



**Interim Report  
January – March 2021**

**kungsleden**

# INTERIM REPORT JANUARY-MARCH 2021

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 31 March 2021 we owned 208 properties with a leasable area of 2 million sq.m. and a total value of SEK 41,814 million.

## INTERIM PERIOD JANUARY-MARCH

- Profit from property management increased by 3 per cent to SEK 318 million (310). The increase is mainly due to higher rental revenue, and decreased selling and administration costs.
- New leasing was SEK 50 million (38), and net leasing was SEK 9 million (3).
- Kungsleden renegotiated 17 lease contracts (31) with total rental value of SEK 75 million (52) in the period. The average rent increase on the renegotiated lease contracts was 9 per cent (13).
- After investments of SEK 231 million, transactions and positive value changes, property value was SEK 41,814 million, compared to SEK 40,718 million at the beginning of the year.
- Unrealised value changes on properties amounted to SEK 932 million (243), which corresponds to an uplift of 2.3 per cent. The continued very strong demand for warehousing, industry and logistics at historically low return requirements as well as increased rental potential has had a positive effect on the property portfolio.
- Current net asset value increased to SEK 102.73 per share (92.58).

## SIGNIFICANT EVENTS DURING AND AFTER FIRST QUARTER

- Several major new leasings and renegotiations were conducted in the quarter. These included the leasing of a total of 5,700 sq.m. in our Stockholm City East cluster.
- In the first quarter, the planning programme based on the ideas of Vision Finnslätten were approved by the Västerås building committee.
- Kungsleden signed an agreement with JM AB in January to divest the property Isolatorn 12 in Västerås, with future residential building rights, at a price of SEK 4,100 per sq.m. GTA before deductions.
- Kungsleden vacated the properties Tändstiftet 2 and Fräsen 1 in Täby, near Stockholm, during and after the first quarter.
- Generation permit sales at Finnslätten to Mälarenergi in Västerås were completed in the period, as part of further concentration of real estate operations. The price amounted to SEK 34 million and the capital gain to SEK 16 million.
- A total of SEK 1 billion of green bonds have been issued on six- and seven years maturities and attractive pricing.
- In April, an agreement was signed with K-Fastigheter AB to sell the property Veddesta 2:65 in Järfälla with a future residential building right of 32,000 sq.m. at a price of SEK 8,000 / sq.m.

Key ratios	2021	2020	2020
	Jan-Mar	Jan-Mar	Jan-Dec
Book value properties, MSEK	41,814	38,912	40,718
Property yield, investment properties, %	4.3	4.6	4.6
Occupancy rate, investment properties, %	92.6	92.8	92.9
Surplus ratio, investment properties, %	68.4	68.2	70.1
Surplus ratio, investment properties excluding non-recurring effects, %	67.5	68.1	70.4
Return on equity, %	12.9	12.2	9.1
LTV (loan-to-value) ratio, %	44.5	45.6	45.0
Interest coverage ratio, multiple	4.6	4.7	4.5
Net profit, SEK per share	5.13	1.55	7.50
EPRA NTA, SEK per share	102.73	92.58	97.13

# CEO'S STATEMENT

## A good start to the year – positive outlook ahead

**Kungsleden reported stable results for the first quarter 2021, and the outlook ahead is positive. We achieved positive net leasing for the tenth consecutive quarter, and the outcome of our renegotiations remains strong. Positive changes in value, especially in our warehouse, industrial and logistics portfolio, coupled with investments, have increased the value of our property portfolio by just over SEK 1.1 billion, to SEK 41.8 billion since year-end.**

Profit from property management increased to SEK 318 million, a 3 per cent increase compared to the first quarter 2020. 2021 has got off to a good start, with a higher demand, and increased activity on the leasing market, for offices, as well as warehouse, industrial and logistics. The transaction market remains brisk. Economic growth forecasts for this year and coming years have been upgraded, creating a positive outlook ahead.

### KUNGSLEDEN'S STRATEGIC DIRECTION

Kungsleden's strategy rests on geographical diversification in our four main markets of Stockholm, Gothenburg, Malmö and Västerås, and selected regional cities with growth. The second cornerstone of our strategy is focusing on two main categories in our customer proposition - offices, as well as industrial, warehouse and logistics. Having good market and customer knowledge, a local presence and strong customer offer in our clusters, is the third cornerstone of our strategy. Our strategic direction has paid off, not least in us reporting positive net leasing and strong renegotiation outcomes since 2018. Since 2018, we have increased the average rent of our portfolio by 25 per cent, which has helped our rental revenues, operating net, and property values grow.

The demand on our markets and for our properties remains healthy. We signed 66 new lease contracts with rental value of SEK 50 million in the quarter. Net leasing was good at SEK 9 million. We also successfully renegotiated 17 lease contracts worth SEK 75 million, increasing rent by an average of 9 per cent. We signed three major lease contracts on a total of 5,700 sq.m. in our Stockholm City East cluster at Gärdet, increasing the occupancy rate in this cluster by 5 per cent. Our revenues in like-for-like portfolio terms increased by 2 per cent, a positive outcome given lower indexation, discounts related to Covid-19, as well as there being more tenants moving out than moving in in the period. For Kungsleden, any impact of the pandemic remains very limited. Granted rent relief continued to reduce, and was SEK 3 million in the first quarter.

On the transaction market, the year has started briskly. Pricing on completed transactions indicates that required



yields are continuing to decline, especially in warehouse, industry and logistics. Combined with improved rental revenue and operating net, this contributed to unrealised changes in value of SEK 932 million in the quarter. The warehouse, industrial and logistics segment currently comprises 17 per cent of our portfolio. Our goal is to increase this share to some 20 per cent of total property value.

Investor interest on the capital markets remains high, especially for Kungsleden's green bonds. In the first quarter, we issued SEK 1 billion of green bonds on long maturities at attractive pricing levels, which are some 30 basis points lower than our current average interest rate. Our financial position has strengthened further, and our LTV ratio is now at 44.5 per cent. This sets us up for lower financing costs ahead, and offers more potential for a higher rating.

### A BRIGHTER FUTURE AND FOCUS ON SUSTAINABLE GROWTH

The year has started well, and the outlook ahead is progressively brighter. Recently, Sweden's government upgraded its forecast growth for this year to 3.2 per cent, and to 3.8 per cent for 2022. Assuming the vaccination roll-out continues, and countries gradually ease restrictions, we also anticipate a broader-based recovery of economies, and stronger growth for Sweden.

Looking ahead, we have a big pipeline of development projects, in our Finnslätten cluster in Västerås for example. The planning programme based on the ideas of Vision Finnslätten was approved in March this year. Vision Finnslätten is a partnership with several participants that Kungsleden started jointly with ABB in 2018 to develop an estate of modern industrial properties, warehousing and logistics premises, as well as offices, with good communications including a railway station, international school and campus.

We have an attractive property portfolio in the right locations in growth markets, creditworthy customers, committed staff and a sharper focus on sustainability. Our financial position keeps getting stronger. Since 2011, we have achieved average yearly growth of profit from property management of 13 per cent. Looking ahead, we see good potential to continue on our growth journey.

Stockholm, 22 April 2021

Biljana Pehrsson, CEO

## CONSOLIDATED INCOME STATEMENT

MSEK	2021 Jan-Mar	2020 Jan-Mar	2020 Jan-Dec
<b>Revenue</b>			
Rental revenue	633	632	2,501
Other revenue	10	5	29
<b>Total revenue</b>	<b>643</b>	<b>638</b>	<b>2,530</b>
<b>Property costs</b>			
Operations	-133	-125	-445
Maintenance	-18	-20	-80
Property tax	-32	-37	-150
Property administration	-27	-29	-112
<b>Total property costs</b>	<b>-211</b>	<b>-211</b>	<b>-787</b>
<b>OPERATING NET</b>	<b>432</b>	<b>427</b>	<b>1,743</b>
<b>Selling- and administration costs</b>	<b>-19</b>	<b>-25</b>	<b>-102</b>
Financial revenues and financial costs	-88	-85	-355
Costs of right of use	-7	-7	-29
<b>Net financial items</b>	<b>-95</b>	<b>-92</b>	<b>-384</b>
<b>PROFIT FROM PROPERTY MANAGEMENT</b>	<b>318</b>	<b>310</b>	<b>1,257</b>
<b>Changes in value</b>			
Properties	949	243	960
Interest derivatives	130	-121	-157
<b>Total changes in value</b>	<b>1,079</b>	<b>122</b>	<b>803</b>
<b>PROFIT BEFORE TAX</b>	<b>1,397</b>	<b>432</b>	<b>2,060</b>
<b>Tax</b>	<b>-288</b>	<b>-94</b>	<b>-424</b>
<b>NET PROFIT</b>	<b>1,109</b>	<b>338</b>	<b>1,636</b>
NET PROFIT PER SHARE	5.13	1.55	7.50

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	2021 Jan-Mar	2020 Jan-Mar	2020 Jan-Dec
Net profit	1,109	338	1,636
<i>Other comprehensive income</i>			
Translation gains/losses for the year, on consolidation of foreign operations	0	0	0
<b>Net profit</b>	<b>1,109</b>	<b>338</b>	<b>1,636</b>

# PERFORMANCE ANALYSIS

## JANUARY-MARCH 2021

### REVENUES

Total revenue increased by SEK 6 million to SEK 643 million (637) in the first quarter. In like-for-like portfolio of investment properties, total revenue increased by SEK 6 million and rental revenue by SEK 7 million. The gains are explained by new leasing, renegotiation and indexation, but were countered by Covid-19-related discounting, as well as increased vacancies due to a higher share of tenants vacating early in the year. The positive net leasing of the previous year will have a positive effect later in the year, as tenants move in. Adjusted for items affecting comparability from early cancellation, the revenue increase in like-for-like portfolio terms of investment properties was 2 per cent.

### RENTAL REVENUES BY GEOGRAPHY

MSEK	2021		2020	
	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar
Stockholm	228	233		
Gothenburg	74	71		
Malmö	72	72		
Västerås	142	137		
Regional cities	85	87		
Development properties	32	38		
<b>Total rental revenue</b>	<b>633</b>	<b>632</b>		
Other revenue	10	5		
<b>Total revenue</b>	<b>643</b>	<b>637</b>		

### RENTAL REVENUES

MSEK	2021		2020	
	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar
Like-for-like portfolio terms (investment properties)	601	593		
Development properties	32	38		
Acquired properties	1	0		
Divested properties	0	1		
<b>Total rental revenue</b>	<b>633</b>	<b>632</b>		

Rental revenue per sq.m. on investment properties continued to increase during the first quarter, and on a rolling 12-month basis, was SEK 1,511 per sq.m., a 2 per cent increase during the previous year. This increase is the outcome of successful new leasing and renegotiation work. On March 31, rental revenue per sq.m. for investment properties amounted to SEK 1,537 per sq.m.

### RENTAL REVENUES, INVESTMENT PROPERTIES

SEK per sq.m.	2020 Apr-2021 Mar	2019 Apr-2020 Mar
Office	1,880	1,810
Industrial/ Warehouse	936	930
Retail	1,155	1,197
<b>Average</b>	<b>1,511</b>	<b>1,479</b>

### RENTAL REVENUES



### PROPERTY COSTS

Total property costs were SEK 211 million (211), which is consistent with the previous year. Costs were also in line with the corresponding period of 2020 in like-for-like portfolio terms of investment properties, which is due to a net effect of reduced property administration costs, as well as electricity and heating costs because of a colder winter with more snowfall.

MSEK	2021		2020	
	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar
Like-for-like portfolio terms (investment properties)	193	193		
Development properties	17	18		
Acquired properties	0	0		
Divested properties	0	0		
<b>Total property costs</b>	<b>211</b>	<b>211</b>		

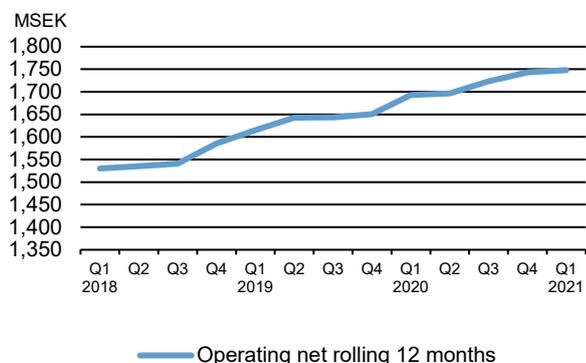
### PROPERTY COSTS, INVESTMENT PROPERTIES

#### 2020 Apr-2021 Mar

SEK per sq.m.	Industrial/ Warehouse			
	Office	Warehouse	Retail	Total
Operation	270	185	180	235
Maintenance	47	31	43	41
Property tax	102	23	76	75
<b>Direct property costs</b>	<b>419</b>	<b>239</b>	<b>299</b>	<b>350</b>
Property administration	70	36	47	57
<b>Total</b>	<b>489</b>	<b>275</b>	<b>346</b>	<b>408</b>
<i>Property costs</i>				
<i>2019 Apr-2020 Mar</i>	<i>472</i>	<i>274</i>	<i>355</i>	<i>398</i>

**OPERATING NET**

Operating net increased by SEK 5 million to SEK 432 million (427) in the period. In like-for-like portfolio terms of investment properties, operating net increased by SEK 5 million. After adjusting for items affecting comparability, the operating net increase in like-for-like portfolio terms was 1 per cent.

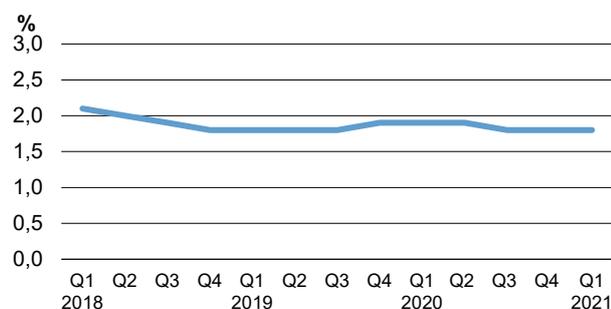
**SELLING AND ADMINISTRATION COSTS**

Selling and administration costs was SEK 19 million (25). The decrease is an outcome of lower personnel and travel costs.

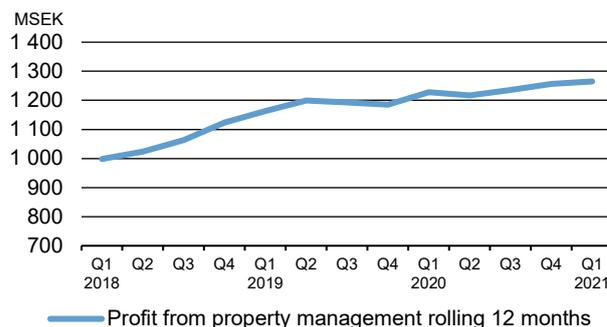
**NET FINANCIAL ITEMS**

Net financial items were SEK -95 million (-92). The increase is due to a larger loan volume, and that one-off items related to repurchase of short-term bonds increased net financial items in the first quarter. To some extent, this was countered by 3-month Stibor being lower than in the corresponding period of the previous year and that borrowing costs of SEK 2 million attributable to projects were capitalized during the quarter. With the current investment programme, capitalized borrowing costs will positively impact net financial items by some SEK 12-14 million in 2021. The average interest rate remained at 1.8 per cent.

MSEK	2021 Jan-Mar	2020 Jan-Mar
Financial revenues	0	0
Interest expenses	-78	-78
One-off items related to repurchases of bonds	-5	-
Other financial costs	-7	-6
Capitalized borrowing costs	2	-
Costs of right of use	-7	-7
<b>Net financial items</b>	<b>-95</b>	<b>-92</b>

**AVERAGE INTEREST RATE PER QUARTER****PROFIT FROM PROPERTY MANAGEMENT**

The profit from property management was SEK 318 million (310) which corresponds to an increase of 3 per cent.

**CHANGES IN VALUE ON PROPERTIES**

Continued very strong demand for warehouse and logistics properties, with several transactions in 2020 and 2021 being at historically low yield levels, and increased rent potential, impacted property portfolio value positively. The unrealised increase in value on the property portfolio was SEK 932 million (243), or 2.3 per cent. This value increase is due both to a 6 basis point reduction in the average required yield, but also rental revenue and completed projects. At the end of the period, the average required yield was 5.0 per cent, compared to 5.1 per cent at the beginning of the period. Realised changes in value amounted to SEK 16 million.

**UNREALISED CHANGES IN VALUE ON PROPERTIES**

MSEK	2021 Jan-Mar
Change in yield requirements	437
Change in operating net	512
Changed assumptions of investments and other factors affecting the value	-17
<b>Total</b>	<b>932</b>

**CHANGES IN VALUE INTEREST RATE DERIVATIVES**

The changes in values on financial instruments was positive of SEK 130 million (-121), a consequence of interest rates on longer maturities increasing in the period.

**TAX**

The total tax expense in the period was SEK 288 million (94) of which SEK 0 million (0) is current tax. The tax expense corresponds to 20.6 per cent of profit before tax.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MSEK	31 Mar 2021	31 Mar 2020	31 Dec 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	12	12	12
Properties	41,814	38,912	40,718
Assets of right of use	1,022	815	828
Equipment	3	4	3
Other long-term receivables	2	2	2
<b>Total non-current assets</b>	<b>42,853</b>	<b>39,745</b>	<b>41,564</b>
<b>Current assets</b>			
Current receivables	416	331	281
Derivatives	37	-	8
Cash and bank balances	759	489	685
<b>Total current assets</b>	<b>1,212</b>	<b>820</b>	<b>974</b>
<b>TOTAL ASSETS</b>	<b>44,066</b>	<b>40,565</b>	<b>42,538</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>19,372</b>	<b>17,826</b>	<b>18,500</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	8,993	9,373	9,013
Other interest-bearing liabilities	6,846	7,896	8,346
Liabilities of right of use	1,013	806	819
Derivatives	157	226	258
Deferred tax liability	3,195	2,581	2,910
Provisions	9	3	9
<b>Total non-current liabilities</b>	<b>20,213</b>	<b>20,886</b>	<b>21,355</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	-	-	-
Other interest-bearing liabilities	3,508	949	1,670
Liabilities of right of use	9	9	9
Other liabilities	964	894	1,004
<b>Total current liabilities</b>	<b>4,480</b>	<b>1,853</b>	<b>2,684</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>44,066</b>	<b>40,565</b>	<b>42,538</b>

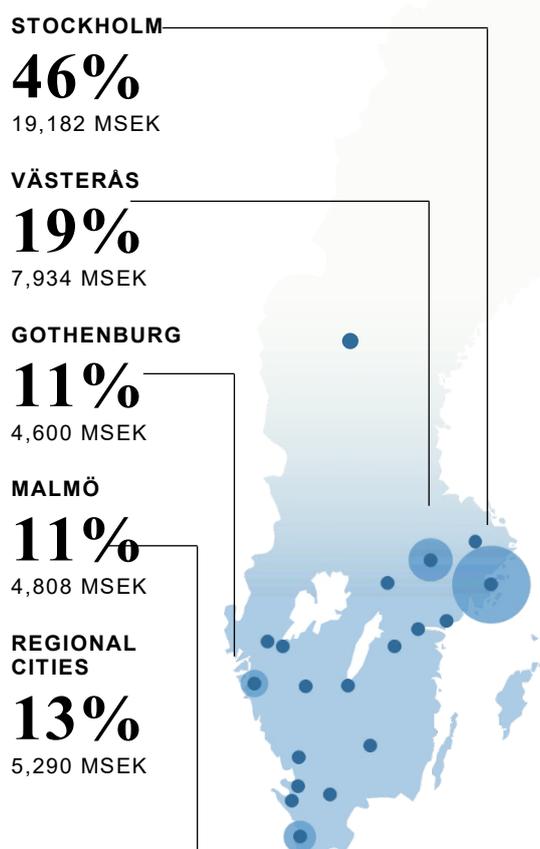
## GROUP CHANGES IN EQUITY

MSEK	31 Mar 2021	31 Mar 2020	31 Dec 2020
<b>Equity at beginning of period</b>	<b>18,500</b>	<b>17,488</b>	<b>17,488</b>
Repurchase of treasury shares	-238	-	-57
Dividend	-	-	-567
Comprehensive income for the period	1,109	338	1,636
<b>Equity at end of period</b>	<b>19,372</b>	<b>17,826</b>	<b>18,500</b>

# OUR PROPERTIES

Kungsleden 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.

## OUR MARKETS

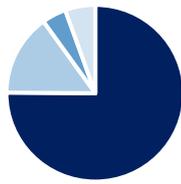


### PROPERTY VALUE BY GEOGRAPHY



- Stockholm, 46%
- Västerås, 19%
- Malmö, 11%
- Gothenburg, 11%
- Regional cities, 13%

### PROPERTY VALUE BY CATEGORY



- Office, 73%
- Industry/Warehouse, 17%
- Retail, 4%
- Other, 6%

## PROPERTY PORTFOLIO

Kungsleden owns 208 properties with a book value of SEK 41,814 million. The vast majority of the portfolio, nearly 90 per cent, is in one of our four priority growth markets: Stockholm, Gothenburg, Malmö and Västerås. In recent years, we have invested in optimising our portfolio and improving the quality of our properties. Currently, Kungsleden owns fewer properties, but with higher average rent per sq.m., and higher property value. The share of office and industrial, warehouse and logistics properties has increased steadily, now making up 90 per cent of property value.

Our ownership features sustainability and a long-term view and 41 per cent of the property portfolio are environmentally certified. We continuously work on developing, improving, modernising and adapting our properties for tenants. The occupancy rate in our investment properties was 92.6 per cent, compared to 92.9 per cent at the beginning of the quarter.

70 per cent of the total book value is located in one of our 12 clusters which enables us to be involved in driving the development of entire areas and work actively to develop our customer offer.

Region	Clusters	Leasable area, sq.m.	Book value, BSEK
Stockholm	Kista City	147,000	4.6
	Stockholm City East	85,000	4.4
	Danderyd Office	100,000	3.4
	Stockholm City West	40,000	2.5
	Västberga	38,000	0.6
Gothenburg	Gothenburg South		
	Central	40,000	1.6
Malmö	Högsbo	109,000	1.5
	Hyllie	48,000	1.6
Västerås	Fosie	52,000	0.7
	Västerås City	154,000	4.2
	Finnslätten	237,000	2.5
Rest of Sweden	City of Östersund	82,000	1.4

## PROGRESS OF THE PROPERTY PORTFOLIO JAN-MAR 2021

MSEK	Investment properties	Development properties	Total
Properties at beginning of period	37,715	3,003	40,718
Reclassifications <sup>1</sup>	-221	221	-
Acquisitions, completed	-	-	-
Investments	181	50	231
Divestments, completed	-67	-	-67
Unrealised changes in value	907	25	932
<b>Properties at end of period</b>	<b>38,515</b>	<b>3,299</b>	<b>41,814</b>

<sup>1</sup> Investment property reclassified to development property

**ACQUISITIONS, DIVESTMENTS, ACCESSED PROPERTIES AND CLOSED DIVESTMENTS**

Kungsleden signed an agreement with JM AB in January to divest the property Isolatorn 12 in Västerås, with future residential building rights, at a price of SEK 4,100 per sq.m. GTA before deductions. Two properties have been vacated to date. Tändstiftet 2 was vacated at the beginning of the year after its sale to tenant Europeiska Motor AB at the end of the previous year. Kungsleden vacated the property Fräsen 1 in April for its acquirer, Hemsö. Generation permit sales at Finnslätten to Mälarenergi in Västerås were completed in the period, as part of further concentration of real estate operations.



Photo cred: ABB

**KEY RATIOS PER GEOGRAPHY**

As of 31 March 2021	INVESTMENT PROPERTIES					Regional cities	Total	Development properties	Total Kungsleden
	Stockholm	Gothenburg	Malmö	Västerås					
No. of properties	50	41	41	16	45	193	15	208	
Leasable area, 000 sq.m.	506	258	225	450	320	1,758	242	2,000	
Book value, MSEK	17,654	4,467	4,509	7,449	4,437	38,515	3,299	41,814	
Occupancy rate, %	90.1	95.7	92.5	95.0	93.4	92.6	61.6	90.3	
Property yield, %	3.8	4.7	4.4	4.9	5.0	4.3	2.6	4.2	
2021 Jan-Mar	Stockholm	Gothenburg	Malmö	Västerås	Regional cities	Total	Development properties	Total Kungsleden	
Rental value, MSEK	253	77	78	150	92	649	53	702	
Rental revenues, MSEK	228	74	72	142	85	601	32	633	
Operating net, MSEK	165	52	49	90	54	411	21	432	
Surplus ratio, %	72.4	70.5	69.0	63.1	64.0	68.4	66.2	68.2	

**KEY RATIOS PER CATEGORY**

As of 31 March 2021	INVESTMENT PROPERTIES					Total	Development Properties	Total Kungsleden
	Office	Industrial/Warehouse	Retail	Other				
No. of properties	93	62	28	10	193	15	208	
Leasable area, 000 sq.m.	981	565	131	81	1,758	242	2,000	
Book value, MSEK	28,388	6,221	1,726	2,180	38,515	3,299	41,814	
Occupancy rate, %	91.8	95.3	92.7	92.9	92.6	61.6	90.3	
Property yield, %	4.1	5.3	4.9	4.5	4.3	2.6	4.2	
2021 Jan-Mar	Office	Industrial/Warehouse	Retail	Other	Total	Development Properties	Total Kungsleden	
Rental value, MSEK	448	130	37	35	649	53	702	
Rental revenues, MSEK	410	124	33	34	601	32	633	
Operating net, MSEK	286	80	21	24	411	21	432	
Surplus ratio, %	69.7	64.3	62.7	72.7	68.4	66.2	68.2	

# OUR CUSTOMERS

Regardless of our customers' type of business, Kungsliden 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.

## LEASE CONTRACTS

Kungsliden's lease contracts portfolio is widely spread across many different tenants, customer sizes and industries, which reduces the risk of rental losses and vacancies. 18 per cent of the total rental value of SEK 2,499 million is from public tenants. As of 31 March, the average maturity of remaining lease contracts was 4.0 years (4.2).

## KUNGSLEDEN'S LARGEST TENANTS

Tenant	Rental value, MSEK	Average duration, years
ABB	211	4.2
The Swedish Social Service Administration	53	3.9
Biz Apartments	42	9.3
Municipality of Västerås	41	4.6
Hitachi	40	3.6
Blisque	31	19.8
ICA	30	2.3
Northvolt	28	3.6
Municipality of Stockholm	28	3.2
AFRY	26	3.7
<b>10 largest tenants</b>	<b>529</b>	<b>5.3</b>
<b>Total</b>	<b>2,499</b>	<b>4.0</b>

## MATURITY STRUCTURE, LEASE CONTRACTS

Kungsliden 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.



## LEASING

Kungsliden signed 66 lease contracts with a rental value of SEK 50 million (38) in the period. These new lease contracts generally have higher rent per sq.m. than their predecessors. Net leasing for the period was SEK 9 million (3).

Of the 66 new contracts signed in the period, 21 were green leases, which involves an undertaking between tenant and landlord on joint actions to maintain or improve the environmental performance of premises.

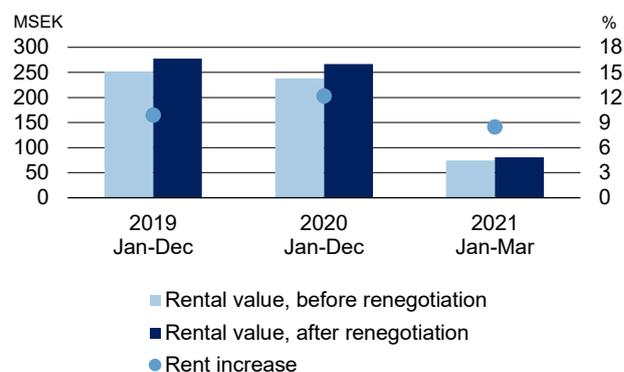
## NET LEASING



## RENEGOTIATION

17 contracts (31) with rental value of SEK 75 million (52) were renegotiated in the period, resulting in average rental value increases of 9 per cent (13). Of the renegotiated contracts, 4 resulted in increased leased area.

## RENTAL VALUE BEFORE AND AFTER RENEGOTIATION



# SUSTAINABILITY

Kungsleden's vision is to create attractive and sustainable places where people get inspired. We support the UN Global Compact and our sustainability work proceeds from the UN's global goals, where we contribute to 12 of the global goals. Kungsleden has launched climate targets that mean we will be climate positive across the value chain by 2035.

Kungsleden's sustainability strategy has three focuses: People, Planet and Culture.

## PEOPLE

A holistic perspective on health and well-being, centring on people. We apply our Symbiotic concept, which integrates green and social sustainability issues into one. Symbiotic is our innovation hub where we develop the sustainable and digital urban quarters, buildings and offices of the future, with a sharp focus on health and well-being.

## PLANET

The biggest challenge of our times is the climate issue, and to do what we can, we have adopted ambitious climate targets. We are a member of the Science Based Targets initiative (SBTi) and have pledged to reduce our Scope 1 and Scope 2 emissions by 50 per cent by 2030, with a sub-target of 25 per cent by 2025.

## CULTURE

Kungsleden will set an example in its sector, maintaining a positive corporate culture with the right conduct, and being a positive force in society. We are the main sponsor of youth social work charity Fryshuset. We have zero tolerance of accidents and corruption, and work actively on social sustainability.

Kungsleden reports its sustainability work in accordance with GRI, EPRA and TCFD recommendations, and participates in the GRESB each year. More information on our sustainability work is on our website: <https://www.kungsleden.se/hallbarhet/>

	SUSTAINABILITY GOALS	ACTUALS JAN-MAR
Reduced energy consumption	We shall lower our energy consumption with 25 per cent in the property portfolio 2025 compared to 2020	-2%
Green lease agreements	In 2021 shall at least 120 green lease agreements be signed	21 agreements
Certified properties	Most of the property portfolio shall be certified by 2025	41%
Green financing	All financing should be green or sustainable in the long run	41%

# PROJECTS AND INVESTMENTS

## PROJECTS AND INVESTMENTS

Investments in new production, conversion and extension of the existing portfolio are important components of Kungsleden'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 31 March, six major investment projects were in the construction phase, with total investment volume of SEK 1,371 million. After completion, these projects are expected to contribute annualised rental value of SEK 232 million.

Geography	No. of properties	Book value, MSEK	Leasable area, 000 sq.m.
Stockholm	4	1,528	53
Gothenburg	3	133	16
Malmö	2	299	12
Västerås	3	485	77
Regional cities	3	854	84
<b>Total development properties</b>	<b>15</b>	<b>3,299</b>	<b>242</b>

## INVESTMENT PROGRAMME

MSEK	Actuals				Budget 2021	Plan 2022-2024
	2018	2019	2020	2021 Jan-Mar		
Development projects	578	598	594	92	600	1,800
Tenant improvements and other value-creating investments	596	799	638	110	700	2,100
Maintenance investments	126	112	163	29	100	300
<b>Total investments</b>	<b>1,300</b>	<b>1,509</b>	<b>1,395</b>	<b>231</b>	<b>1,400</b>	<b>4,200</b>

## MAJOR CURRENT PROJECTS

Property	Category	Municipality	Completed	Leasable area, sq.m.	Estimated rental value, MSEK	Occupancy rate, %	Book value, MSEK	Estimated investment, MSEK	Whereof completed, MSEK
Eden by Kungsleden <sup>1</sup>	Office	Malmö	2021	7,900	25	85	276	384 <sup>3</sup>	248
Stettin 6	Office	Stockholm	2021	25,000	81	93	1,375	285	163
Finnslätten 1 - part of	Office, Industrial	Västerås	2024	21,000	28	13	171	250 <sup>2</sup>	76
The Rotterdam District	Office	Stockholm	2021	21,300	61	71	1,118	225	146
Taktipinnen 1	Office	Norrköping	2022	16,000	25	100	303	136	67
Oxel – part of Oxelbergen 1:2	Office	Norrköping	2021	6,000	12	27	80	91 <sup>2</sup>	55
<b>Total</b>				<b>97,200</b>	<b>232</b>	<b>72</b>	<b>3,323</b>	<b>1,371</b>	<b>755</b>

1. New development

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

3. Investment including land acquisition

**EDEN BY KUNGSLEDEN IN HYLLIE – MALMÖ**

The Eden by Kungsleden project on Hyllie Boulevard in Malmö is a state-of-the-art office implemented consistent with our Symbiotic Building concept. This building will be certified according to LEED and the WELL Building Standard.

**STETTIN 6 - STOCKHOLM CITY EAST**

Stettin 6 is an office property in Gärdet, offering modern and flexible premises with attractive courtyards and closeness to nature. Several leases and renegotiations were completed in the property in the first quarter, which now has an occupancy rate of 93 per cent and an increased rental value from SEK 57 million to SEK 81 million. Due to this the total investment in the project has increased from SEK 230 million to SEK 285 million.

**FINNSLÄTTEN 1 - VÄSTERÅS**

An extensive modernisation project is ongoing in building 357 at Finnslätten. The building is being repurposed as offices, a school, production premises, and spaces to enhance the service offering in Finnslätten.

**THE ROTTERDAM DISTRICT - STOCKHOLM CITY EAST**

Work on new frontages and entrances to create a modern and harmonious expression is complete at the property Rotterdam 1. As part of efforts to develop The Rotterdam District concept, Kungsleden has decided to relocate its head office to the property in the second quarter of 2021. The premises will be improved as an innovative showroom to inspire employees, investors, customers and visitors

**TAKTIPPEN 1 – NORRKÖPING**

This project involves the modernisation of current tenant SMHI's (the Swedish Meteorological & Hydrological Institute) premises, which is scheduled for completion in 2022.

**OXEL – NORRKÖPING**

Oxelbergen is a district a few minutes' walk from Norrköping city centre, where Kungsleden is currently modernising and improving a building. Common areas, as well as frontages and entrances, are complete, and the remaining tenant improvements are being executed as premises are leased.

**BUILDING RIGHTS AND FORTHCOMING PROJECTS**

Kungsleden works actively on producing building rights in its existing portfolio and is currently engaged in several zoning plan processes on its properties. Once these building rights have been completed, total value is estimated at approximately SEK 2.5 billion, of which SEK 1.5 billion is currently in book value.

Sq.m.	COMMERCIAL BUILDING RIGHTS				RESIDENTIAL BUILDING RIGHTS			
	Stockholm	Gothenburg/ Malmö	Västerås/ Mälardalen	Total	Stockholm	Gothenburg/ Malmö	Västerås/ Mälardalen	Total
Building rights existing	6,000	23,500	78,000	107,500	-	3,000	4,000	7,000
Zoning plan process ongoing	19,000	43,500	48,000	110,500	50,000	33,000	67,000	150,000
Feasibility study-ongoing	47,500	74,000	134,000	255,500	-	41,000	29,000	70,000
Future building rights	101,000	-	14,000	115,000	37,500	11,000	5,000	53,500
<b>Total, s.qm</b>	<b>173,500</b>	<b>141,000</b>	<b>274,000</b>	<b>588,500</b>	<b>87,500</b>	<b>88,000</b>	<b>105,000</b>	<b>280,500</b>

A long-term approach and planning of future projects is necessary to enable execution of the adopted investment programme. Kungsleden's total pipeline of commercial project investments is worth an estimated SEK 13 billion, and forthcoming projects include our clusters in Finnslätten, Stockholm City West and Västberga.

In the first quarter of 2021, the planning program in Finnslätten in Västerås, based on the ideas from Vision Finnslätten, was approved by the Västerås building

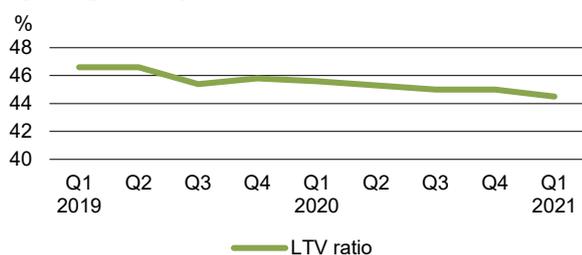
committee. Design and planning work can now commence to enable the creation of new offices, workshops, logistics, residential and education premises. A zoning plan change for a forthcoming major project on existing properties Gladan 5-7 in Kungsholmen Stockholm also commenced at the end of 2020. Kungsleden's received land allocation in its Västberga cluster at the end in the previous year, which after the zoning plan is complete, will enable a project investment totalling 22,000 sq.m. of office and hotel premises.

# FINANCING

Kungsleden's financial position continued to strengthen in the first quarter, with an LTV ratio that decreased to 44.5 per cent. Its liquidity coverage also improved by issuing green bonds on long maturities. Overall, Kungsleden has issued SEK 1 billion of green bonds on six- and seven years maturities. We are noting continued high investor interest, and pricing has now returned to levels seen prior to the pandemic.

## STRONG FINANCIAL POSITION

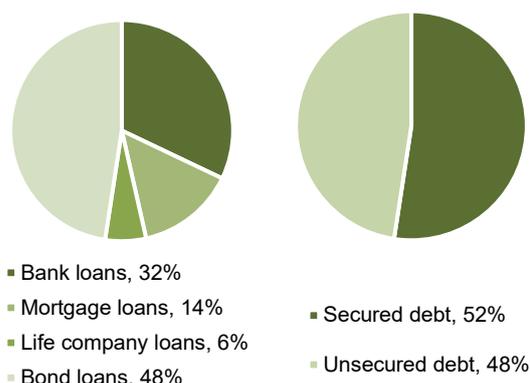
Kungsleden has a strong financial position, with a low LTV ratio that continued to decrease in the first quarter of the year. Net debt increased by SEK 244 million, while property value increased by SEK 1,096 million, resulting in the LTV ratio decreasing to 44.5 per cent at the end of the period, compared to 45.0 per cent at the beginning of the year.



Kungsleden has a Baa3 Investment Grade rating with Stable Outlook from Moody's. This public rating has enabled increased borrowing on the capital markets on competitive terms, thus helping improve diversification and spreading risk. Moody's confirmed its rating in March 2021, and in its research, concludes that Kungsleden's new financial targets, with LTV ratio not exceeding 45 per cent for the long term, is credit positive, because it indicates that the company's intention is to maintain low borrowing over time. For a rating upgrade, Moody's wants positive progress of the LTV ratio to continue, and the share of borrowing without dedicated real estate collateral to increase further. At the end of the period, 48 per cent of the loan portfolio was unsecured, while unencumbered assets were 33 per cent of total assets. 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

Kungsleden has well-diversified borrowing and an even maturity structure of interest-bearing liabilities, which limits refinancing risk. Kungsleden issued SEK 600 million of green bonds on a 6-year maturity in the first quarter, and SEK 400 million on a 7-year maturity. Kungsleden repurchased a total of SEK 387 million of short-term bonds in the quarter and repaid a total of SEK 275 million of bond loans and commercial paper on maturity. Kungsleden has just over SEK 9.2 billion of outstanding bonds in its SEK 12 billion MTN programme. A total nominal amount of nearly SEK 1.3 billion of bond loans mature in 2021. Kungsleden has a total of SEK 3.6 billion of unutilised credit facilities with Swedish banks, including a SEK 250 million credit line, closing cash in hand of SEK 759 million. The cash and available credit facilities can handle most of the maturities in 2021 and 2022. The unutilised facilities are fully secured with real estate collateral.

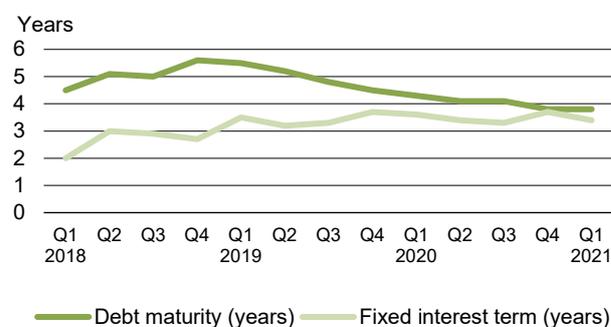


In March, Kungsleden signed an agreement to extend and expand an existing loan facility via mortgage institution Nykredit, and in tandem with this refinancing, parts of this facility were restructured as a green loan. The total loan principal is SEK 1.4 billion, of which the green loan is SEK 0.4 billion and is financing the LEED Gold-certified property Bergudden 8 in Danderyd, near Stockholm. The loan has a term of 10 years, and extends the debt maturity of the loan portfolio by approx. 0.4 years. The new loan will be issued at the beginning of April.

## DEBT MATURITY AND FIXED INTEREST TERM

Net financial items are a significant cost item in the Income Statement, primarily affected by changes in required yields. Kungsleden endeavours to achieve well-considered debt maturity profile and fixed interest term to maintain stable and cost-efficient financial net for the long term. The average interest rate at the end of the quarter remained at 1.8 per cent. By borrowing on the capital markets on long maturities and extending mortgage loans, the average debt maturity at the end of the quarter was unchanged at 3.8 years.

## DEBT MATURITY AND FIXED INTEREST TERM

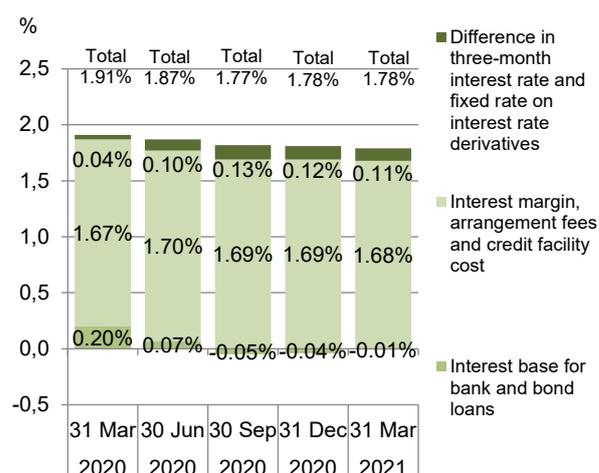


The share of short-term borrowing reduced further in the quarter, through the repurchase of short-term bonds and repayment of bond loans and commercial paper on maturity. Kungsliden works actively on adapting the Group's fixed interest term profile in accordance with its adopted business plan. At the end of the period, the nominal amount of the swap portfolio was SEK 9.1 billion, of which SEK 2 billion is forward-starting swaps starting in 2022 and maturing in 2026, and SEK 3 billion is forward-starting swaps starting in 2022 and maturing in 2029. The share of the loan portfolio with a longer fixed interest term is some 57 per cent, if forward-starting swaps are included. The average fixed interest term was 3.4 years at the end of the quarter. The interest coverage ratio over the most recent 12-month period remained high at a multiple of 4.5.

### GREEN FINANCING

Kungsliden has a total of just over SEK 7 billion of outstanding green bonds and a green bank loan of just over SEK 800 million secured with direct collateral on the LEED Gold-certified property Färöarna 3. Including the green loan issued at the beginning of the second quarter, the share of green finance is now 42 per cent of the loan portfolio. Green bonds are issued pursuant to the terms and conditions of Kungsliden's green framework. This framework clarifies how the proceeds from green bond loans shall be utilised, more at <https://www.kungsliden.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.

### AVERAGE INTEREST RATE



### MATURITY STRUCTURE OF LOANS AND INTEREST RATE DERIVATIVES

As of 31 March 2021 (MSEK)	Bank loans and other borrowings	Bonds	Unutilised credits	Total credit facilities	Interest rate derivatives	Forward starting interest rate derivatives	Ave. interest rate, derivatives, %
2021	-	1,288	250	1,538	-	-	-
2022	-	2,220	-	2,220	-	-	-
2023	1,357	1,350	2,600 <sup>1</sup>	5,307	-	-	-
2024	2,409	1,300	-	3,709	1,450	-	0.6
2025	2,447	1,050	-	3,497	2,500	-	0.4
2026	630	1,000	-	1,630	-850 <sup>3</sup>	2,000 <sup>2</sup>	0.9
2027	1,594	600	-	2,194	-	-	-
2028	-	400	-	400	600 <sup>4</sup>	-	0.0
2029	1,701	-	-	1,701	-	3,000 <sup>5</sup>	0.8
<b>Total</b>	<b>10,139</b>	<b>9,208</b>	<b>2,850</b>	<b>22,197</b>	<b>3,700</b>	<b>5,000</b>	<b>-</b>

1. Where of SEK 0 million is back-up for issued commercial papers

2. Starts in June and December 2022

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

4. Where of SEK 400 million is receiver swaps which transfers bonds with fixed interest rate to floating interest rate

5. Starts in January 2022

## KUNGSLEDEN'S FINANCIAL GOALS 2021-2025

Property value	55 BSEK	The property portfolio shall continue to grow and be at least SEK 55 billion at the end of 2025.
Profit from property management	1,650 MSEK	Profit from property management in 2025 shall at least reach SEK 1,650 million.
Return on equity	>10 per cent per year	Return on equity shall exceed 10 per cent per year over time.
Loan-to-value ratio	<45 per cent	The LTV-ratio shall not exceed 45 per cent in the long run.
Interest coverage ratio	2.5 times	The interest coverage ratio shall always be above 2.5 times.
Share dividend	>50 per cent	The dividend shall increase over time and be at least 50 per cent of profit from property management after nominal tax.

# KUNGSLEDEN'S SHARE

Kungsleden's share is on Nasdaq Stockholm's Large Cap list. Market capitalisation was SEK 19.6 billion at the end of the first quarter.

The price paid for the Kungsleden share at the beginning of the year was SEK 90.10, and SEK 91.25 at the end of the first quarter. The lowest closing price in the interim period was on 18 February at SEK 84.25. The highest closing price was on 16 March at SEK 94.10.

## 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 2,644,322 shares, corresponding to 1.2 per cent of the capital.

A repurchase programme to optimise capital structure, and thus create shareholder value, has been ongoing from November 2020, and will continue until the AGM 2021. This programme has a total up to SEK 300 million, and SEK 295 million had been executed as of 31 March 2021, corresponding to 3,319,620 shares.

## DIVIDEND

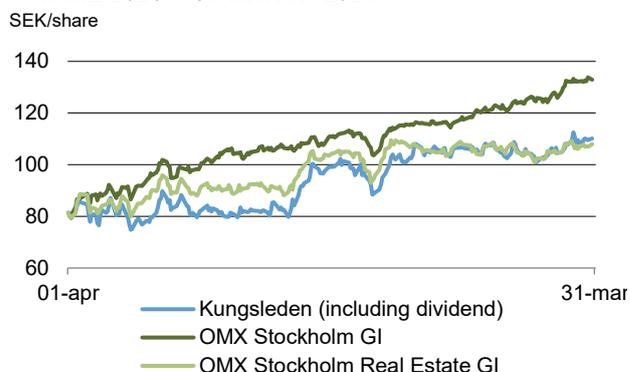
In February 2021, the Board of Directors adopted new financial goals that focus on growth. These goals have features including a new dividend policy, to be applied effective the current financial year. The new dividend policy means Kungsleden's share dividend over time should increase, and be at least 50 per cent of profit from property management after nominal tax.

## KEY RATIOS PER SHARE

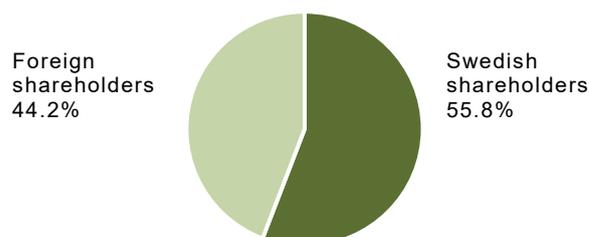
Data per share	2020 Apr- 2021 Mar	2020 Jan-Dec
Dividend paid, SEK	2.62	1.90
Total return on share, %	25.2	-6.5
Dividend yield on share, %	3.1	3.1
Profit from property management, SEK	5.80	5.76
Net profit, SEK	11.08	7.50
EPRA EPS, SEK	5.64	5.53

	31 Mar 2021	31 Dec 2020
EPRA NRV, SEK	105.48	99.50
EPRA NTA, SEK	102.73	97.13
EPRA NDV, SEK	90.07	84.95
Equity, SEK	90.07	84.95
Share price, SEK	91.25	90.10

## TOTAL RETURN ON SHARE 1 APRIL 2020 – 31 MARCH 2021



## OWNER SHIP STRUCTURE AS PER 31 MARCH 2021



## SHAREHOLDERS AS PER 31 MARCH 2021

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	8,470,809	3.9
BMO Global Asset Management	7,336,943	3.4
Olle Florén and companies	6,750,797	3.1
Vanguard	6,061,058	2.8
Norges Bank	4,684,065	2.1
Handelsbanken Investment Funds	4,681,144	2.1
Länsförsäkringar Investment Funds	3,507,902	1.6
<b>Total 10 largest owners</b>	<b>99,391,683</b>	<b>45.5</b>
Foreign shareholders, other	58,889,341	27.0
Swedish shareholders, other	56,802,658	26.0
<b>Total no. of shares outstanding</b>	<b>215,083,682</b>	<b>98.5</b>
Treasury shares	3,319,620	1.5
<b>Total no. of registered shares</b>	<b>218,403,302</b>	<b>100.0</b>

# GROUP CASH FLOW

MSEK	2021 Jan-Mar	2020 Jan-Mar	2020 Jan-Dec
<b>OPERATIONS</b>			
Profit from property management	318	310	1,257
Adjustments for non-cash items	-11	-3	17
Tax paid	0	0	0
<b>Cash flow before changes in working capital</b>	<b>308</b>	<b>307</b>	<b>1,274</b>
Changes in working capital	123	-10	-148
<b>Cash flow after changes in working capital</b>	<b>430</b>	<b>297</b>	<b>1,125</b>
<b>INVESTING ACTIVITIES</b>			
Investments in current properties	-231	-359	-1,395
Acquisition of properties	0	-17	-82
Divestment of properties	77	16	32
Other intangible and tangible assets, net	0	-1	-4
Financial assets, net	0	0	-12
<b>Cash flow from investing activities</b>	<b>-153</b>	<b>-360</b>	<b>-1,460</b>
<b>FINANCING ACTIVITIES</b>			
Dividend	-283	-131	-415
Repayment of loans	-682	-270	-1,860
New loans	1,000	600	3,000
Repurchase of treasury shares	-238	0	-57
<b>Cash flow from financing activities</b>	<b>-203</b>	<b>199</b>	<b>667</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>74</b>	<b>136</b>	<b>332</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>685</b>	<b>353</b>	<b>353</b>
Exchange rate difference in cash and cash equivalents	0	0	0
<b>Cash and cash equivalents at end of period</b>	<b>759</b>	<b>489</b>	<b>685</b>

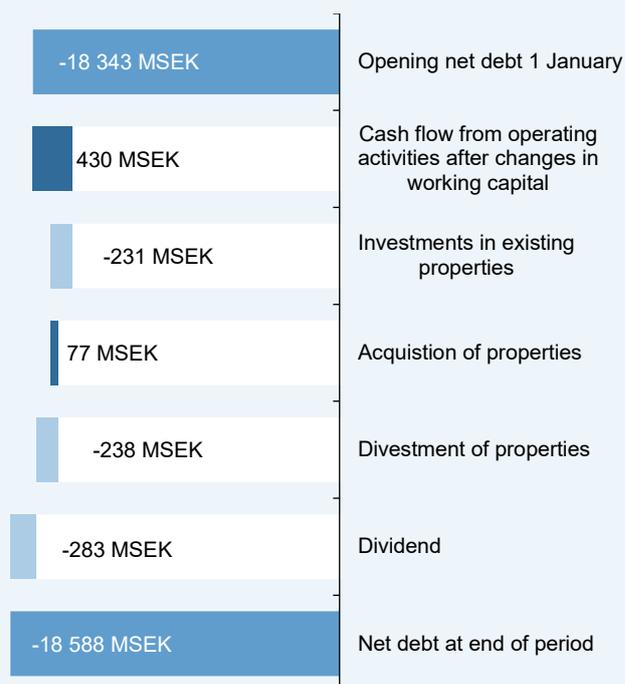
## CASH FLOW AND LOAN-TO-VALUE RATIO

Operating cash flow after changes in working capital was SEK 430 million. The change in working capital is the difference between reported earnings and payment flows for the period. Over time, cash flow will reflect reported profit.

SEK 231 million was invested in existing properties and projects in the period. Kungsliden vacated the property Tändstiftet 2 in Täby, near Stockholm, in the first quarter, receiving purchase consideration of SEK 46 million. Purchase consideration of SEK 31 million was also received on completing the sale of generation permits in Finnslätten, Västerås.

Kungsliden repurchased a total of SEK 283 million of treasury shares. A dividend of SEK 283 million was paid to shareholders, which was the second dividend payment for the financial year 2019. Liabilities increased by SEK 318 million, and because cash and bank balances increased by SEK 74 million, net debt increased by SEK 244 million. The LTV ratio decreased from 45.0 per cent at the beginning of the year to 44.5 per cent at the end of the period due to unrealised increases in value in the property portfolio. Total liquid funds available were SEK 3,609 million (3,386), including granted and available credit facilities, after deducting for back-up for outstanding commercial paper.

## CHANGE IN NET DEBT JANUARY–MARCH 2021



# SEGMENT REPORTING

## JAN-MAR 2021<sup>1</sup>

MSEK	Stockholm	Gothenburg	Malmö	Västerås	Regional cities	Development properties	Unallocated	Total
Revenue	229	74	72	144	85	38	0	643
Property costs	-64	-22	-23	-55	-31	-17	0	-211
<b>Operating net</b>	<b>165</b>	<b>52</b>	<b>49</b>	<b>90</b>	<b>54</b>	<b>21</b>	<b>0</b>	<b>432</b>
Selling- and administration costs	0	0	0	0	0	0	-19	-19
Net financial items	0	0	0	0	0	0	-95	-95
<b>Profit from property management</b>	<b>165</b>	<b>52</b>	<b>49</b>	<b>90</b>	<b>54</b>	<b>21</b>	<b>-114</b>	<b>318</b>
<b>Changes in value</b>								
Properties	245	143	124	238	178	21	0	949
Interest rate derivatives	0	0	0	0	0	0	130	130
<b>Profit before tax</b>	<b>410</b>	<b>195</b>	<b>173</b>	<b>328</b>	<b>232</b>	<b>42</b>	<b>17</b>	<b>1,397</b>
Tax	0	0	0	0	0	0	-288	-288
<b>Net profit</b>	<b>410</b>	<b>195</b>	<b>173</b>	<b>328</b>	<b>232</b>	<b>42</b>	<b>-271</b>	<b>1,109</b>
<b>Book value properties</b>	<b>17,654</b>	<b>4,467</b>	<b>4,509</b>	<b>7,449</b>	<b>4,437</b>	<b>3,299</b>	<b>0</b>	<b>41,814</b>

## JAN-MAR 2020<sup>1</sup>

MSEK	Stockholm	Gothenburg	Malmö	Västerås	Regional cities	Development properties	Unallocated	Total
Revenue	235	73	72	140	94	24	-	638
Property costs	-68	-21	-23	-52	-35	-12	-	-211
<b>Operating net</b>	<b>167</b>	<b>52</b>	<b>49</b>	<b>88</b>	<b>59</b>	<b>11</b>	<b>-</b>	<b>427</b>
Selling- and administration costs	-	-	-	-	-	-	-25	-25
Net financial items	-	-	-	-	-	-	-92	-92
<b>Profit from property management</b>	<b>167</b>	<b>52</b>	<b>49</b>	<b>88</b>	<b>59</b>	<b>11</b>	<b>-116</b>	<b>310</b>
<b>Changes in value</b>								
Properties	176	17	-12	75	-11	-2	-1	243
Interest rate derivatives	-	-	-	-	-	-	-121	-121
<b>Profit before tax</b>	<b>344</b>	<b>69</b>	<b>37</b>	<b>163</b>	<b>48</b>	<b>10</b>	<b>-238</b>	<b>432</b>
Tax	-	-	-	-	-	-	-94	-94
<b>Net profit</b>	<b>344</b>	<b>69</b>	<b>37</b>	<b>163</b>	<b>48</b>	<b>10</b>	<b>-333</b>	<b>338</b>
<b>Book value properties</b>	<b>16,844</b>	<b>4,122</b>	<b>4,248</b>	<b>6,897</b>	<b>4,478</b>	<b>2,322</b>	<b>-</b>	<b>38,912</b>

1. Which properties are included in the category project properties varies over time (see page 22 for definitions)

# KEY RATIOS

	2021 Jan-Mar	2020 Jan-Mar	2020 Jan-Dec
<b>Property related</b>			
Property yield, %	4.2	4.4	4.4
Occupancy rate, %	90.3	90.9	90.7
Surplus ratio, %	68.2	67.5	69.7
<b>Actuals, investment properties</b>			
Property yield, investment properties, %	4.3	4.6	4.6
Occupancy rate, investment properties, %	92.6	92.8	92.9
EPRA vacancy rate, investment properties, %	7.4	7.2	7.1
Surplus ratio, investment properties, %	68.4	68.2	70.1
Surplus ratio, investment properties excluding non-recurring effects, %	67.5	68.1	70.4
Rental revenue, investment properties, SEK/sq.m. <sup>1</sup>	1,511	1,479	1,506
Property costs, investment properties, SEK/sq.m. <sup>1</sup>	408	399	407
<b>Financial</b>			
Return on total assets, %	3.8	4.0	4.0
Return on equity, %	12.9	12.2	9.1
Interest coverage ratio, multiple	4.6	4.7	4.5
Equity ratio, %	44.0	43.9	43.5
LTV (loan-to-value) ratio, %	44.5	45.6	45.0
<b>Data per share</b>			
Dividend paid, SEK	-	-	1.90
Total return on share, %	-	-	-6.5
Dividend yield on share, %	-	-	3.1
Profit from property management, SEK	1.47	1.42	5.76
Net profit, SEK	5.13	1.55	7.50
Cash flow before changes in working capital, SEK	1.42	1.41	5.84
EPRA EPS (profit from property management after tax), SEK	1.45	1.34	5.53
EPRA NRV (long-term net asset value), SEK	105.48	94.48	99.50
EPRA NTA (current net asset value), SEK	102.73	92.58	97.13
EPRA NDV (disposal value), SEK	90.07	81.62	84.95
Equity, SEK	90.07	81.62	84.95
Outstanding no. of shares at end of period	215,083,682	218,403,302	217,764,570
Average number of shares	216,424,126	218,403,302	218,243,619

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

# QUARTERLY SUMMARY

## INCOME STATEMENT IN SUMMARY

MSEK	2021		2020			2019			
	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	
Revenue	643	642	622	627	638	613	618	604	
<b>Operating net</b>	<b>432</b>	<b>438</b>	<b>451</b>	<b>427</b>	<b>427</b>	<b>419</b>	<b>424</b>	<b>423</b>	
Selling- and administration costs	-19	-28	-21	-28	-25	-35	-20	-25	
Net financial items	-95	-93	-101	-98	-92	-87	-94	-86	
<b>Profit from property management</b>	<b>318</b>	<b>317</b>	<b>329</b>	<b>301</b>	<b>310</b>	<b>296</b>	<b>310</b>	<b>312</b>	
Profit (loss) from divestment	16	9	3	0	-1	0	-2	3	
Unrealised changes in value, properties	932	470	175	60	243	496	418	352	
Unrealised changes in value, financial instruments	130	34	-13	-57	-121	200	-65	-118	
<b>Profit before tax</b>	<b>1,397</b>	<b>829</b>	<b>494</b>	<b>305</b>	<b>432</b>	<b>992</b>	<b>661</b>	<b>549</b>	
Tax	-288	-152	-107	-71	-94	-222	-140	-121	
<b>Net profit</b>	<b>1,109</b>	<b>676</b>	<b>387</b>	<b>234</b>	<b>338</b>	<b>770</b>	<b>521</b>	<b>428</b>	

## BALANCE SHEET IN SUMMARY

MSEK	2021		2020			2019			
	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	
<b>ASSETS</b>									
<b>Non-current assets</b>									
Intangible assets	12	12	12	12	12	12	13	13	
Properties	41,814	40,718	39,872	39,387	38,912	38,310	36,833	36,131	
Assets of right of use	1,022	828	828	814	815	812	773	774	
Equipment	3	3	3	3	4	4	4	5	
Other long-term receivables	2	2	2	2	2	2	4	4	
<b>Total non-current assets</b>	<b>42,853</b>	<b>41,564</b>	<b>40,717</b>	<b>40,219</b>	<b>39,745</b>	<b>39,140</b>	<b>37,628</b>	<b>36,927</b>	
<b>Current assets</b>									
Current receivables	416	281	316	311	331	237	404	287	
Derivatives	37	8	5	-	-	-	-	-	
Cash and bank balances	759	685	966	455	489	353	548	542	
<b>Total current assets</b>	<b>1,212</b>	<b>974</b>	<b>1,287</b>	<b>766</b>	<b>820</b>	<b>590</b>	<b>952</b>	<b>829</b>	
<b>TOTAL ASSETS</b>	<b>44,066</b>	<b>42,538</b>	<b>42,004</b>	<b>40,985</b>	<b>40,565</b>	<b>39,730</b>	<b>38,579</b>	<b>37,756</b>	
<b>EQUITY AND LIABILITIES</b>									
<b>Equity</b>	<b>19,372</b>	<b>18,500</b>	<b>18,448</b>	<b>18,061</b>	<b>17,826</b>	<b>17,488</b>	<b>16,718</b>	<b>16,197</b>	
<b>Interest-bearing liabilities</b>									
Liabilities to credit institutions	8,993	9,013	9,033	9,053	9,373	9,094	9,114	9,287	
Bond loans (unsecured)	9,208	8,720	8,420	7,600	7,300	7,000	6,600	6,488	
Other borrowing	1,146	1,296	1,445	1,644	1,545	1,796	1,546	1,596	
<b>Total interest-bearing liabilities</b>	<b>19,347</b>	<b>19,029</b>	<b>18,898</b>	<b>18,298</b>	<b>18,219</b>	<b>17,889</b>	<b>17,260</b>	<b>17,371</b>	
<b>Non-interest-bearing liabilities</b>									
Provisions	9	9	3	3	3	3	5	5	
Deferred tax liabilities	3,195	2,910	2,759	2,652	2,581	2,488	2,277	2,139	
Liabilities of right of use	1,022	828	828	814	815	812	773	774	
Derivatives	157	258	301	283	226	105	305	240	
Other non-interest-bearing liabilities	964	1,004	767	874	894	945	1,242	1,030	
<b>Total non-interest-bearing liabilities</b>	<b>5,347</b>	<b>5,010</b>	<b>4,658</b>	<b>4,626</b>	<b>4,520</b>	<b>4,353</b>	<b>4,602</b>	<b>4,188</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>44,066</b>	<b>42,538</b>	<b>42,004</b>	<b>40,985</b>	<b>40,565</b>	<b>39,730</b>	<b>38,579</b>	<b>37,756</b>	

# PARENT COMPANY

## INCOME STATEMENT IN SUMMARY

MSEK	2021 Jan-Mar	2020 Jan-Mar	2020 Jan-Dec
Intra-group revenue	0	0	0
Administration costs	-7	-8	-37
<b>Operating profit (loss)</b>	<b>-7</b>	<b>-8</b>	<b>-37</b>
Profit from financial items	227	-4	937
<b>Profit before tax</b>	<b>220</b>	<b>-12</b>	<b>900</b>
Tax	-45	2	30
<b>Net profit</b>	<b>174</b>	<b>-10</b>	<b>930</b>

## BALANCE SHEET IN SUMMARY

MSEK	31 Mar 2021	31 Mar 2020	31 Dec 2020
<b>ASSETS</b>			
Shares in group companies	3,068	2,584	3,068
Receivables from group companies	16,927	15,670	17,429
Other receivables	190	207	233
Cash and cash equivalents	758	485	684
<b>TOTAL ASSETS</b>	<b>20,943</b>	<b>18,946</b>	<b>21,414</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	8,158	7,906	8,222
Non-current liabilities	5,859	6,978	7,460
Liabilities to group companies	3,384	3,086	3,731
Other liabilities	3,541	976	2,001
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>20,943</b>	<b>18,946</b>	<b>21,414</b>

# OTHER INFORMATION

## ORGANISATION AND EMPLOYEES

The average number of employees was 133 (122) 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 82-86 of the Annual Report for 2020.

## 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. For further information see definitions on page 22.

# ACCOUNTING POLICIES

Kungsleden's 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. 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 2020. 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.

Stockholm 22 April 2021

Biljana Pehrsson  
Chief Executive Officer

This information is information that Kungsleden AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below at 6:55 a.m. CET on 22 April 2021.

Biljana Pehrsson, CEO Kungsleden, tel: +46(0)8-503 052 04  
Ylva Sarby Westman, Deputy CEO and CFO Kungsleden, tel: +46(0)8-503 052 27

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

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

## VALUATION 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. No significant difference is deemed to exist between book and fair values. Derivatives are recognised at fair value through profit or loss, and the Group does not apply hedge accounting. For derivatives, where Kungsleden holds a number of interest rate swaps, market valuations are conducted each quarter with classification at level 2.

## AMENDED ACCOUNTING POLICIES

Kungsleden has amended its accounting policy for capitalising borrowing costs pursuant to IAS 23 effective 1 January 2021. Kungsleden did not previously use the scope exemptions of this Standard. Qualifying assets are assets that take significant time to complete for intended use or sale, which for the Group, are new production, extension and conversion projects. Because the Group's projects have increased gradually over recent years, the capitalisation of borrowing cost in their cost gives a fairer view of the investment. The application of the aforementioned accounting policy will not involve re-statement of comparative figures, because borrowing costs related to projects were not of material amounts in previous years. The amended accounting policy only applies to the Group. In the parent company, borrowing costs are still expensed in the period they occur. Other accounting policies are unchanged since the annual accounts for 2020.

# 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 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 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.

### 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 and 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.

### 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 (3.7 per cent), in relation to the number of shares at the end of the period.

### EPRA NDV (disposal value) 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

Kungsleden defines clusters as a gathered property holding in a location with good accessibility, in a market with good growth and development potential.

### 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 20.

# FINANCIAL CALENDAR, CONTACTS AND INVITATION TO PRESENTATION

## CALENDAR 2021

### AGM

22 April

### INTERIM REPORT JAN-JUN 2021

7 July

### INTERIM REPORT JAN-SEP 2021

21 Oct

## PRESENTATION OF INTERIM REPORT

Kungsleden presents its interim report to investors, analysts and media on 22 April 2021 at 08.45.

The presentation will be held in English and is available on:  
[https://kungsleden.creo.se/en/210422/presentation\\_of\\_q1\\_report\\_2021](https://kungsleden.creo.se/en/210422/presentation_of_q1_report_2021)

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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