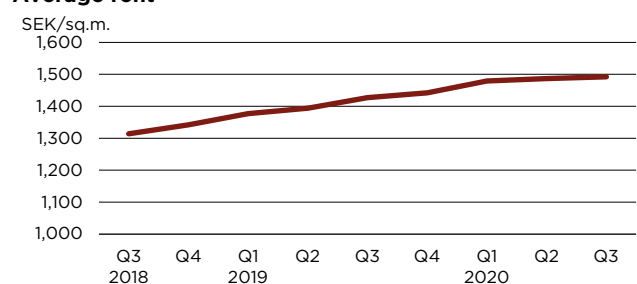
RENEGOTIATION AND AVERAGE RENT

81 contracts with rental value of SEK 182 million were renegotiated in the period, resulting in average rental value increases of 15 per cent (7). Of the renegotiated contracts, 15 resulted in increased leased area. The average rent in the investment property portfolio increased to SEK 1,492 per sq.m. (1,427), a 5 per cent increase on the previous year.

Rental value before and after renegotiation



Average rent



PROJECTS AND INVESTMENTS

PROJECTS AND INVESTMENTS

Investments in new production, conversion and extension of the existing portfolio are important components of Kungsliden's business model and make progressive contributions to earnings and profitability. This results in increased cash flow and value growth through reduced vacancies, higher average rents, and in some cases, the addition of leasable area. The target is for these investments to generate a minimum IRR (internal rate of return) of 9 per cent, or a minimum yield on cost of 6 per cent. As of 30 September, six major investment projects were in the construction phase, with total investment volume of SEK 1,316 million. After completion, these projects are expected to contribute annualised rental value of SEK 208 million.

CURRENT MAJOR PROJECTS

Eden by Kungsliden in Hyllie - Malmö

The Eden by Kungsliden project on Hyllie Boulevard in Malmö is a state-of-the-art office project designated a Symbiotic Building, Kungsliden's proprietary concept focusing on health, services, technology and nature. This building will be certified according to LEED and the WELL Building Standard, the first international building standard focusing on people's well-being at work. This project has about 7,900 sq.m. of offices. Production and leasing are progressing as planned. Work on a conceptual content has commenced. Kungsliden's estimated investment in Eden is SEK 384 million including land acquisition.

Finnslätten 1 - Västerås

Kungsliden's modernisation project at Building 357 in Finnslätten is ongoing. This building, of 21,000 sq.m., is being modified to create offices, a school, production premises, and spaces to enhance the service offering in Finnslätten. Tenant improvements for Scandinavian Gene Synthesis AB (SGS DNA) on some 2,800 sq.m. are completed and this tenant has accessed its premises. Leasing of the remaining premises is ongoing, with discussions on service and restaurant premises underway, while new initiatives created within Vision Finnslätten continue. Total estimated investment volume is SEK 250 million, and the project is being completed as premises are leased.

Stettin 6 - Stockholm City East

Stettin 6 is an office property in Värtahamnen, offering modern and flexible premises with attractive courtyards and closeness to nature. The project phase involving modernising frontages, entrances, the outdoor environment, courtyards and tenant improvement for restaurant operator Eatery is complete. Eatery opened in May and the business has exceeded expectations given the current restrictions. Tenant improvements for the Swedish Performing Arts Agency, which has signed a 12-year contract on approximately 2,900 sq.m., are ongoing. Leasing of the remaining premises is ongoing, through discussions with several interested parties. The estimated investment in the property is SEK 230 million.

Investment programme

| SEK million | ACTUALS | | | | PLAN | |
|--|------------|--------------|--------------|-----------------|--------------|--------------|
| | 2017 | 2018 | 2019 | 2020 Jan-Sep | 2020 | 2021-2023 |
| Development projects | 312 | 578 | 598 | 412 | 600 | 1,800 |
| Tenant improvements and other value-creating investments | 499 | 596 | 799 | 510 | 700 | 2,100 |
| Maintenance investments | 114 | 126 | 112 | 97 | 100 | 300 |
| Total investments | 925 | 1,300 | 1,509 | 1,019 | 1,400 | 4,200 |

Major current projects

| Property | Category | Municipality | Completed | Leasable area, sq.m. | Estimated rental value, SEK m | Occupancy rate, % | Book value, SEK m | Estimated investment, SEK m | Whereof completed, SEK m |
|---------------------------------|------------------|--------------|-----------|----------------------|-------------------------------|-------------------|-------------------|-----------------------------|--------------------------|
| Eden by Kungsliden ¹ | Office | Malmö | 2021 | 7,900 | 25 | 54 | 167 | 384 | 161 |
| Finnslätten 1 - part of | Office, Industry | Västerås | 2024 | 21,000 | 28 | 13 | 160 | 250 ² | 48 |
| Stettin 6 | Office | Stockholm | 2021 | 25,000 | 57 | 77 | 1,280 | 230 | 111 |
| The Rotterdam District | Office | Stockholm | 2021 | 21,300 | 61 | 69 | 1,080 | 225 | 118 |
| Taktpinnen 1 | Office | Norrköping | 2022 | 16,000 | 25 | 100 | 269 | 136 | 49 |
| Oxel - part of Oxelbergen 1:2 | Office | Norrköping | 2021 | 6,000 | 12 | 27 | 75 | 91 ² | 50 |
| Summa | | | | 97,200 | 208 | | 3,031 | 1,316 | 537 |

1. New development

2. Investment frame - the project is being completed as premises are leased.

The Rotterdam District - Stockholm City East

Work on new frontages and entrances to create a modern and harmonious expression is ongoing at the property Rotterdam 1. The entrances onto Hangövägen in Värtahamnen and existing restaurant are planned for conversion to make the ground floor more welcoming and accessible to the public. As part of efforts to develop The Rotterdam District concept, Kungsleden has decided to relocate its head office to the property and has signed a ten-year green lease on 1,400 sq.m. The premises will be improved to create an innovative showroom to inspire customers, investors, employees and visitors. Kungsleden is scheduled to access the premises during the second quarter of 2021. Leasing of remaining vacancies is ongoing, through discussions with several interested parties. The estimated investment in the property is SEK 225 million.

Taktpinnen 1 - Norrköping

This project involves the modernisation of current tenant SMHI's (the Swedish Meteorological & Hydrological Institute) premises. Total estimated investment is SEK 136 million, scheduled for completion in 2022. The project is progressing according to plan, with the new entrance building and surrounding offices completed in September.

Oxel - Norrköping

Oxelbergen is a district a few minutes' walk from Norrköping city centre, close to green spaces and with good communications. It has a total of 25,000 sq.m. of premises, where Kungsleden is currently modernising and improving a 6,000 sq.m. building. Common areas, as well as renovations of frontages and entrances is complete, and the first tenants have accessed their premises. The estimated investment volume is SEK 91 million; the remaining tenant improvements are ongoing and will be accessed as premises are leased.

FORTHCOMING PROJECTS AND BUILDING RIGHTS

Kungsleden estimates its total pipeline of commercial project investments at about SEK 13 billion. Leasing of the property Borgarfjord 5, known as a:place, is ongoing in Kista, Stockholm. This project involves approximately 10,000 sq.m. of offices, to be developed into new, flexible office premises with a roof terrace and services. Major investments in current and forthcoming vacancies are planned at the property Ribban 5 in central Nyköping. Planning for a major forthcoming investment project is ongoing at existing properties Gladan 5-7. A change to the zoning plan is required for the planned conversion and extension. The zoning plan change process is expected to start in 2020. A collaborative project is ongoing in Finnslätten, scheduled for completion in the fall 2020. The new zoning plan work can then begin, enabling the creation of offices, workshops/warehousing, housing and education premises. Kungsleden received land allocation in its Västberga cluster before the summer, which after the zoning plan is complete, will enable a project investment involving 22,000 sq.m. of office/hotel premises. Kungsleden accessed the property Mimer 6 in the quarter, which is strategically located centrally in the Västerås City cluster. This property offers great development potential, and comprises a parking lot with of over 600 spaces, plus building rights on some 29,000 sq.m. GTA, and 12,000 sq.m. GTA of car parking. Kopparlunden in Central Västerås is another major zoning planning project ongoing, involving a range of dialogues regarding future new production.

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 planning applications 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 total building rights on some 81,500 sq.m. and about 173,000 sq.m. of residential building rights. Current estimated commercial building rights are 100,000 sq.m.

Building rights

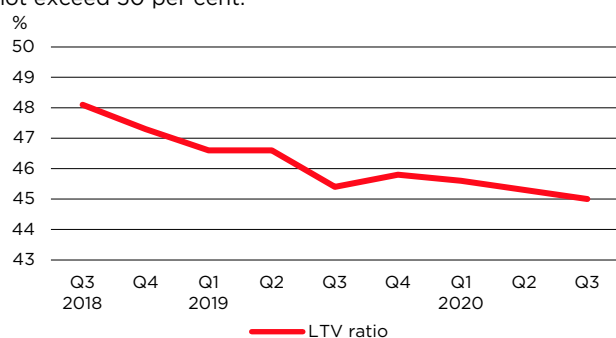
| Sq.m. | Commercial building rights | | | | Residential building rights | | | |
|------------------------------|----------------------------|----------------------|-------------------------|----------------|-----------------------------|----------------------|-------------------------|----------------|
| | Stockholm | Gothenburg/ Malmö | Västerås/ Mälardalen | Total | Stockholm | Gothenburg/ Malmö | Västerås/ Mälardalen | Total |
| Building rights existing | 3,000 | 19,000 | 78,000 | 100,000 | - | 3,000 | 4,000 | 7,000 |
| Zooning plan process ongoing | 15,000 | 43,500 | 23,000 | 81,500 | 50,000 | 33,000 | 90,000 | 173,000 |
| Feasibility study-ongoing | 51,500 | 82,500 | 134,000 | 268,000 | 34,500 | 37,000 | 14,000 | 85,500 |
| Future building rights | 104,000 | - | 15,000 | 119,000 | 3,000 | 11,000 | 5,000 | 19,000 |
| Total sq.m. | 173,500 | 145,000 | 250,000 | 568,500 | 87,500 | 84,000 | 113,000 | 284,500 |

FINANCING

Kungsleden continued to strengthen its financial position in the period through a lower LTV ratio, continued improvement in liquidity coverage, and stable cash flow, which has resulted in a high interest coverage ratio.

STRONG FINANCIAL POSITION

Kungsleden has a strong financial position with a low LTV ratio, which has continued to decrease in the year. Net debt increased by SEK 396 million, while property value increased by SEK 1,562 million, resulting in LTV ratio decreasing to 45.0 per cent at the end of the period, compared to 45.8 per cent at the beginning of the year. Kungsleden's financial target is that the LTV ratio should not exceed 50 per cent.



Kungsleden has a Baa3 Investment Grade rating with Stable Outlook from Moody's. Moody's confirmed this rating in June 2020. In its credit opinion, Moody's cited Kungsleden's well-diversified property portfolio, with its focus on offices in Sweden's growth markets, and continued improvements to its LTV ratio, good liquidity coverage with a low share of short-term loan maturities, strong interest coverage ratio and a reduced share of secured borrowing. Moody's most recent publication on Kungsleden is available for download from <https://www.kungsleden.se/en/investors/funding/capital-markets-products/>.

LIQUIDITY POSITION AND FUNDING ACTIVITIES IN THE THIRD QUARTER

In the third quarter, Kungsleden remained active in the capital markets through its MTN programme, further improving its already good liquidity position. Year to date, Kungsleden has issued a total of SEK 2,300 million, of which SEK 1,700 million in the third quarter. Most of these issues were on maturities of five and six years. In total, Kungsleden repurchased a total nominal amount of SEK 880 million of short-term bonds maturing in 2021 at different times. The issues attracted great interest, and pricing was attractive, even on longer maturities. At the end of the period, Kungsleden had SEK 8,420 million of outstanding bonds within its SEK 12,000 million MTN programme. Kungsleden has no bond or bank loan maturities in the current year. Meanwhile, we have cash and available credit facilities to deal with all remaining maturities on the capital markets throughout 2021. Kungsleden has a total of SEK 3,517 million of unutilised credit facilities with Swedish banks, including a SEK 250

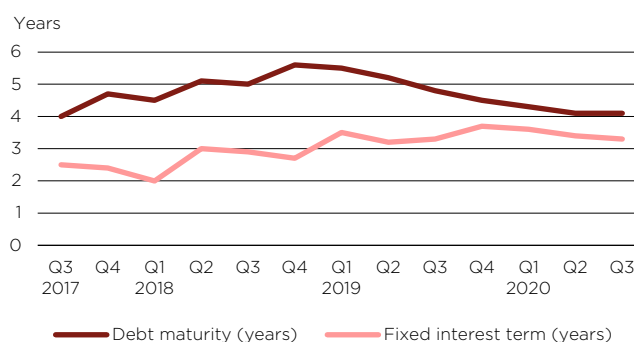
million overdraft, closing cash in hand of SEK 966 million and deduction for outstanding commercial paper.

DEBT MATURITY AND FIXED INTEREST TERM

Net financial items are a significant cost item in the Income Statement, primarily affected by changes in underlying market interest rates and lenders' required yields. Kungsleden 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 been reduced in recent years by renegotiating loans on better terms, and restructuring its interest rate duration. In the third quarter, the average interest rate decreased from 1.9 per cent to 1.8 per cent, mainly because 3-month Stibor decreased in the quarter. Borrowing from the capital markets on longer maturities was a contributor to the average debt maturity remaining unchanged in the quarter, to be 4.1 years at the end of the period, compared to 4.5 at the beginning of the year. The share of short-term borrowing reduced further in the period through the repurchase of bonds maturing in 2021. Outstanding volume on the commercial paper market also reduced, amounting to SEK 300 million at the end of the period, which is fully covered by undrawn credit facilities.

Kungsleden works actively to adapt the Group's fixed interest term profile in accordance with its adopted business plan. In the third quarter, Kungsleden benefited from interest rates on long maturities being low, and extended forward- starting swaps with earlier start as of January 2021 and maturity as of January 2028 to new start as of January 2022 and new maturity as of January 2029. These extensions help protect the financial net against rising market interest rates in the longer term and counter increased ongoing interest costs during the upcoming year. This new interest fixing contributed to the average fixed interest term decreasing marginally since the beginning of the year, and amounting to 3.3 years without impacting financing costs. The interest coverage ratio for the most recent 12-month period remains high at a multiple of 4.6.

Debt maturity and fixed interest term

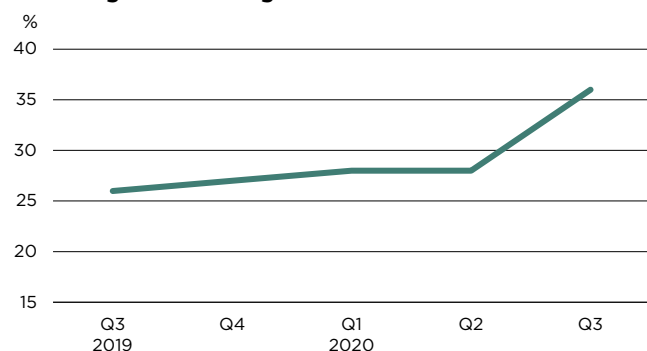


GREEN FINANCING

A total of SEK 2,000 million of the bond issues executed in the year have been green bonds, which means that the share of green financing increased from 27 per cent at the beginning of the year to 36 per cent of the total loan portfolio. Kungsleden has issued a total of SEK 6,000 million of green bonds, also arranging a bank loan of over SEK 900 million secured with direct collateral on the LEED Gold-certified property Färöarna 3. Green bond loans are issued pursuant to the terms & conditions of Kungsleden's green framework. This framework clarifies how the proceeds from green bond loans may be utilised, more at www.kungsleden.se/en/investors/funding/capital-markets-products/. These bonds are quoted on Nasdaq Stockholm's Green Bond List, a market segment of green bonds that applies specific standards to bonds quoted on this marketplace.

Investor interest in green bonds remains high, and issuing green bonds is an important part of Kungsleden's sustainability work. Apart from the sustainability aspect, green finance often offers better interest terms than traditional borrowing. The ambition is that in time, all assets will be financed with green borrowing. Kungsleden's intention is to start work on updating its green framework in the autumn to adapt it to the new objectives of Kungsleden's sustainability work.

Share of green financing



Maturity structure of loans and interest rate derivatives

| As per 30 September 2020 (SEK m) | Bank loans and other borrowings | Bonds | Unutilised credits | Total credit facilities | Interest rate derivatives | Forward starting interest rate derivatives | Ave. interest rate, derivatives, % |
|-------------------------------------|---------------------------------|--------------|--------------------|-------------------------|---------------------------|--|------------------------------------|
| 2020 | 299 | - | 250 | 549 | - | - | - |
| 2021 | - | 1,520 | - | 1,520 | - | - | - |
| 2022 | - | 2,500 | - | 2,500 | 2,000 | - | 0.3 |
| 2023 | 1,364 | 1,350 | 2,600 ¹ | 5,314 | - | - | - |
| 2024 | 2,430 | 1,000 | - | 3,430 | 1,450 | - | 0.6 |
| 2025 | 2,460 | 1,050 | - | 3,510 | 1,500 | - | 0.6 |
| 2026 | 630 | 1,000 | - | 1,630 | -850 ³ | 2,000 ² | 0.9 |
| 2027 | 1,594 | - | - | 1,594 | - | - | - |
| 2028 | - | - | - | - | - | - | - |
| 2029 | 1,701 | - | - | 1,701 | - | 3,000 ⁴ | 0.8 |
| Summa | 10,478 | 8,420 | 2,850 | 21,748 | 4,100 | 5,000 | - |

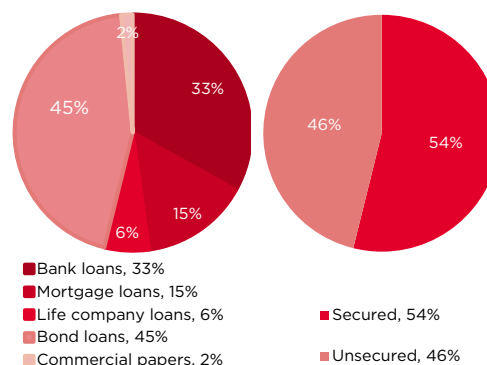
1. Whereof SEK 299 million is back-up for issued commercial papers

2. Starts in September and December 2022

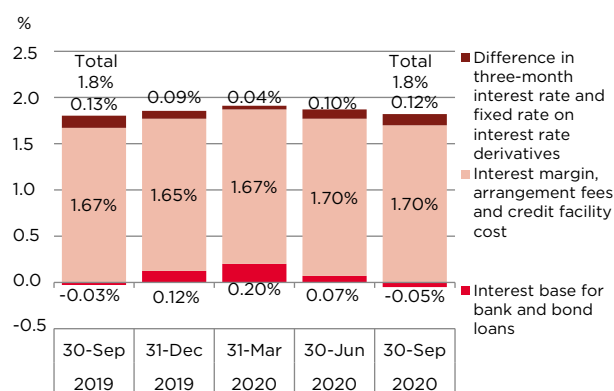
3. Receiver swaps which transfers bonds with fixed interest rate to floating interest rate

4. Starts in January 2022

Loan portfolio, secured and unsecured debt as of 30 September 2020



Average interest rate



KUNGSLEDEN'S SHARE

Kungsleden's share is on Nasdaq Stockholm's Large Cap list. Market capitalisation was SEK 18.6 billion at the end of the third quarter.

The price paid for the Kungsleden share at the beginning of the year was SEK 98.40, and SEK 85.05 at the end of the third quarter. The lowest closing price in the interim period was on 18 March at SEK 59.75. The highest closing price was on 19 February at SEK 112.30.

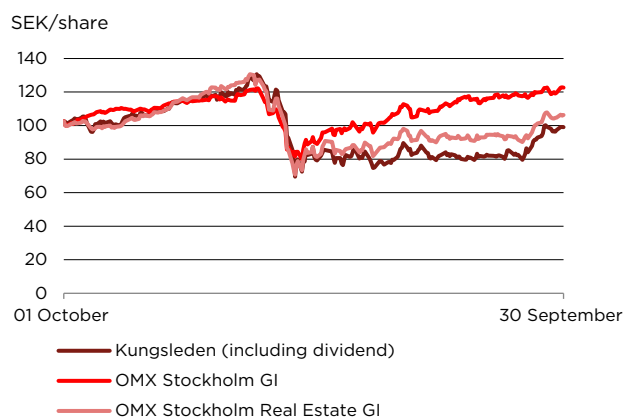
SHARE CAPITAL

Kungsleden has one share class, ordinary shares, and each share carries one vote. Share capital was unchanged in the period, at SEK 91,001,376. There are 218,403,302 ordinary shares. Kungsleden's Board of Directors and management owns a total of 2,950,495 shares, corresponding to 1.4 per cent of the capital.

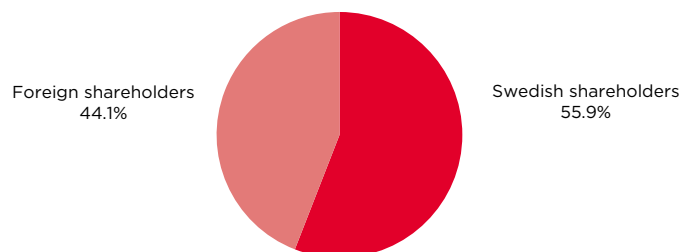
SHARE DIVIDEND

The Board of Directors of Kungsleden decided to withdraw its earlier proposal to the Annual General Meeting regarding dividend until the consequences of the Covid-19 pandemic could be better reviewed. In the third quarter the Board of Directors has proposed to reinstate the dividend of SEK 2.60 per share to shareholders for the financial year 2019, and an Extraordinary General Meeting (EGM) has approved the Board's proposal.

Total return on share, 1 October 2019 - 30 September 2020



Ownership structure as per 30 September 2020



Key ratios per share

| Data per share | 2019/2020 Oct-Sep | 2019 Jan-Dec |
|---|----------------------|--------------------|
| Dividend paid, SEK | 1.20 | 2.35 |
| Total return on share, % | -3.5 | 60.2 |
| Dividend yield on share, % | 3.1 | 2.6 |
| Profit from property management, SEK | 5.66 | 5.43 |
| Net profit, SEK | 7.92 | 10.28 |
| EPRA EPS (profit from property management after tax), SEK | 5.35 | 5.37 |
| | 30 Sep 2020 | 31 Dec 2019 |
| EPRA NRV (long-term net asset value), SEK | 98.45 | 91.94 |
| EPRA NTA (current net asset value), SEK | 96.34 | 90.10 |
| EPRA NDV, SEK | 84.47 | 80.07 |
| Equity, SEK | 84.47 | 80.07 |
| Share price, SEK | 85.05 | 98.40 |

Shareholders as per 30 September 2020

| Name | No. of shares | Share of capital, % |
|--------------------------------|--------------------|---------------------|
| Gösta Welandson and companies | 31,677,781 | 14.5 |
| BlackRock | 11,043,787 | 5.1 |
| APG Asset Management | 7,981,000 | 3.7 |
| Handelsbanken Investment Funds | 7,940,081 | 3.6 |
| Vanguard | 6,771,063 | 3.1 |
| Olle Florén and companies | 6,750,797 | 3.1 |
| Norges Bank | 5,885,859 | 2.7 |
| BMO Global Asset Management | 5,125,676 | 2.3 |
| Ilija Batljan | 3,558,118 | 1.6 |
| Nordea Investment Funds | 3,446,121 | 1.6 |
| Total 10 largest owners | 90,180,283 | 41.3 |
| Foreign shareholders, other | 56,052,695 | 25.7 |
| Swedish shareholders, other | 72,170,324 | 33.0 |
| Total | 218,403,302 | 100.0 |

GROUP CASH FLOW

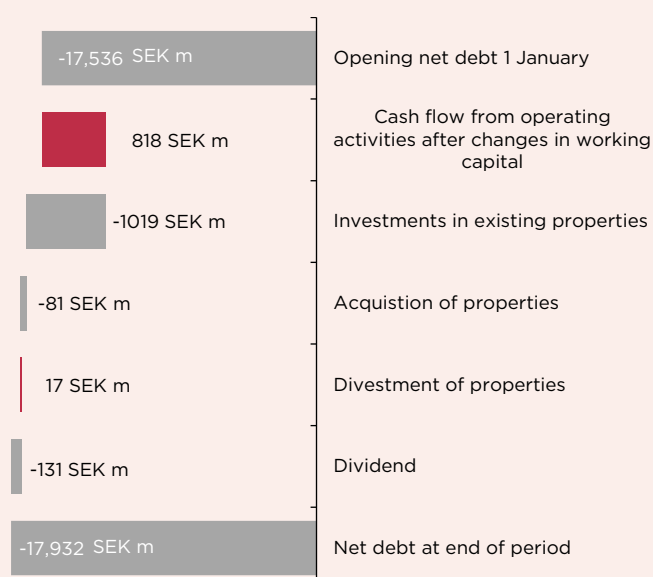
| SEK million | 2020 Jan-Sep | 2019 Jan-Sep | 2020 Jul-Sep | 2019 Jul-Sep | 2019 Jan-Dec |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| OPERATIONS | | | | | |
| Profit from property management | 940 | 889 | 329 | 310 | 1,185 |
| Adjustments for non-cash items | 10 | -5 | -13 | -11 | 3 |
| Tax paid | 0 | 0 | 0 | 0 | -3 |
| Cash flow before changes in working capital | 950 | 885 | 316 | 299 | 1,186 |
| Changes in working capital | -132 | 94 | -97 | 237 | 72 |
| Cash flow after changes in working capital | 818 | 978 | 219 | 536 | 1,257 |
| INVESTING ACTIVITIES | | | | | |
| Investments in current properties | -1,019 | -995 | -245 | -321 | -1,509 |
| Acquisition of properties | -81 | -608 | -65 | 0 | -1,080 |
| Divestment of properties | 19 | 711 | 2 | 34 | 724 |
| Other intangible and tangible assets, net | -3 | -4 | -1 | -1 | -5 |
| Financial assets, net | 0 | 0 | 0 | 0 | 0 |
| Cash flow from investing activities | -1,084 | -897 | -309 | -288 | -1,870 |
| FINANCING ACTIVITIES | | | | | |
| Dividend | -131 | -382 | 0 | -131 | -513 |
| Repayment of loans | -1,690 | -6,582 | -1,100 | -2,562 | -6,602 |
| New loans | 2,699 | 6,960 | 1,700 | 2,451 | 7,609 |
| Cash flow from financing activities | 878 | -4 | 600 | -242 | 495 |
| CASH FLOW FOR THE PERIOD | 612 | 77 | 511 | 6 | -118 |
| Cash and cash equivalents at beginning of period | 353 | 471 | 455 | 542 | 471 |
| Exchange rate difference in cash and cash equivalents | 0 | 0 | 0 | 0 | 0 |
| Cash and cash equivalents at end of period | 966 | 548 | 966 | 548 | 353 |

CASH FLOW AND LOAN-TO-VALUE RATIO

Operating cash flow before changes in working capital was SEK 950 million. The change in working capital is the difference between reported earnings for the period and the period's payment flows. Over time, cash flow will reflect reported earnings. SEK 1,019 million was invested in existing properties and projects in the period. A swap deal with the Municipality of Gothenburg was completed in the first quarter, with Kungsleden paying SEK 17 million for the acquisition in the transaction, and after deducting transaction costs, receiving proceeds of SEK 17 million for the divestment. Kungsleden accessed the property Mimer 6 in Västerås, acquired from ABB, paying an initial purchase consideration of SEK 63 million. A dividend of SEK 131 million was paid to shareholders in the first quarter, the final dividend payment for the financial year 2018.

Liabilities increased by SEK 1,009 million, and because cash and bank balances increased by SEK 613 million, net debt increased by SEK 396 million. The LTV ratio decreased from 45.8 per cent to 45.0 per cent at the end of the period due to unrealised increases in value in the property portfolio. Total liquid funds available were SEK 3,517 million (1,954), including granted and available credit facilities, after deducting for backups for outstanding commercial paper, and a partially utilised credit facility.

Change in net debt January-September 2020



SEGMENT REPORTING

JAN-SEP 2020¹

| SEK million | Stockholm | Gothenburg | Malmö | Västerås | Regional cities | Development properties | Unallocated | Total |
|--|---------------|--------------|--------------|--------------|-----------------|------------------------|-------------|---------------|
| Revenue | 692 | 216 | 214 | 419 | 273 | 74 | - | 1,888 |
| Property costs | -194 | -60 | -64 | -144 | -89 | -33 | - | -583 |
| Operating net | 498 | 156 | 151 | 275 | 184 | 40 | - | 1,305 |
| Selling- and administration costs | - | - | - | - | - | - | -74 | -74 |
| Net financial items | - | - | - | - | - | - | -291 | -291 |
| Profit from property management | 498 | 156 | 151 | 275 | 184 | 40 | -364 | 940 |
| Changes in value | | | | | | | | |
| Properties | 266 | 39 | 4 | 207 | -25 | -12 | 2 | 481 |
| Interest rate derivatives | - | - | - | - | - | - | -191 | -191 |
| Profit before tax | 764 | 195 | 155 | 482 | 159 | 29 | -553 | 1,231 |
| Tax | - | - | - | - | - | - | -271 | -271 |
| Net profit | 764 | 195 | 155 | 482 | 159 | 29 | -824 | 960 |
| Book value properties | 17,089 | 4,228 | 4,309 | 7,014 | 4,382 | 2,850 | - | 39,872 |

JAN-SEP 2019¹

| SEK million | Stockholm | Gothenburg | Malmö | Västerås | Regional cities | Development properties | Unallocated | Total |
|--|---------------|--------------|--------------|--------------|-----------------|------------------------|---------------|---------------|
| Revenue | 643 | 208 | 214 | 401 | 265 | 79 | - | 1,810 |
| Property costs | -184 | -57 | -60 | -145 | -93 | -38 | - | -579 |
| Operating net | 458 | 151 | 154 | 255 | 172 | 41 | - | 1,232 |
| Selling- and administration costs | - | - | - | - | - | - | -74 | -74 |
| Net financial items | - | - | - | - | - | - | -269 | -269 |
| Profit from property management | 458 | 151 | 154 | 255 | 172 | 41 | -343 | 889 |
| Changes in value | | | | | | | | |
| Properties | 376 | 167 | 69 | 487 | 75 | 93 | -6 | 1,260 |
| Interest rate derivatives | - | - | - | - | - | - | -274 | -274 |
| Profit before tax | 834 | 318 | 223 | 742 | 247 | 134 | -623 | 1,875 |
| Tax | - | - | - | - | - | - | -400 | -400 |
| Net profit | 834 | 318 | 223 | 742 | 247 | 134 | -1,023 | 1,475 |
| Book value properties | 14,765 | 4,014 | 4,199 | 6,462 | 4,314 | 3,078 | - | 36,833 |

1. Which properties are included in the category project properties varies over time (see page 23 for definitions).

KEY RATIOS

| | 2020 Jan-Sep | 2019 Jan-Sep | 2020 Jul-Sep | 2019 Jul-Sep | 2019 Jan-Dec |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Property related | | | | | |
| Property yield, % | 4.4 | 4.6 | 4.6 | 4.7 | 4.5 |
| Occupancy rate, % | 90.8 | 91.6 | 90.8 | 91.6 | 91.5 |
| Surplus ratio, % | 69.9 | 68.2 | 72.9 | 68.7 | 68.2 |
| <i>Actuals, investment properties</i> | | | | | |
| Property yield, investment properties, % | 4.7 | 4.8 | 4.7 | 4.9 | 4.8 |
| Occupancy rate, investment properties, % | 93.1 | 92.9 | 93.1 | 92.9 | 93.2 |
| EPRA vacancy rate, investment properties, % | 6.9 | 7.1 | 6.9 | 7.1 | 6.8 |
| Surplus ratio, investment properties, % | 70.5 | 68.9 | 73.2 | 69.4 | 68.9 |
| Surplus ratio, investment properties excluding non-recurring effects, % | 70.4 | 68.9 | 73.6 | 71.0 | 69.0 |
| Rental revenue, investment properties, SEK/sq.m. ¹ | 1,492 | 1,427 | - | - | 1,442 |
| Property costs, investment properties, SEK/sq.m. ¹ | 401 | 388 | - | - | 392 |
| Financial | | | | | |
| Return on total assets, % | 4.0 | 4.2 | 4.2 | 4.2 | 4.1 |
| Return on equity, % | 9.8 | 11.6 | 8.5 | 12.7 | 13.6 |
| Interest coverage ratio, multiple | 4.5 | 4.6 | 4.5 | 4.6 | 4.6 |
| Equity ratio, % | 43.9 | 43.3 | - | - | 44.0 |
| LTV (loan-to-value) ratio, % | 45.0 | 45.4 | - | - | 45.8 |
| Data per share | | | | | |
| Dividend paid, SEK | - | - | - | - | 2.35 |
| Total return on share, % | - | - | - | - | 60.2 |
| Dividend yield on share, % | - | - | - | - | 2.6 |
| Profit from property management, SEK | 4.30 | 4.07 | 1.51 | 1.42 | 5.43 |
| Net profit, SEK | 4.39 | 6.75 | 1.77 | 2.38 | 10.28 |
| Cash flow before changes in working capital, SEK | 4.35 | 4.05 | 1.45 | 1.37 | 5.43 |
| EPRA EPS (profit from property management after tax), SEK | 4.05 | 4.07 | 1.40 | 1.42 | 5.37 |
| EPRA NRV (long-term net asset value), SEK ² | 98.45 | 88.37 | - | - | 91.94 |
| EPRA NTA (current net asset value), SEK ² | 96.34 | 87.07 | - | - | 90.10 |
| EPRA NDV, SEK | 84.47 | 76.55 | - | - | 80.07 |
| Equity, SEK | 84.47 | 76.55 | - | - | 80.07 |
| Outstanding no. of shares at end of period | 218,403,302 | 218,403,302 | 218,403,302 | 218,403,302 | 218,403,302 |
| Average number of shares | 218,403,302 | 218,403,302 | 218,403,302 | 218,403,302 | 218,403,302 |

1. Rental revenue SEK/sq.m. and property costs SEK/sq.m. are based on 12 months rolling

2. Comparative figures recalculated according to new definitions from EPRA as from 2020, see page 23 for further information.

KEY RATIOS BY SEGMENT

| | Stockholm | Gothenburg | Malmö | Västerås | Regional cities | Development properties | Unallocated |
|---|-----------|------------|-------|----------|-----------------|------------------------|---------------|
| As per 30 September 2020 | | | | | | | |
| No. of properties | 51 | 41 | 41 | 18 | 46 | 14 | 211 |
| Leasable area, 000 sq.m. | 508 | 258 | 223 | 450 | 338 | 223 | 2,000 |
| Book value, SEK m | 17,089 | 4,228 | 4,309 | 7,014 | 4,382 | 2,850 | 39,872 |
| Occupancy rate, % | 91.6 | 96.2 | 93.5 | 94.8 | 91.5 | 59.8 | 90.8 |
| Jan-Sep 2020 | | | | | | | |
| Rental value, SEK m | 751 | 226 | 228 | 433 | 300 | 123 | 2,060 |
| Rental revenue, SEK m | 685 | 213 | 214 | 410 | 271 | 73 | 1,867 |
| Operating net, SEK m | 498 | 156 | 151 | 275 | 184 | 40 | 1,305 |
| Surplus ratio, % | 72.7 | 73.2 | 70.4 | 67.1 | 67.8 | 55.2 | 69.9 |
| Property yield, % | 3.9 | 5.0 | 4.7 | 5.4 | 5.5 | 2.3 | 4.4 |
| New leasing, SEK m | 27 | 10 | 7 | 14 | 28 | 16 | 101 |
| Net leasing, SEK m | -22 | 4 | -3 | 9 | 17 | 6 | 12 |
| Investments, SEK m | 242 | 133 | 57 | 167 | 156 | 263 | 1,019 |
| Unrealised changes in value - properties, SEK m | 266 | 39 | 4 | 207 | -25 | -12 | 479 |

QUARTERLY SUMMARY

INCOME STATEMENT IN SUMMARY

| SEK million | 2020 | | | 2019 | | | 2018 | | |
|--|------------|------------|------------|------------|------------|------------|------------|------------|--|
| | Quarter 3 | Quarter 2 | Quarter 1 | Quarter 4 | Quarter 3 | Quarter 2 | Quarter 1 | Quarter 4 | |
| Revenue | 622 | 627 | 638 | 613 | 618 | 604 | 589 | 607 | |
| Operating net | 451 | 427 | 427 | 419 | 424 | 423 | 384 | 412 | |
| Selling- and administration costs | -21 | -28 | -25 | -35 | -20 | -25 | -28 | -21 | |
| Net financial items | -101 | -98 | -92 | -87 | -94 | -86 | -88 | -87 | |
| Profit from property management | 329 | 301 | 310 | 296 | 310 | 312 | 267 | 303 | |
| Profit (loss) from divestment | 3 | 0 | -1 | 0 | -2 | 3 | -7 | -19 | |
| Unrealised changes in value, properties | 175 | 60 | 243 | 496 | 418 | 352 | 496 | 331 | |
| Unrealised changes in value, financial instruments | -13 | -57 | -121 | 200 | -65 | -118 | -91 | -55 | |
| Profit before tax | 494 | 305 | 432 | 992 | 661 | 549 | 665 | 560 | |
| Tax | -107 | -71 | -94 | -222 | -140 | -121 | -139 | -167 | |
| Net profit | 387 | 234 | 338 | 770 | 521 | 428 | 526 | 393 | |

BALANCE SHEET IN SUMMARY

| SEK million | 2020 | | | 2019 | | | 2018 | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--|
| | Quarter 3 | Quarter 2 | Quarter 1 | Quarter 4 | Quarter 3 | Quarter 2 | Quarter 1 | Quarter 4 | |
| ASSETS | | | | | | | | | |
| Non-current assets | | | | | | | | | |
| Intangible assets | 12 | 12 | 12 | 12 | 13 | 13 | 12 | 11 | |
| Properties | 39,872 | 39,387 | 38,912 | 38,310 | 36,833 | 36,131 | 35,418 | 34,697 | |
| Assets of right of use | 828 | 814 | 815 | 812 | 773 | 774 | 776 | - | |
| Equipment | 3 | 3 | 4 | 4 | 4 | 5 | 5 | 5 | |
| Other long-term receivables | 2 | 2 | 2 | 2 | 4 | 4 | 4 | 4 | |
| Total non-current assets | 40,717 | 40,219 | 39,745 | 39,140 | 37,628 | 36,927 | 36,216 | 34,718 | |
| Current assets | | | | | | | | | |
| Current receivables | 316 | 311 | 331 | 237 | 404 | 287 | 302 | 201 | |
| Derivatives | 5 | - | - | - | - | - | - | 4 | |
| Cash and bank balances | 966 | 455 | 489 | 353 | 548 | 542 | 400 | 471 | |
| Total current assets | 1,287 | 766 | 820 | 590 | 952 | 829 | 702 | 677 | |
| TOTAL ASSETS | 42,004 | 40,985 | 40,565 | 39,730 | 38,579 | 37,756 | 36,918 | 35,394 | |
| EQUITY AND LIABILITIES | | | | | | | | | |
| Equity | 18,448 | 18,061 | 17,826 | 17,488 | 16,718 | 16,197 | 16,293 | 15,767 | |
| Interest-bearing liabilities | | | | | | | | | |
| Liabilities to credit institutions | 9,033 | 9,053 | 9,373 | 9,094 | 9,114 | 9,287 | 9,307 | 9,204 | |
| Bond loans (unsecured) | 8,420 | 7,600 | 7,300 | 7,000 | 6,600 | 6,488 | 5,988 | 6,082 | |
| Other borrowing | 1,445 | 1,644 | 1,545 | 1,796 | 1,546 | 1,596 | 1,596 | 1,596 | |
| Total interest-bearing liabilities | 18,898 | 18,298 | 18,219 | 17,889 | 17,260 | 17,371 | 16,891 | 16,882 | |
| Non-interest-bearing liabilities | | | | | | | | | |
| Provisions | 3 | 3 | 3 | 3 | 5 | 5 | 5 | 5 | |
| Deferred tax liabilities | 2,759 | 2,652 | 2,581 | 2,488 | 2,277 | 2,139 | 2,018 | 1,892 | |
| Liabilities of right of use | 828 | 814 | 815 | 812 | 773 | 774 | 776 | - | |
| Derivatives | 301 | 283 | 226 | 105 | 305 | 240 | 122 | 34 | |
| Other non-interest-bearing liabilities | 767 | 874 | 894 | 945 | 1,242 | 1,030 | 813 | 814 | |
| Total non-interest-bearing liabilities | 4,658 | 4,626 | 4,520 | 4,353 | 4,602 | 4,188 | 3,734 | 2,745 | |
| TOTAL EQUITY AND LIABILITIES | 42,004 | 40,985 | 40,565 | 39,730 | 38,579 | 37,756 | 36,918 | 35,394 | |

PARENT COMPANY

INCOME STATEMENT IN SUMMARY

| SEK million | 2020 Jan-Sep | 2019 Jan-Sep | 2020 Jul-Sep | 2019 Jul-Sep | 2019 Jan-Dec |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Intra-group revenue | 0 | 0 | 0 | 0 | 0 |
| Administration costs | -27 | -24 | -8 | -7 | -31 |
| Operating profit (loss) | -27 | -24 | -8 | -7 | -31 |
| Profit from financial items | 570 | -241 | 515 | -46 | 241 |
| Profit before tax | 543 | -265 | 507 | -53 | 210 |
| Tax | -28 | -71 | -21 | -19 | -5 |
| Net profit | 515 | -336 | 487 | -72 | 205 |

BALANCE SHEET IN SUMMARY

| SEK million | 30 Sep 2020 | 30 Sep 2019 | 31 Dec 2019 |
|-------------------------------------|---------------|---------------|---------------|
| ASSETS | | | |
| Shares in group companies | 2,523 | 3,054 | 2,572 |
| Receivables from group companies | 17,230 | 17,839 | 15,558 |
| Other receivables | 176 | 200 | 204 |
| Cash and cash equivalents | 964 | 547 | 350 |
| TOTAL ASSETS | 20,894 | 21,640 | 18,684 |
| EQUITY AND LIABILITIES | | | |
| Equity | 8,430 | 7,374 | 7,916 |
| Non-current liabilities | 8,228 | 6,907 | 7,107 |
| Liabilities to group companies | 3,398 | 6,595 | 2,837 |
| Other liabilities | 838 | 764 | 824 |
| TOTAL EQUITY AND LIABILITIES | 20,894 | 21,640 | 18,684 |

OTHER INFORMATION

ORGANISATION AND EMPLOYEES

The average number of employees was 131 (110) for the period.

RISKS AND UNCERTAINTIES

Kungsleden's operations, results of operations and financial position are affected by a number of risk factors. These relate mainly to properties, tax and financing. More information on Kungsleden's risks and risk management is on pages 72-76 of the Annual Report for 2019. In addition to these, risk associated to Covid-19 has occurred. For information regarding our view of Covid-19 and its possible impact on Kungsleden, see page 2-3.

INFORMATION BASED ON FORECASTS

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

ALTERNATIVE PERFORMANCE MEASURES

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

Kungsleden reports EPRA Vacancy rate, EPRA EPS, EPRA NDV, EPRA NRV and EPRA NTA in accordance with European Public Real Estate Association (EPRA) definitions. EPRA's guidelines have been updated compared to the previous year and the changes will come into effect for accounting periods starting January 1, 2020. EPRA NRV (Net Reinstatement Value), EPRA NTA (Net Tangible Assets) and EPRA NDV (Net Disposal Value) replace EPRA NAV and EPRA NNNAV. For further information see definitions on page 23.

ACCOUNTING POLICIES

Kungsleden's consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS). This Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting, and for the parent company in accordance with Chapter 9 of the Swedish Annual Accounts Act. Relevant provisions of the Swedish Annual Accounts Act and the Swedish Securities Markets Act have also been applied. The same accounting policies and measurement methods have been applied for the Group and parent company as in the most recent annual accounts. Apart from the accounting policies stated in the annual accounts for 2019, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance has been applied. Its application has not impacted the Group to a material extent. Apart from the financial statements and their associated notes, disclosures pursuant to IAS 34.16A have been made in other sections of this Interim Report. Preparation of this Interim Report requires management to make judgements and estimates, and to make assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, revenue and expenses. Actual outcomes may differ from these estimates and judgements. The critical estimates made and sources of uncertainty in estimates are the same as in the most recent annual accounts.

VALUATION OF PROPERTY PORTFOLIO

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

MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities recognised at amortised cost are measured initially at fair value with a supplement for transaction expenses. Accounts receivable and lease receivables are initially recognised at invoiced value. After first-time recognition, assets are measured according to the effective interest method. Financial liabilities are recognised at amortised cost apart from derivatives and are initially measured at fair value including transaction expenses. After first-time recognition, they are measured at amortised cost according to the effective interest method. Derivatives are recognised at fair value through profit or loss, and the Group does not apply hedge accounting. No significant difference is deemed to exist between book and fair values. For derivatives, where Kungsleden holds a number of interest rate swaps, market valuations are conducted each quarter with classification at level 2.

Stockholm 21 October 2020

Biljana Pehrsson
Chief Executive Officer

This Report has been subject to review by the company's auditors.

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

REVIEW REPORT

This is a translation from the Swedish original.

Kungsleden AB (publ), corporate identity number 556545-1217
To the board of Kungsleden AB

INTRODUCTION

We have reviewed the condensed interim report for Kungsleden AB as at September 30, 2020 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, October 21, 2020

Ernst & Young AB

Jonas Svensson
Auditor in charge

Ingemar Rindstig
Authorized Public Accountant

DEFINITIONS

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 (excl. heating) plus a fixed additional supplement.

EPRA vacancy rate

The rental value of unlet premises divided by the rental value of the entire property portfolio.

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 rate

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

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 after tax for the last four quarters in relation to average equity for the five constituent periods. For individual quarters, returns are annualised and divided by average equity for the two constituent periods.

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 NRV (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. Corresponds to previous EPRA NAV.

EPRA NTA (current net asset value) per share

Reported equity after adding back reported asset/liability of interest rate derivatives and adjusted for the estimated fair value of deferred tax, in relation to the number of shares at the end of the period. Replaces previous EPRA NNAV.

EPRA NDV per share

Reported equity adjusted for any difference to the fair value of interest-bearing liabilities, after taking into account full deferred tax, in relation to the number of shares at period end.

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 total of the share price change during the period and dividends paid in the period after redemption in relation to the share price at the end of the period.

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.

ESMA guidelines

See additional information on page 21.

FINANCIAL CALENDAR, CONTACTS AND INVITATION TO PRESENTATION

CALENDAR

Year-End report
Jan-Dec 2020
11 February 2021

Interim report
Jan-Mar 2021
22 April 2021

AGM
22 April 2021

Presentation of interim report

Kungsleden presents the interim report on 21 October 2020 at 08.45.

The presentation will be held in English and is available on:

<https://www.kungsleden.se/en/investors/calendar/2020/kungsleden-presents-its-third-quarter-2020/>

Phone number to the conference:

SE: +46 8 505 58 352

UK: +44 333 300 92 72

US: +1 83 352 683 84

After the presentation a recorded version of the webcast will be available at:

<https://www.kungsleden.se/en/investors/reports-and-presentations/>

The report is also available at:

<https://www.kungsleden.se/en/investors/reports-and-presentations/>

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