



KUNGSLEDEN

INVESTOR PRESENTATION
MARCH 2018

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OUR VISION:

**TO CREATE
ATTRACTIVE AND
SUSTAINABLE PLACES
THAT ENRICH
PEOPLE'S EVERYDAY
WORKLIFE**



KUNGSLEDEN'S CORE VALUES



AGENDA

› **Overview of Kungsleden**

› **Financial key ratios, targets and rating grid**

› **Sustainability – A part of the vision**

› **Kungsleden's Green Bonds**

› **Kungsleden's Green assets and Green investments**

› **Appendix**



OVERVIEW OF KUNGSLEDEN



INTRODUCTION TO KUNGSLEDEN

Kungsleden in brief

- Kungsleden is a long-term owner of properties focusing on active management and development of offices and other commercial properties in Stockholm and Sweden's other growth regions
- Kungsleden's transformation completed in 2017:
 - Nearly half of the property value located in Stockholm
 - Property value located in four prioritized growth markets (Stockholm, Gothenburg, Malmö and Västerås)
 - Focus on property category Offices
 - Continued focus on Clusters
- Listed on Nasdaq Stockholm (Large Cap) with a market capitalization of SEK 12.0bn**

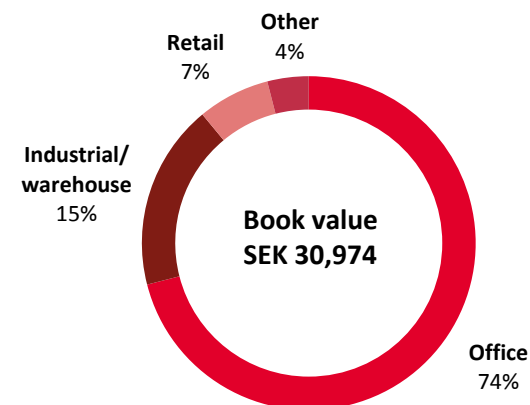
Emporia Office, Malmö (Hyllie)



*As reported 31 December 2017

**As of 23 February 2018

Book value by property category



Rental Value*

SEK
2,567m

Property value*

SEK
31.0bn

Loan-to-value*

48%

ICR*

3.3x

Leasable area*

2,159,000 sq.m.

Nr. of Properties*

222



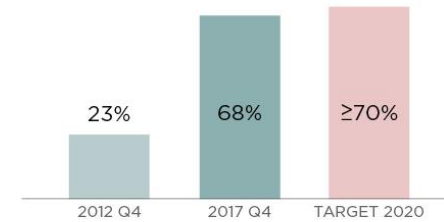
TRANSFORMATION COMPLETED – KEY FIGURES DEVELOPMENT VERSUS TARGETS (1/2)

IMPROVED PORTFOLIO QUALITY

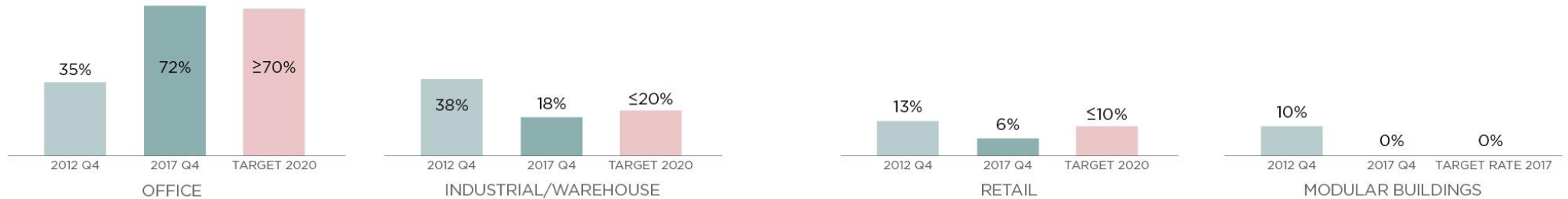
PROPERTY BY GEOGRAPHY



PROPERTY BELONGING TO A CLUSTER



PROPERTY BY CATEGORY



PROPERTY VALUE/SQ.M



AVERAGE RENT/SQ.M



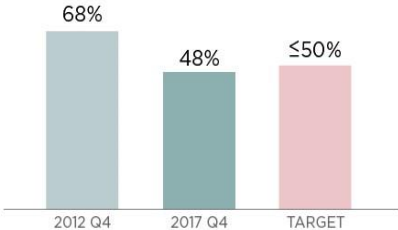
ECONOMIC OCCUPANCY RATE 2017



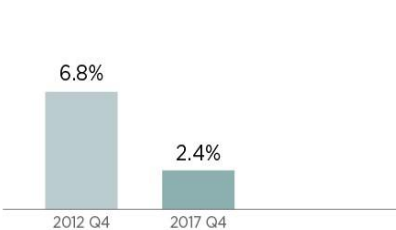
TRANSFORMATION COMPLETED – KEY FIGURES DEVELOPMENT VERSUS TARGETS (2/2)

STRENGTHENED BALANCE SHEET

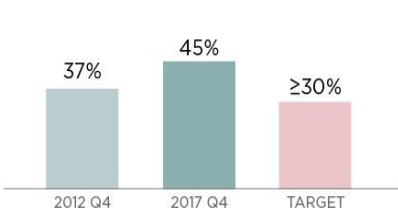
LOAN-TO-VALUE RATIO



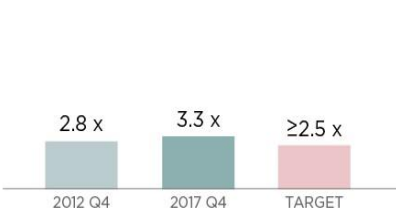
AVERAGE COST OF DEBT



EQUITY RATIO



INTEREST COVERAGE RATIO



Moody's Official Rating: BA1 with Positive Outlook



CREDIT RATING “Ba1” WITH POSITIVE OUTLOOK FROM MOODY’S

Ambition to achieve Investment Grade rating over time by maintaining a sustainable leverage below 50% and increasing the share of unencumbered assets

MOODY’S

Ba1 (pos)

Rating assigned to Kungsleden

1

A medium sized and geographically diversified portfolio comprising office, industrial/logistics and retail units

2

Urbanization and growth benefits Kungsleden

3

Stable rental revenue supported by an evenly spread lease maturity profile

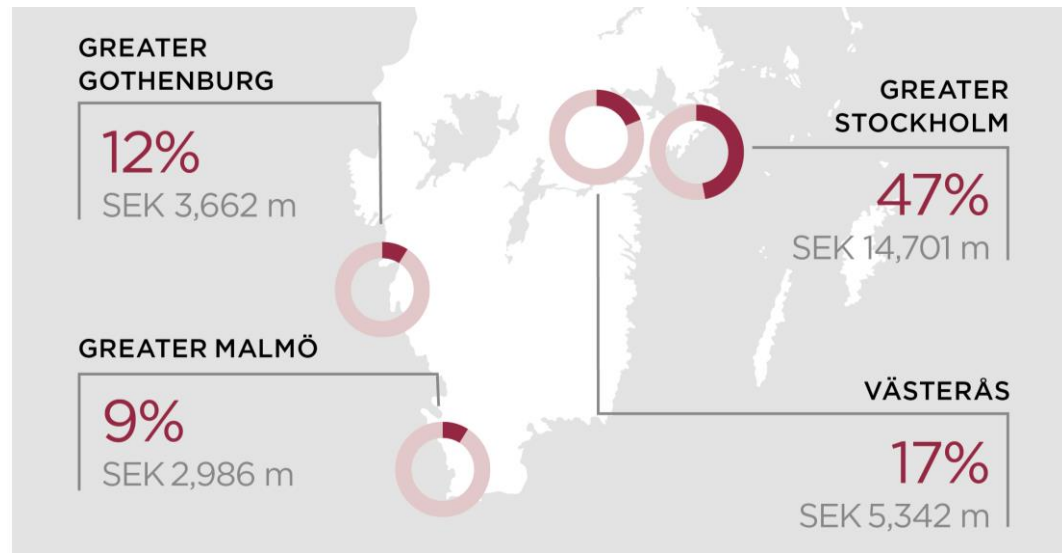
4

Sustainable leverage profile, strong fixed charge coverage and diversified funding mix



CLUSTERED PROPERTIES THAT PROVIDE CUSTOMER VALUE AND OPERATIONAL BENEFIT

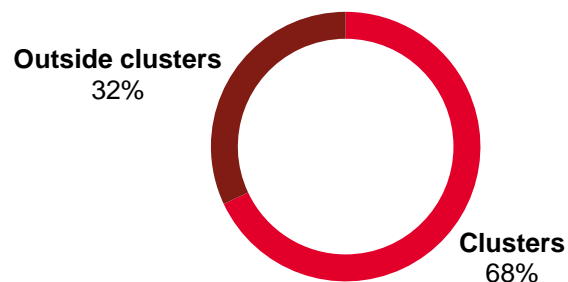
85% of book value in four prioritized growth regions*



Our cluster strategy

- Important attributes
 - At a good location with high accessibility
 - Near thoroughfares and hubs
 - In a market with high growth and momentum
 - Contain a mix of offices, retail and residential premises
 - Potential for development as regards to both cityscape and profile
- Unique possibilities
 - Provides us with a better customer offering
 - Large volume provides us with management synergies
 - Increases our knowledge of the area
 - Enables us to deliver the desired level of service
 - Ability to help shape development of the area
 - With local offices, we are closer to our tenants

Book value of properties



*Proforma for acquisitions and divestments

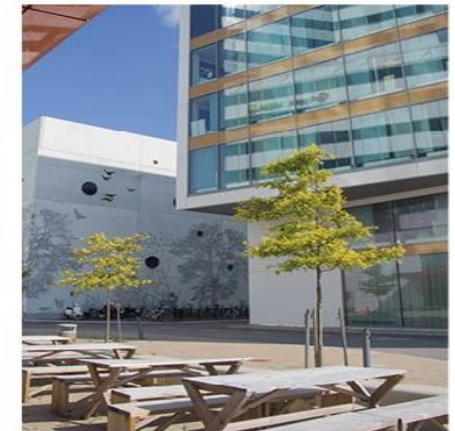


NEW CLUSTER – GOTHENBURG CITY SOUTH – PROFORMA



KEY RATIOS (31 December 2017)

No. of properties	6
Leasable area, thousand sq.m	52
Rental value, SEKm	81
Rental revenue, SEKm	78
Operating net, SEKm	62
Book value, SEKm	1,362
Economic occupancy rate, office, %	97.0
Rental revenue, office, SEK m/sq.m	1,832
Surplus ratio, %	79.1
Direct yield, %	4.6
Certification	LEED Gold

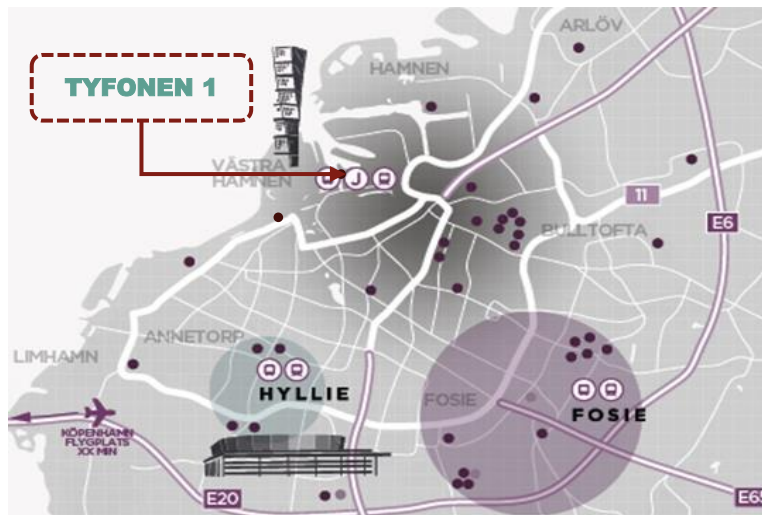


NEWLY ACQUIRED – TYFONEN 1, MALMÖ



KEY RATIOS

Leasable area	18,244
Rental value, SEK m	60
Rental revenue, SEK m	56
Operating net, SEK m	45
Purchase price/valuation, SEK m	~1,000
Economic vacancy	93%
Rental value, SEK/sq m	3,291
Surplus ratio, %	80%
Direct yield, %	4.5%
Largest tenants	Story Hotel, EY, United Spaces
Certification	LEED Platinum

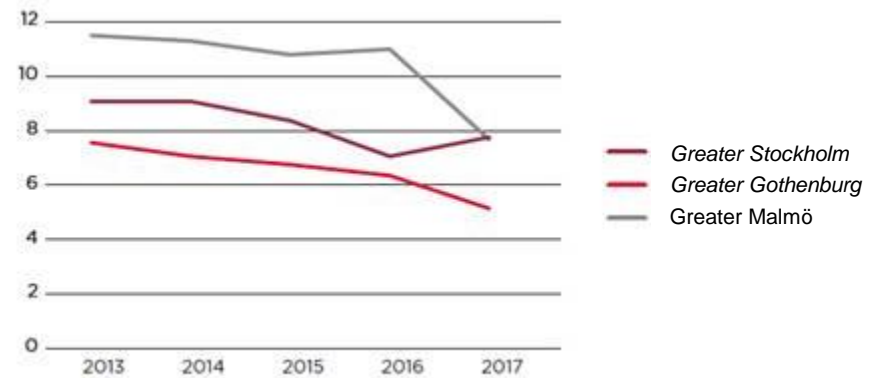


URBANISATION AND GROWTH BENEFITS

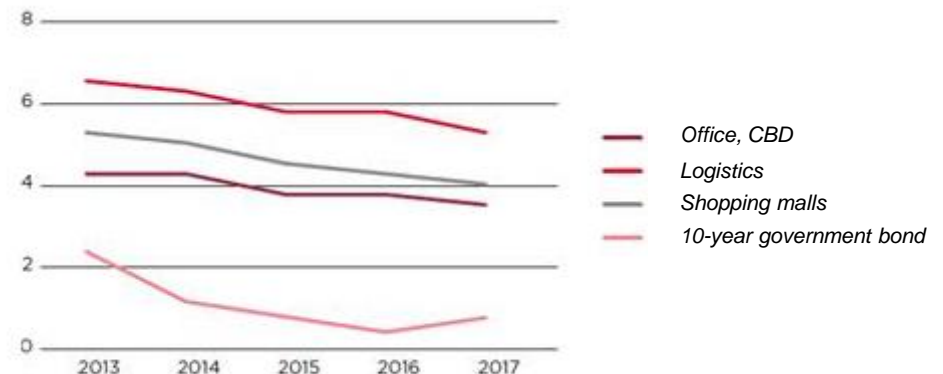
Favourable market fundamentals

- Population growth expected to continue in concentrated major urban areas
- Demand for commercial premises expected to continue as large portions of the population of working age lives in cities where business are
- GDP growth for Sweden is estimated to 2.2% per annum* 2018-2020 driven by strong export, investments and consumption
- Market rents for offices continued to increase during 2017 in most sub-markets and particularly in large urban regions
- Limited new supply for office for primarily peripheral inner city locations as well as better suburb locations

Vacancy rate office, %**



Yield requirements in Stockholm and interest rate level, %**



*Growth as average arithmetic mean 2018-2020. Source: *The National Institute of Economic Research, December 2017*

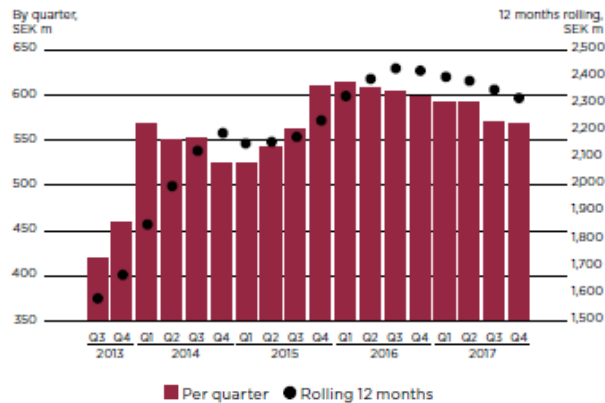
** Source: JLL



STABLE RENTAL REVENUE SUPPORTED BY AN EVENLY SPREAD LEASE MATURITY PROFILE

Rental revenue

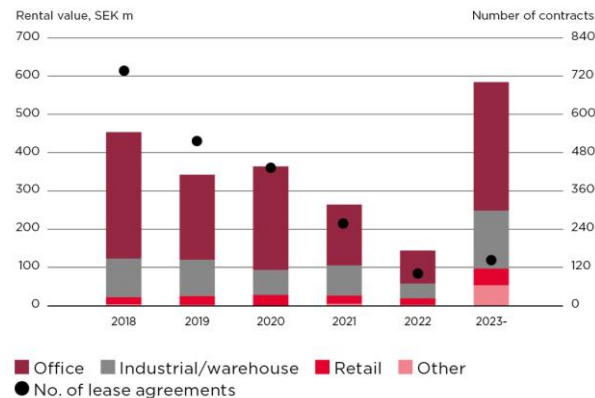
- Rent per square meter increased by ~40% (2017 compared to 2013) on the back of a higher quality portfolio
- Created a high quality real estate portfolio by selling non strategic properties and leaving more than 100 municipalities and by buying strategic properties in strong rental markets – in total > SEK 20bn over past 4 years



Tenants

- Top 10 largest tenants are to a large extent reputable creditworthy private operations or government owned operations
- Risk lowered since several of the largest tenants have different activities and subsidiaries in several cities
- Average maturity of the remaining lease agreements was 3.9 years on 31 December 2017. Average maturity for top 10 tenants was 5.2 years

LEASE AGREEMENT MATURITY STRUCTURE INVESTMENT PROPERTIES¹



1. Excluding housing, car parks and garages.

Top 10 tenants^{*}

	Rental revenue, SEKm	Share of rental revenue, %
ABB AB	268	12
Bring Frigoscandia	55	2
Biz Apartments	38	2
Försvarsmakten	37	2
ICA	36	2
Västerås kommun	33	1
Sveriges Television AB	24	1
Westinghouse Electric Sweden	24	1
Tullverket	22	1
Artexis Nordic AB	21	1
Sum top 10 tenants	558	25
Other	1,676	75
Total	2,234	100

*As of 30 December 2017

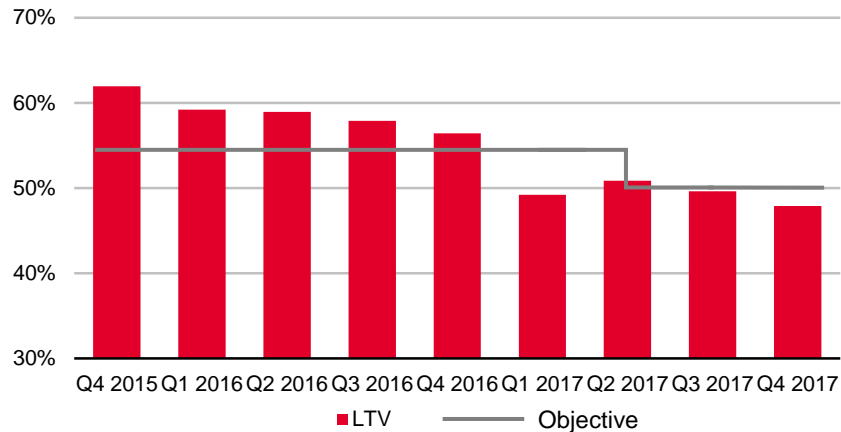


FINANCIAL KEY RATIOS, TARGETS AND RATING GRID



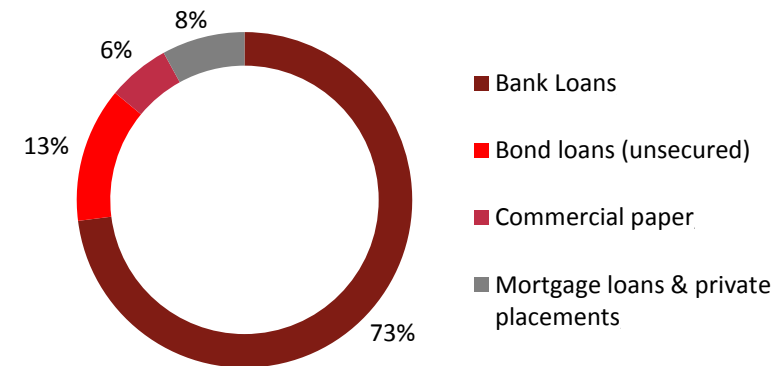
SUSTAINABLE LEVERAGE PROFILE, STRONG FIXED CHARGE COVERAGE AND DIVERSIFIED FUNDING MIX (1/2)

Loan-To-Value

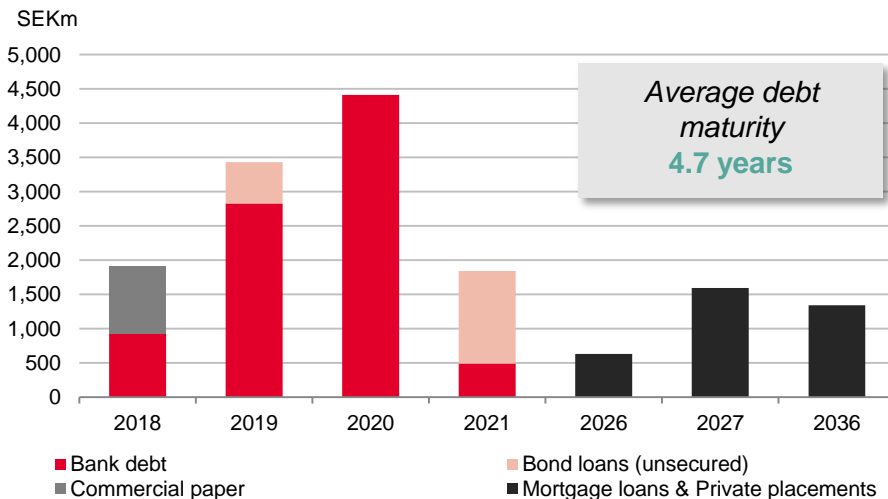


Greater diversification of funding sources

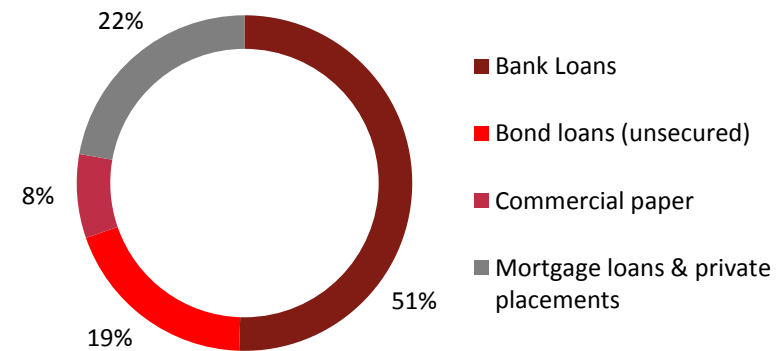
FINANCING MIX AS OF 31 DEC 2016



Debt maturity profile¹



FINANCING MIX AS OF FEB 2018

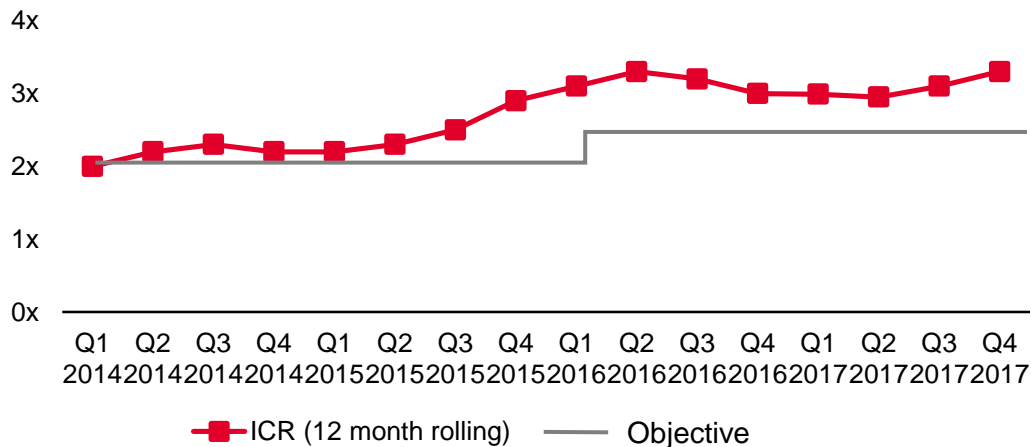


1) As per 31 December 2017



SUSTAINABLE LEVERAGE PROFILE, STRONG FIXED CHARGE COVERAGE AND DIVERSIFIED FUNDING MIX (2/2)

Interest coverage ratio



Investment programme and financial management

1 Investments in existing portfolio 2018-2019

- SEK 2.3bn according to plan
- $\geq 6\%$ target yield on investments

2 Deleveraging

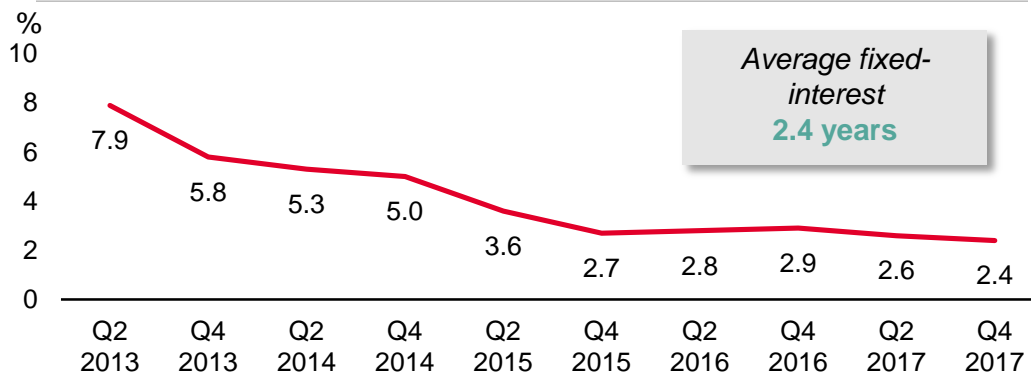
- Targeting an LTV of 50%
- Reduce risk profile given lower debt level
- Gain from reduced financing costs

3 Net acquisitions

- Use remaining headroom for selective accretive acquisition opportunities in core markets in line with our 2020 goals, profit from property management of SEK 1,200m

Investing in our existing portfolio with reduced financial risk

Average interest rate of debt



GRID OUTCOME

Rating Factors

Kungsleden AB

REITs and Other Commercial Property Firms Industry Grid [1][2]

Current
LTM
6 / 30 / 2017

Moody's 12-18

Month Forward
View
As of
9 / 8 / 2017 [3]

Unencumbered Assets >30% would render a B which in turn would indicate a Grid Rating of Baa3

Factor 1: Liquidity and Funding (24.5%)

	Measure	Score
a) Liquidity Coverage	Ba	Ba
b) Debt Maturities	B	B
c) FFO Payout	41.90%	Aa
d) Amount of Unencumbered Assets	1.80%	Caa

~50% today

Factor 2: Leverage and Capital Structure (30.5%)

a) Debt / Gross Assets	51.20%	Ba
b) Net Debt / EBITDA	10.5x	Caa
c) Secured Debt / Gross Assets	49.00%	B
d) Access to Capital	Ba	Ba

Factor 3: Market Position and Asset Quality (22%)

a) Franchise / Brand Name	Baa	Baa
b) Gross Assets(USDm)	\$3.684.9	Baa
c) Diversity: Location / Tenant / Industry / Economic	Baa	Baa
d) Development Pipeline	3.70%	Aa
e) Asset Quality	Ba	Ba

Factor 4: Cash Flows and Earnings (23%)

a) EBITDA Margin (YTD)	58.60%	Baa
b) EBITDA Margin Volatility	4.00%	Baa
c) EBITDA / Fixed Charges (YTD) [4]	3.2x	A
d) Joint Venture Exposure (YTD)	0.00%	Aa

Rating:

a) Indicated Rating from Grid	Ba1
b) Actual Rating Assigned	Ba1

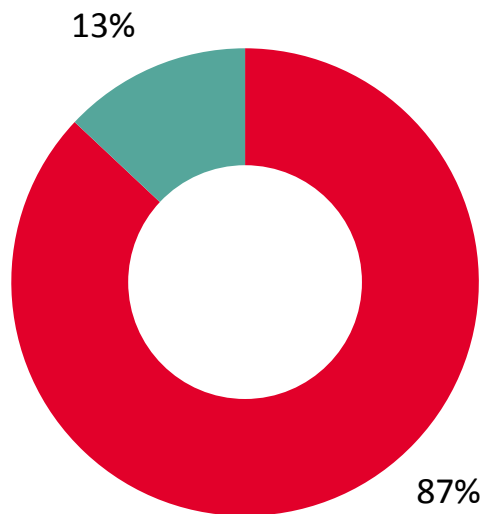
Measure	Score
Ba	Ba
B	B
41% - 46%	Aa
5% - 32%	Caa
49% - 51%	Ba
10.8x - 11.8x	Caa
28% - 41%	B
Ba	Ba
Baa	Baa
\$3,900 - \$4,000	Baa
Baa	Baa
3% - 4%	Aa
Ba	Ba
59% - 61%	Baa
2% - 5%	Baa
3.2x - 3.4x	A
0%	Aa
Ba1	Ba1
Ba1	Ba1

Possible to improve by using the capital market through establishing a MTN-programme



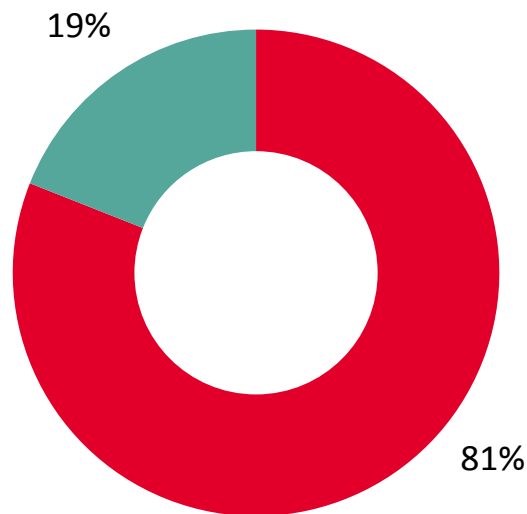
INCREASED SHARE OF UNSECURED DEBT TO INCREASE PROPORTION OF UNENCUMBERED ASSETS

As of December 2016



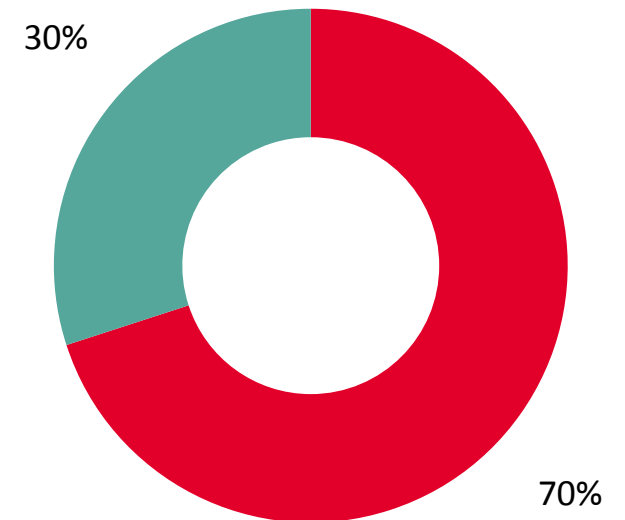
■ Secured debt ■ Unsecured debt

As of February 2018



■ Secured debt ■ Unsecured debt

Objective within 12-18 months



■ Secured debt ■ Unsecured debt

Unencumbered assets >30% would indicate a grid rating of "Baa3"

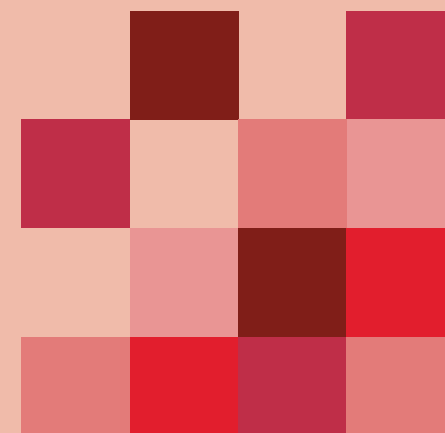


SUSTAINABILITY – A PART OF THE VISION



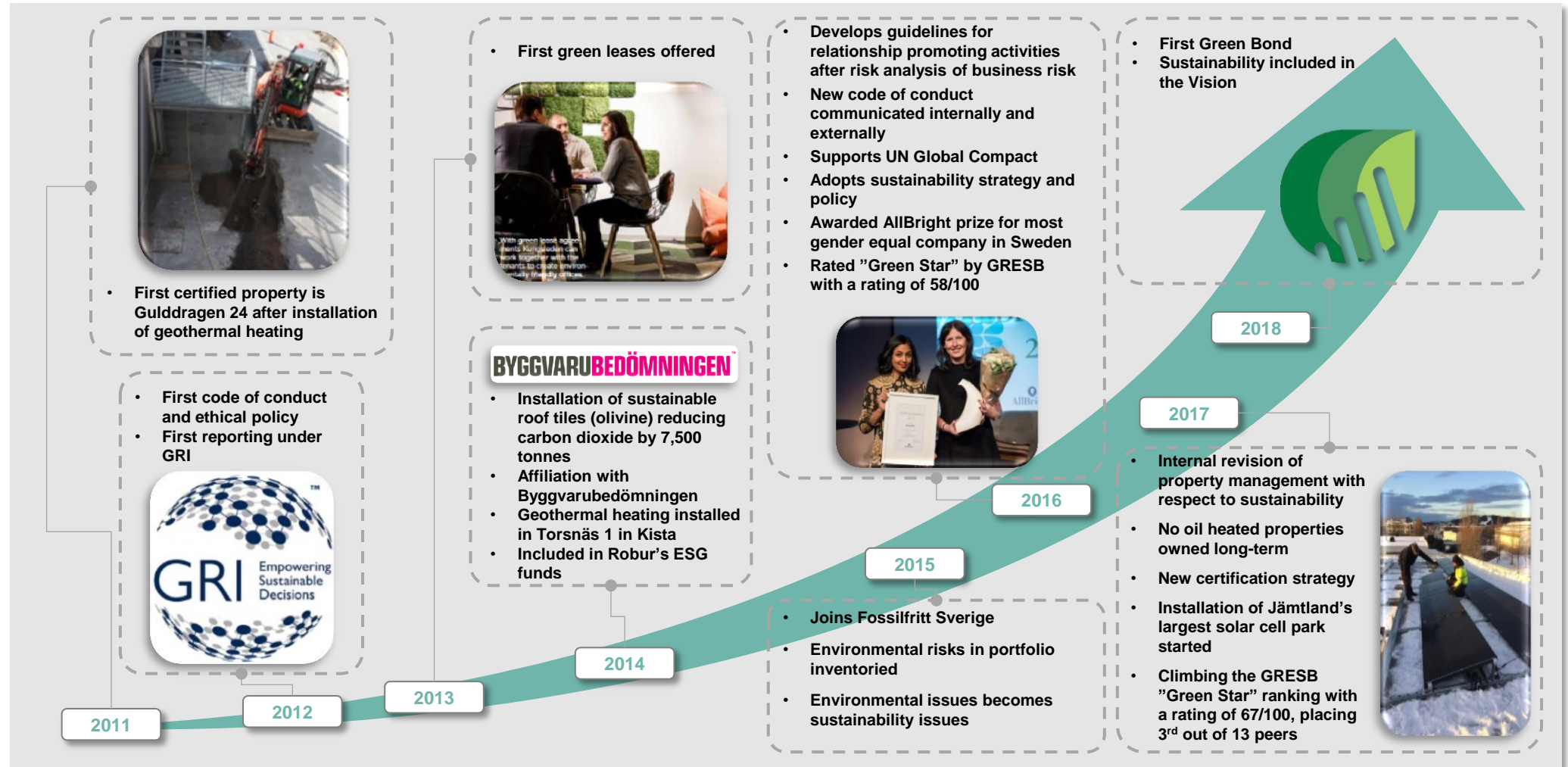
SUSTAINABILITY VISION AND GOALS 2020

”Kungsleden has a clear sustainability profile and sustainability is an obvious and integrated part in all our business. The sustainability efforts generate profits for both Kungsleden and the society.”








SELECTED MILESTONE ACHIEVEMENTS IN KUNGSLEDEN'S SUSTAINABILITY WORK

Key achievements in Kungsleden's sustainability development



SUSTAINABILITY GOALS 2020

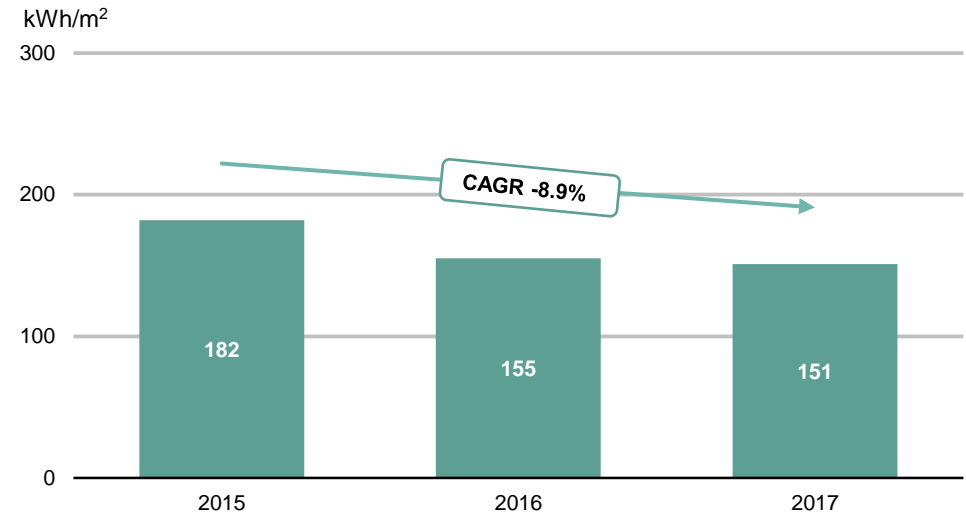
 <p>Environment</p>	 <p>Health & safety</p>	 <p>Diversity</p>	 <p>Business ethics</p>	 <p>Social responsibility</p>
<p>We will actively reduce our use of finite resources and reduce our negative environmental impact for future generations to have the same opportunities as today's generations</p> <p>Goal 2020 Kungsleden's property portfolio uses 20% less energy by 2020 than 2014</p> <p>Kungsleden's properties use 25% less energy than the average in Sweden</p> <p>We provide premises for conscious customers and choose responsible partners</p> <p>Half of the property portfolio is certified according to LEED</p>	<p>The working environment at Kungsleden will be safe, healthy and give employees good opportunities for further development. Kungsleden offers safe and healthy environments in and around our properties and ensures a good indoor climate</p> <p>Goal 2020 We ensure a good working environment for our tenants, for the entrepreneurs working in our properties and for the Kungsleden employees</p>	<p>We will have an inclusive corporate culture founded on the equal value of all people and discourage all forms of discrimination or offensive discrimination. Our working environment is characterized by respect and fair relations between individuals and groups</p> <p>Goal 2020 We will reflect the diversity of society as we are convinced that it provides the best business opportunities both in the meeting with our customers and in the development of the business</p>	<p>We are professional in our areas of expertise and show each other respect. We refrain from all forms of corruption and do not accept or offer, promise or leave undue benefits</p> <p>Goal 2020 We do business in a professional, nice and transparent manner, and have a good treatment both internally and externally</p>	<p>We take responsibility for the people and the local environment by being a force of change and interacting with tenants, municipalities and other local stakeholders</p> <p>Goal 2020 We take responsibility for the local communities in which we operate. We actively work with accessibility in and to the properties</p>



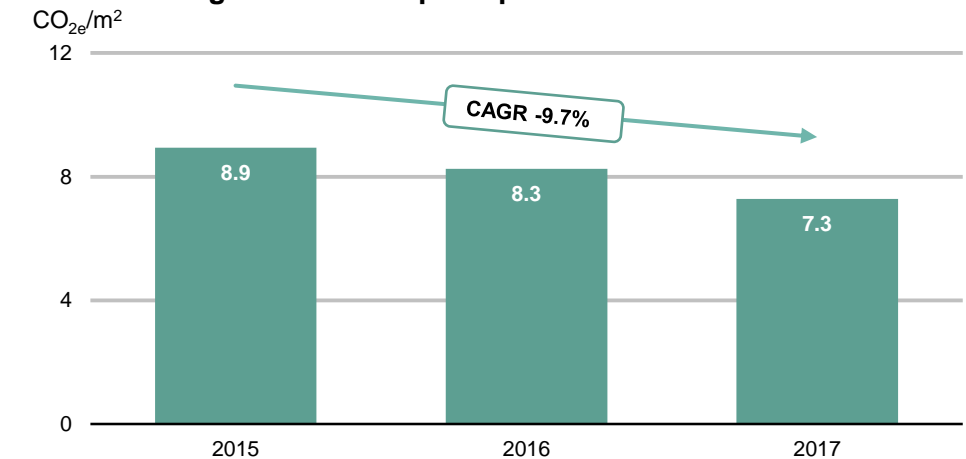
ENVIRONMENT

- Sustainability issues integrated throughout the entire organisation
 - Sustainability targets are set for all development projects and annual sustainability plan is performed for all market units
- Kungsleden conducts a risk analysis of sustainability risks
- Measurable sustainability targets are set yearly and followed up on a monthly basis
 - E.g. Kungsleden aim to reduce energy consumption by 3% annually
- Extensive energy efficiency measures involving stocktaking existing systems twice per year to optimize and identify measures that could lower energy consumption
 - Energy costs in like-for-like holdings decreased by 5.9% saving some SEK 13m in cost savings during 2017
- Suppliers have to sign Kungsleden's code of conduct prior to delivery and Kungsleden uses Byggvarubedömningen for evaluation of environmental performance of building materials used

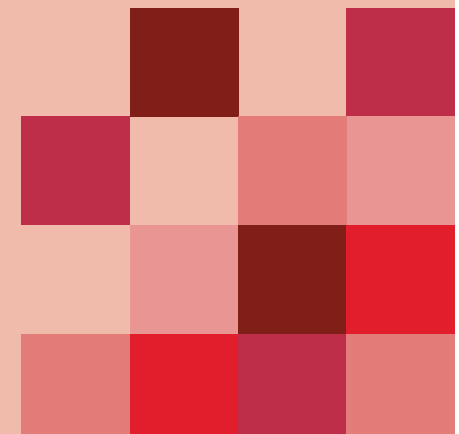
Energy consumption per sq m



Green house gas emissions per sq m



” Kungsleden will strive to certify all properties that will be held long-term according to LEED



CERTIFICATION STRATEGY

- Kungsleden will strive to certify all properties that will be held long term according to LEED
- Strive for certification of all new construction projects or major rebuilding projects according to LEED, at least gold level or Miljöbyggnad at least silver level in connection with the project's implementation
- **Goal:** Half of the properties (based on value) to be certified before the end of 2020 and all Kungsleden's properties to be certified before the end of 2025
- The time plan is based on refinancing date, property value, organisational spread, number of tenants per property and long-term ownership

Goal 2020

- 50% of the properties to be environmentally certified
- 20% less energy consumption compared to 2014

Goal 2025

- All properties to be environmentally certified



Property: Blästern 14, Stockholm

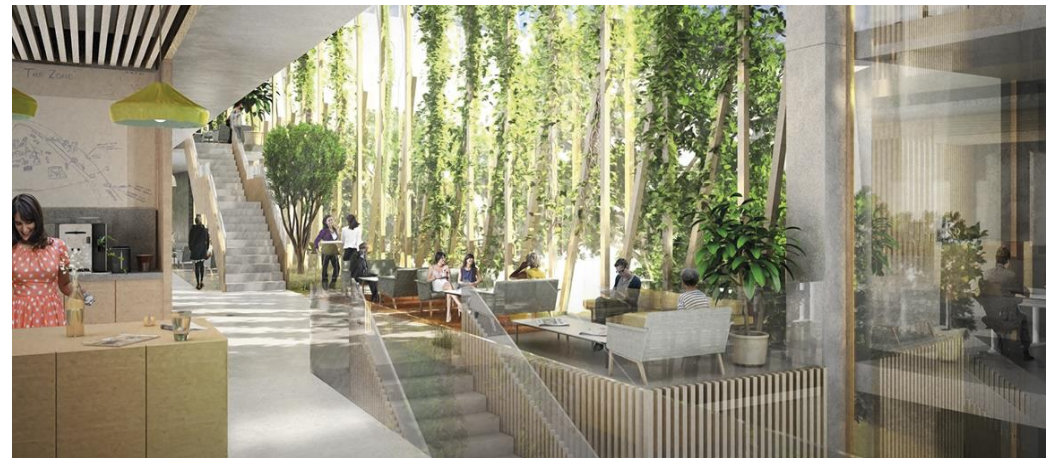
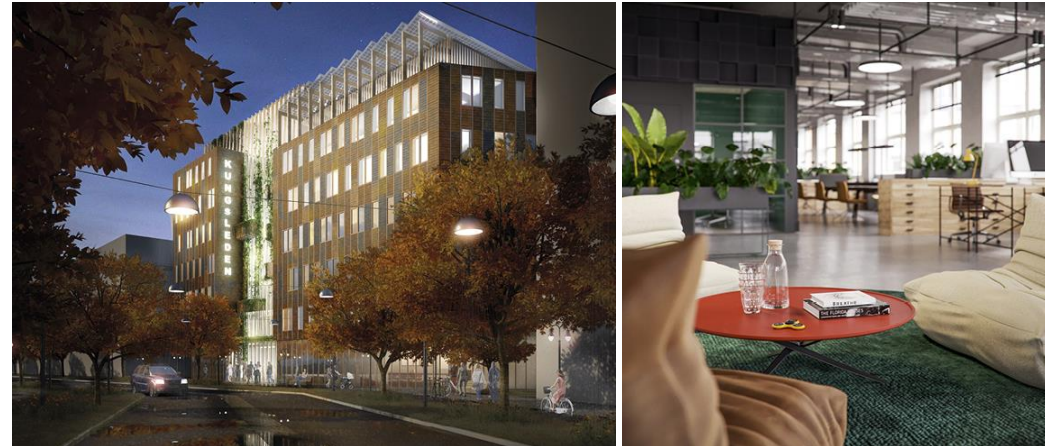


KUNGSLEDEN'S GREEN BONDS



DRIVERS BEHIND GREEN BONDS

- Kungsleden aims to develop customer offerings that contribute to a sustainable society with a tangible value-add, which make customers want to stay with Kungsleden
- Through a successful sustainability program Kungsleden wish to
 - Take global responsibility
 - Ensure long-term competitiveness
 - Strengthen the brand
 - Attract and retain employees
 - Increase profitability
 - Broaden its investor base
- *To achieve a successful sustainability program Kungsleden will strive to finance all its green assets with green financing*



ELIGIBLE PROJECTS FOR GREEN FRAMEWORK

- New and/or existing commercial properties that have or will have a certification:



LEED \geq gold



BREEAM/BREEAM in-use \geq very good



Miljöbyggnad \geq Silver



EU Green Building

- Kungsleden requires that for LEED and BREEAM certified buildings at least 70% of the possible points within the energy category for LEED and BREEAM certified building has to be achieved
- Major renovations of commercial properties leading to reduced energy use of $\geq 25\%$ (per sq m and year), Energy efficiency projects reducing energy use by $\geq 25\%$
- Renewable energy
- Eco-efficient, circular economy adapted products, production techniques with environmentally smart use of building materials
- Infrastructure for electric cars



GREEN PROJECT SELECTION

Kungsleden's Green Bond Committee

Chief Investment Officer/
Deputy CEO
Ylva Sarby Westman



Treasurer
Fredrik Sandell



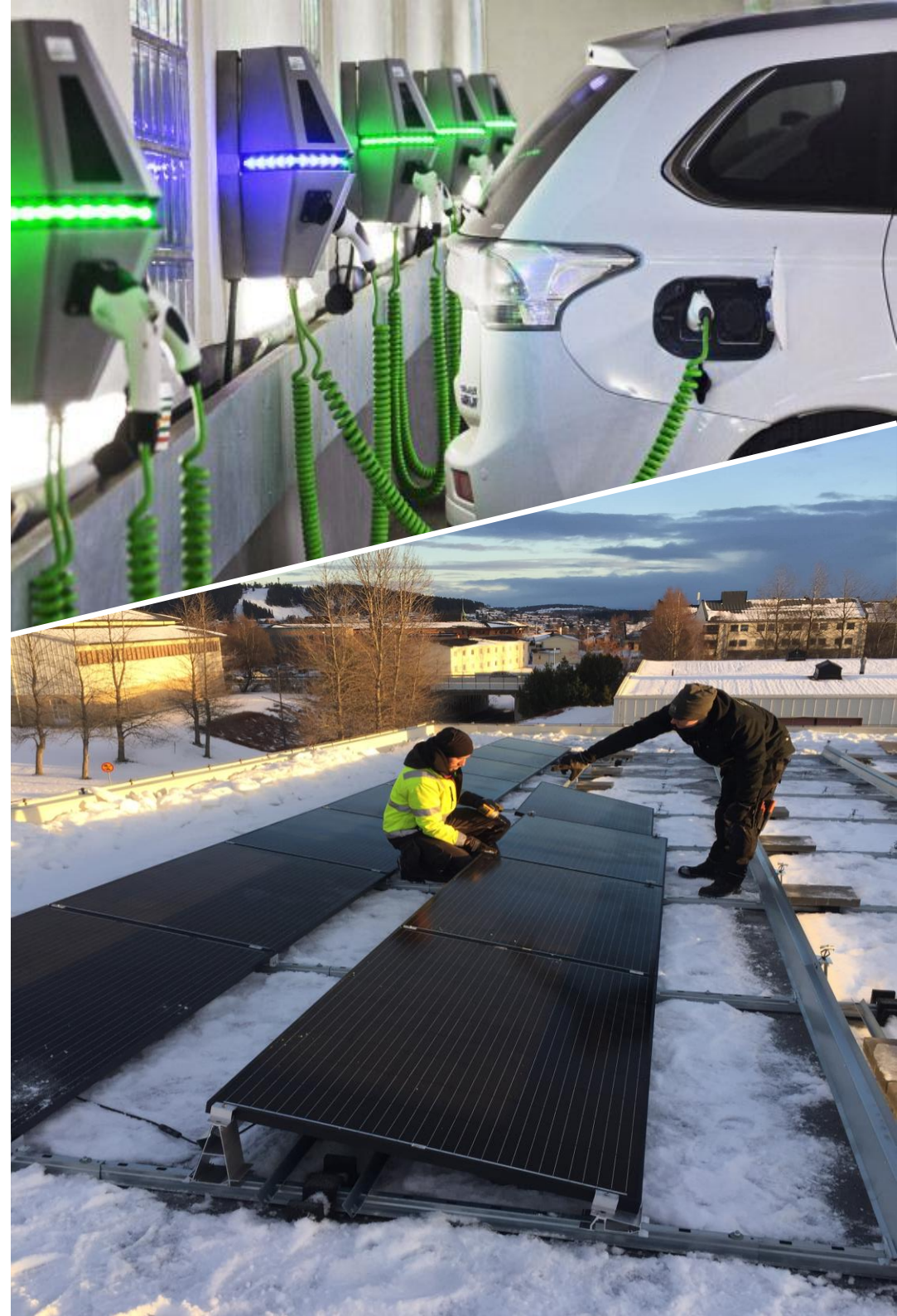
Sustainability Manager
Maria Sandell



- Responsible for managing the Green Bond project evaluation and selection
- Scheduled to meet at least twice per year
- Decisions are based on consensus

Reporting

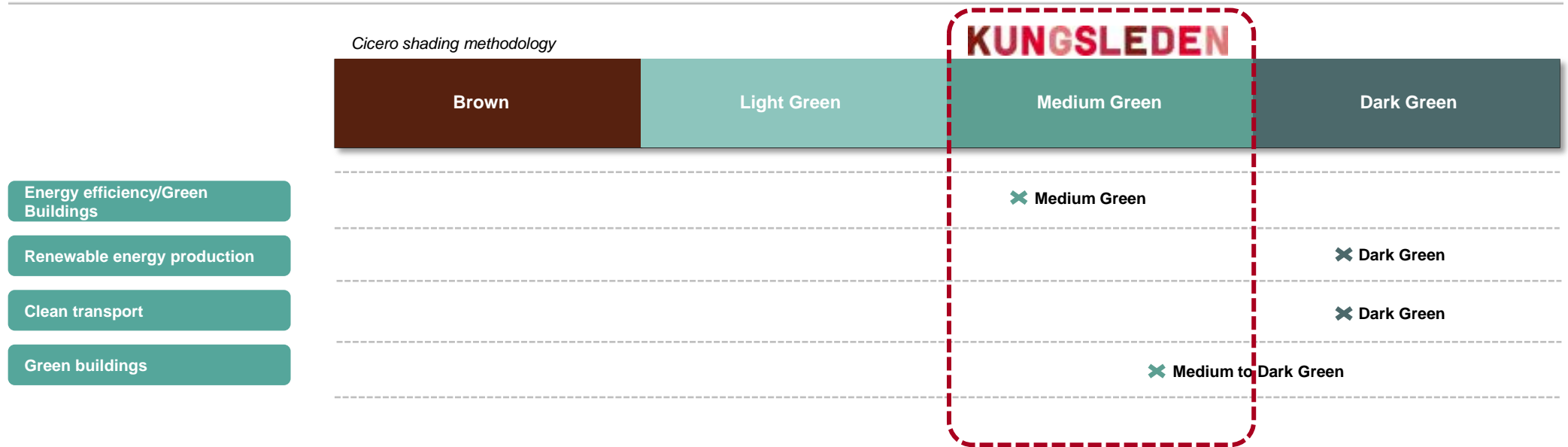
- Annual Green Bond Letter to investors including
 - List of all projects financed including allocated amount, brief description and expected impact
 - Allocation of Green Bond proceeds between projects and refinancing
 - Type and level of certification, energy use, CO₂ emissions
 - Other environmental benefits when available
- Internal tracking method, allocation of proceeds from Green Bonds and the Investor Letter will be reviewed annually by Kungsleden's external auditor and made publicly available



CICERO/SEI SECOND OPINION

*“Based on the project category shadings detailed below, and consideration of the issuer’s systematic sustainability work and governance structure of Kungsleden in terms of management and use of proceeds, we rate the framework **CICERO Medium Green.**”*

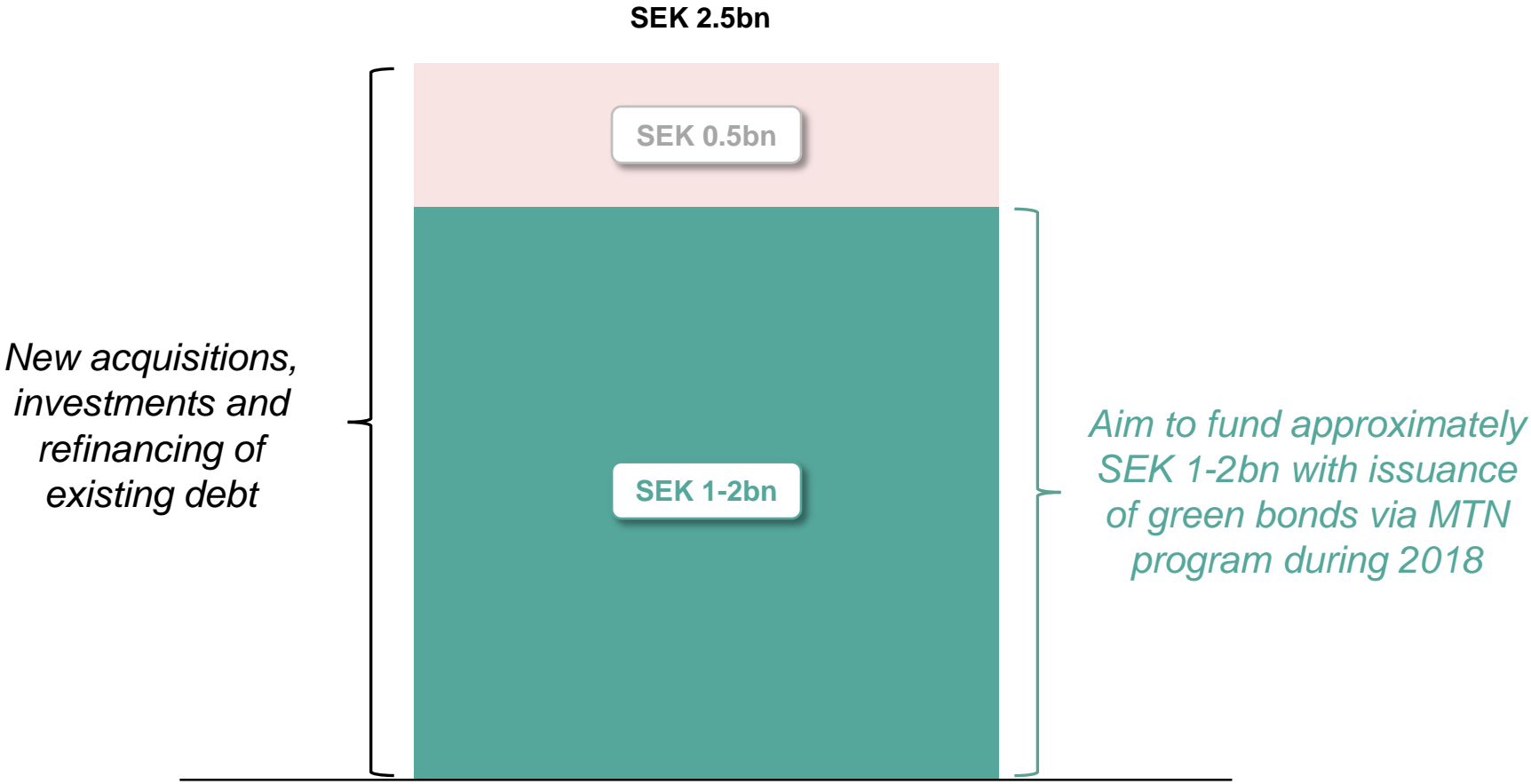
Rating of Kungsleden’s Green Bond Framework


























KUNGSLEDEN'S GREEN ASSETS AND GREEN INVESTMENTS



FINANCING PLAN COMING 12 MONTHS



EXAMPLE OF CERTIFIED KUNGSLEDEN PROPERTIES

	Kv. Tändstickan, Göteborg	Färöarna 3, Kista	Trekanten 5, Danderyd	Tyfonen 1, Malmö
Property				
Property type	<ul style="list-style-type: none"> Two office properties One parking garage 	<ul style="list-style-type: none"> Office property 	<ul style="list-style-type: none"> Office property 	<ul style="list-style-type: none"> Office and hotel property
Square metres	<ul style="list-style-type: none"> Office space: 18,300 Parking space: 11,600 	<ul style="list-style-type: none"> Office space: 30,000 	<ul style="list-style-type: none"> Office space: 32,000 	<ul style="list-style-type: none"> Office space: 11,668 Hotel space: 2,943 Other space: 3,633
Certification	<ul style="list-style-type: none"> LEED GOLD  	<ul style="list-style-type: none"> LEED GOLD, EU GREEN BUILDING   	<ul style="list-style-type: none"> LEED GOLD  	<ul style="list-style-type: none"> LEED PLATINUM 
Select tenants	  	   	   	  
Purchase price / current valuation	<ul style="list-style-type: none"> SEK 1bn 	<ul style="list-style-type: none"> SEK 1.3bn 	<ul style="list-style-type: none"> SEK 750m 	<ul style="list-style-type: none"> SEK 1bn



KUNGSLEDEN'S CERTIFIED PROPERTIES AND PENDING CERTIFICATIONS

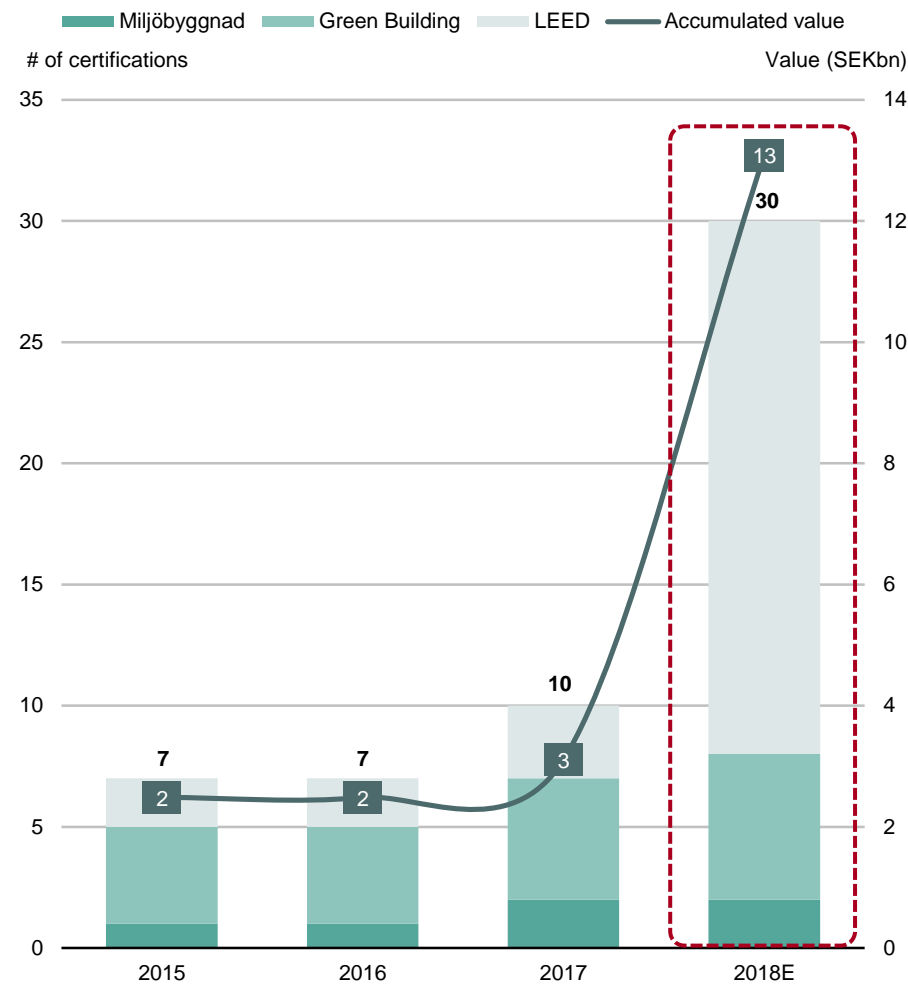
List of certified properties

Property	Classification	As of	Square metres	Value (SEKm)
Tyfonen 1	LEED Platinum	2018	18,244	1,000
Kv. Tändstickan ¹	LEED/LEED Gold	2018	29,900	1,000
Borgarfjord 5	Green building	2017	10,035	255
(Gårda 19:10)	Miljöbyggnad brons	2017	3,767	112
Lustgården 12	LEED ID	2017	1,800	90
Torsnäs 1	Green building	2017	10,523	164
Mässhallen 1	Miljöbyggnad silver	2015	20,979	310
Färöarna 3	LEED Gold, Green building	2014	37,830	1,380
Trekanten 5	LEED Gold	2012	30,788	750
Fräsen 1	Green building	2012	1,904	29
Gulldragaren 24	Green building	2011	1,577	16
Total certified			167,347	5,106

List of properties to be certified in 2018

Property	Classification	As of	Square metres	Value (SEKm)
Keflavik 1	LEED, EBOM, Green building	Pending	25,097	810
Hornafjord 1	LEED	Pending	22,841	560
Lorens 14	LEED	Pending	25,967	549
Mimer 5	LEED	Pending	88,201	1,660
Ottar 5	LEED	Pending	20,405	330
Ottar 6	LEED	Pending	18,126	340
Borgarfjord 5	LEED	Pending	10,035	255
Reykjavik 2	LEED	Pending	11,892	306
Blästern 14	LEED	Pending	14,334	575
Holar 1	LEED	Pending	5,628	106
Bergudden 8	LEED	Pending	19,330	526
Karlslund 5:2	LEED	Pending	58,410	775
Högsbo 17:4	LEED	Pending	1,804	12
Högbo 13:6	LEED	Pending	7,832	94
Påskbuketten 6	LEED	Pending	2,140	24
Lustgården 11	LEED	Pending	7,474	382
Lustgården 12	LEED	Pending	13,367	670
Total pending			352,883	7,974

Number and value of certified properties



Kungsleden is striving for a certification ratio of 35% of value within the coming 18 months

1) Kallebäck 2:7, 2:11 and 2:9. The properties are partly constructed/rented and will be fully finished in Q1 2019. The office building finished in Q1 2019 will be LEED Gold certified, 11,600sqm parking space with a value of SEK 119m will not be LEED certified



OTHER GREEN KUNGSLEDEN PROJECTS

Bergudden 8, Danderyd



- Geothermal heating project expected to decrease energy consumption caused by heating/cooling by 50%

Karlslund 5:2, Östersund



- Solar panel project on 1,200 sq m equivalent to 164 000 kWh

General green investments








- Energy-efficient installations such as ventilation, windows, lightning leading to reduced energy consumption



APPENDIX



SUSTAINABILITY GOALS 2018

 <p>Environment</p>	 <p>Health & safety</p>	 <p>Diversity</p>	 <p>Business ethics</p>	 <p>Social responsibility</p>
<ul style="list-style-type: none">- Reduce energy consumption by 3%- Environmental certification of 14 properties- Install solar cells on at least 1 property- Increase share of green lease agreements and follow up on existing agreements	<ul style="list-style-type: none">- Implement and practice crisis plan- KPIs in projects- Reduce stress in employee survey	<ul style="list-style-type: none">- Increase proportion of employees with a foreign background	<ul style="list-style-type: none">- Employees familiar with guidelines and policies regarding business ethics- Audits- Information to suppliers- Increase number discussions	<ul style="list-style-type: none">- Carry out at least one social project in a cluster- 4 summer jobs- Continued cooperation with Fryshuset



STOCKHOLM CLUSTERS

KISTA	
KEY RATIOS	
No. of properties	9
Leasable area, thousand sqm	146
Rental value, SEK m	286
Book value, SEK m	4,159
Economic occupancy rate*, %	86.2
New leasing, Jan-Dec, SEK m	21
Net leasing, Jan-Dec, SEK m	9



DANDERYD	
KEY RATIOS	
No. of properties	4
Leasable area, thousand sqm	100
Rental value, SEK m	189
Book value, SEK m	2,651
Economic occupancy rate, %	90.8
New leasing, Jan-Dec, SEK m	23
Net leasing, Jan-Dec, SEK m	6

STOCKHOLM CITY EAST	
KEY RATIOS	
No. of properties	4
Leasable area, thousand sqm	89
Rental value, SEK m	164
Book value, SEK m	3,207
Economic occupancy rate, %	89.9
New leasing, Jan-Dec, SEK m	27
Net leasing, Jan-Dec, SEK m	19

*Earnings capacity as of 31 December 2017



HYLLIE CLUSTER

HYLLIE	
KEY RATIOS	
No. of properties	5
Leasable area, thousand sqm	40
Rental value, SEK m	71
Book value, SEK m	1,238
Economic occupancy rate*, %	99.2
New leasing, Jan-Dec, SEK m	3
Net leasing, Jan-Dec, SEK m	-1



*Earnings capacity as of 31 December 2017



SECOND OPINION – MEDIUM GREEN

“Overall, Kungsleden’s Green Bond Framework (“GBF”), together with its sustainability policy, building certification strategy and reporting standards, provides a sound base for climate-friendly investments”

“Kungsleden has committed to the principles of the UN Global Compact and reports accordingly, as well as according to the Global Reporting Initiative (GRI) standards.”

“Kungsleden has a strong governance structure and fit-for-purpose procedures that support sound management of proceeds, as well as regular and transparent reporting about green bond project achievements to investors and the public”

“GRESB, an investor-driven organization committed to assessing the ESG performance of real assets globally, has rated Kungsleden “Green Star” since 2016.”

“Kungsleden has a strong management and governance structure indicated by their existing corporate management and reporting processes“

“The green bond framework lists the eligible project category [...] which support their objectives to promote the transition to low carbon, climate resilient growth and a sustainable economy.”

“We find no obvious weaknesses in Kungsleden’s GBF“



FINANCIAL STATEMENTS

Income statement

SEKm	FY 2017	FY 2016	Q4 2017	Q4 2016
Revenue				
Rental revenue	2,319	2,422	567	598
Other revenue	4	7	0	4
Total revenue	2,323	2,430	567	602
Total property costs	-785	-827	-200	-212
OPERATING NET	1,538	1,602	367	390
Selling and administration costs	-120	-112	-31	-31
Net financial items				
Financial income	1	1	0	0
Financial costs	-398	-467	-85	-114
Other financial expenses	-36	-34	-8	-10
Total net financial items	-433	-500	-93	-123
PROFIT FROM PROPERTY MANAGEMENT	985	990	243	235
Changes in value				
Profit (loss) from divestments	-6	32	7	3
Unrealised changes in value, properties	1,417	1,659	367	475
Unrealised changes in value, financial instruments	85	-321	5	196
Total changes in value	1,496	1,370	379	674
PROFIT BEFORE TAX	2,481	2,360	622	910
Tax				
Current tax	0	0	0	1
Deferred tax	-575	-491	-129	-211
Total tax	-575	-492	-129	-211
PROFIT FOR THE PERIOD	1,906	1,869	493	699

Cash flow statement

SEKm	FY 2017	FY 2016	Q4 2017	Q4 2016
OPERATING ACTIVITIES				
Profit from property management	985	990	243	235
Adjustments for non-cash items	1	17	-4	17
Tax paid	0	0	0	0
Cash flow before changes in working capital	986	1,007	239	252
Changes in working capital	-131	4	67	-38
Cash flow after changes in working capital	855	1,011	306	214
INVESTING ACTIVITIES				
Investments in existing properties	-925	-609	-381	-252
Acquisition of properties	-790	-230	0	-66
Divestment of properties	1,709	776	60	245
Other tangible/intangible non-current assets	0	-10	0	-4
Financial assets, net	-397	-13	-9	-13
Cash flow from investing activities	-403	-86	-330	-90
FINANCING ACTIVITIES				
New share issue	1,599	0	0	0
Dividend	-437	-364	0	0
Repayment of loans	-4,302	-3,753	-2,332	-149
New loans	2,944	2,808	2,428	41
Cash flow from financing activities	-196	-1,309	96	-108
CASH FLOW FOR THE PERIOD	256	-384	72	16
Cash and cash equivalents at the beginning of the period	57	441	241	41
Exchange rate differences on cash equivalents	0	0	0	0
Cash and cash equivalents at the end of the period	313	57	313	57



FINANCIAL STATEMENTS (CONT'D)

Balance sheet

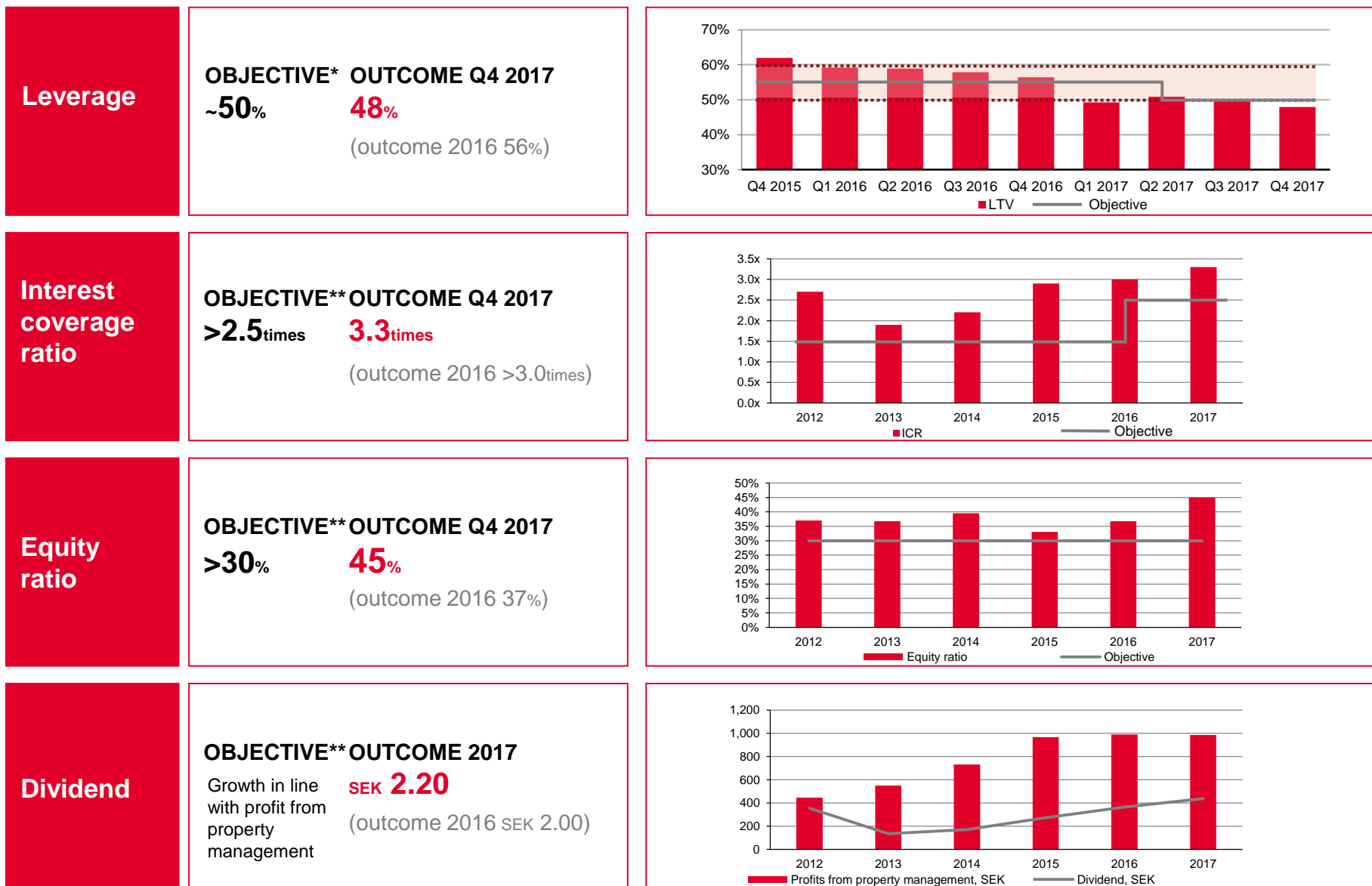
<i>SEKm</i>	FY 2017	FY 2016
ASSETS		
Non-current assets		
Intangible assets	9	11
Properties	30,974	29,533
Equipment	7	9
Other long-term receivables	12	12
Total non-current assets	31,002	29,566
Current assets		
Current receivables	231	231
Cash and bank balances	313	57
Total current assets	544	288
TOTAL ASSETS	31,546	29,854
EQUITY AND LIABILITIES		
Equity	14,192	11,123
Non-current liabilities		
Liabilities to credit institutions	10,150	13,702
Other interest-bearing liabilities	3,096	1,230
Derivatives	171	653
Deferred tax liability	1,333	841
Provisions	12	12
Total non-current liabilities	14,762	16,438
Current liabilities		
Liabilities to credit institutions	927	26
Other interest-bearing liabilities	980	1,553
Other liabilities	684	714
Total current liabilities	2,591	2,293
TOTAL EQUITY AND LIABILITIES	31,546	29,854

Key ratios

	FY 2017	FY 2016
PROPERTY RELATED		
Direct yield, investment properties, %	5.3%	5.7%
Economic occupancy rate, investment properties %	91.8%	91.9%
Surplus ratio, investment properties, %	67.3%	67.2%
FINANCIAL		
Return on total assets, %	4.6%	5.2%
Return on equity, %	15.1%	18.0%
Interest coverage ratio, multiple	3.3x	3.0x
Equity ratio, %	45.0%	37.3%
LTV, %	47.9%	55.7%
DATA PER SHARE		
Dividend	2.00	2.00
Profits from property management	4.66	5.31
Net profit (loss) for the period	9.03	10.01
Outstanding shares at the end of the period (m)	218	182
Average number of shares (m)	212	187
Equity	64.98	61.12



DELIVERING ON FINANCIAL OBJECTIVES



* As of 22 June 2017

**Financial targets set during the year-end report 2016



KUNGSLEDEN

