

INTERIM REPORT JANUARY-MARCH 2016

Q1:2016

“We now have a more efficiently managed property portfolio of higher quality holdings in strong rental markets.”

BILJANA PEHRSSON, CEO

KUNGSLEDEN

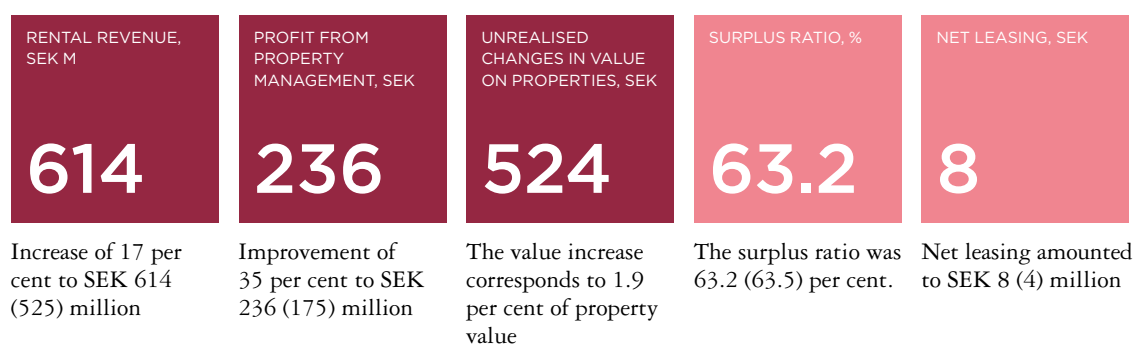
INTERIM REPORT 1 JANUARY–31 MARS 2016

THE QUARTER, IN BRIEF

- Rental revenue increased 17 per cent to SEK 614 (525) million and operating net increased to SEK 388 (333) million
- Profit from property management improved by 35 per cent and was SEK 236 (175) million, which corresponds to SEK 1.30 (0.96) per share
- Unrealised value changes in the property portfolio increased to SEK 524 (247) million, primarily due to lower yield requirements and improved future cash flows
- Profit for the period increased by 30 per cent to SEK 385 (296) million, corresponding to SEK 2.12 per share, despite falling long-term interest rates during the quarter resulting in unrealised negative value changes on interest rate swaps of SEK -302 (-45) million
- Net leasing amounted to SEK 8 (4) million

SIGNIFICANT EVENTS DURING AND AFTER THE FIRST QUARTER

- On 1 April, access was gained to the property called Isbocket in Hyllie, Malmö, with fully leased office space.
- A 20-year lease comprising 9,500 sq. m. was signed with Nobis for a new design hotel at the property, Blåstern 14 in Vasastan/Hagastaden. The project will now enter the implementation stage.
- Non-strategic properties for a value of SEK 382 million were divested, which will lower geographic concentration to 64 municipalities once all of the properties have been vacated.



KEY FIGURES	2016 Jan-Mar	2015 Jan-Mar	2015/2016 Apr-Mar	2015 Jan-Dec
FINANCIAL				
Profit from property management, SEK per share	1.30	0.96	5.65	5.31
Profit (loss) for the period, SEK per share	2.12	1.63	3.27	2.78
Equity, SEK per share	53.40	51.64	53.40	51.28
EPRA NAV (long-term net asset value), SEK per share	60.93	59.83	60.93	56.76
Return on equity, %	16.2	12.8	6.2	5.5
Operating net - properties, SEK	388	333	1,600	1,545
Interest coverage ratio, times	2.9	2.2	3.1	2.9
PROPERTY RELATED				
Economic occupancy rate, %	91.0	88.9	93.6	93.2
Rental revenue, SEK/sq. m.			1,046	987
Property cost, SEK/sq. m.			305	287

CEO COMMENT



The positive development experienced by Kungsleden in 2015 continued throughout the first quarter of 2016. This was evident in higher net leasing, particularly in our clusters, as well as significant growth in the value of our property portfolio.

Kungsleden entered 2016 with a revamped property portfolio and an organisation that is both more efficient and more decentralised. Now, we are implementing Kungleden's Flow, the major initiative from last year that focuses on our structure, culture and processes. All of this increases the efficiency and quality of our daily efforts. It is rewarding to see how well the organisation has adapted and that our numbers are moving in the right direction.

Rental revenue for the period increased by 17 per cent compared to the same period last year, which, among others, is attributable to rising property values in Stockholm and a larger property portfolio. Operating net increased to SEK 388 million, compared to SEK 333 million last year. Profit from property management improved by 35 per cent to SEK 236 million. Value changes on property holdings amounted to SEK 524 million.

The rise in value is primarily attributable to the new portfolio that we started acquiring in 2013. Falling yield requirements in the market and improved future cash flows contributed to the rise in property values during the quarter. During the last two years, Kungsleden has had unrealised value changes for a net amount of nearly SEK 2.4 billion, of which SEK 2 billion is attributable to our new properties.

VALUE-GENERATING MANAGEMENT VIA CONCENTRATED PORTFOLIO AND LOCAL PRESENCE

During the first quarter, repositioning and streamlining of the property portfolio has continued in markets where there are good prospects for growth, rental demand and rents. We have divested non-strategic properties for a value of SEK 382 million, which further reduced our geographic distribution to 64 municipalities when taking into consideration properties that have not yet been vacated. Major progress has thus been achieved in our degree of concentration, when considering that, just three years ago, we owned properties in more than 140 municipalities.

At present, Kungsleden has an overall portfolio where the three metropolitan regions, Stockholm, Gothenburg and Malmö, plus Västerås, account for 77 per cent of the total portfolio value of just under SEK 28 billion. Stockholm accounts for 43 per cent of the property portfolio. The percentage of properties located in one of our eleven clusters has increased to 61 per cent, while the percentage of offices accounts from 64 per cent.

We now have a property portfolio consisting of higher quality holdings in healthy markets that can be managed much more efficiently. This enables us to engage in the kind of value-creating management that is in line with Kungsleden's vision. Skilled employees are an important prerequisite for generating value for our

tenants and for us, as owners. It gives us a better understanding of our tenants and knowledge about the local market. Key individuals are our Asset Managers, who apply an overall approach when working with our important clusters. During the beginning of the year, we recruited three new Asset Managers to Gärdet-Frihamnen, Västra Kungsholmen-Hagastaden and Västberga in Stockholm, and to Högsbo in Gothenburg. We are also now testing the benefits of having our own employees as technicians at Kista and Östersund. Our intention with this is to form closer ties with our customers and become more cost effective.

POSITIVE TREND FOR LEASING AND RENT LEVELS AT OUR CLUSTERS

New leasing has gone well during the first quarter of the year at SEK 56 million, which is a significant improvement compared to the same period last year. Major leases were signed in all regions. One of the biggest leases that was signed was the 20-year agreement with Nobis at Blästern 14 in Stockholm. Kungsleden and Nobis will be establishing a design hotel at this unique property. The project represents our first major development project and it will now enter the implementation stage.

Notice of lease termination amounted to SEK 48 million for the period. Although that is a large amount, SEK 17 million pertains to notice from Tele2 at Kista, which was already known at the time when the properties were acquired. Efforts have been underway for quite some time to find alternative tenants. The amount for terminations, not including this item, is on a par with last year and net leasing was SEK 8 million.

Our cluster strategy is working, even when it comes to leasing. Net leasing for the portion of the property portfolio that belongs to one of our clusters was SEK 15 million, compared to SEK -7 million for holdings outside of our clusters. We can certainly benefit from applying lessons learned there to our properties that do not belong to a cluster.

For lease agreements that were renegotiated during the period, rent levels increased by 7 per cent on average.

Summing it all up, the year has gotten off to a great start. The rental market continues to be favourable, with falling vacancies and rising rents in our most important markets: Stockholm, Gothenburg, Malmö and Västerås. We continue prioritising new leasing and renegotiation of existing lease agreements, with a focus on value-generating management and development of our properties.

Stockholm, 28 April 2016
Biljana Pehrsson, CEO

PERFORMANCE ANALYSIS JANUARY-MARCH 2016

REVENUE, EXPENSES AND EARNINGS

Operating net increased by 16 per cent to SEK 388 million during the first quarter of the year. Higher rental revenue resulting from larger property holdings was the primary reason. Profit after tax for the period increased to SEK 385 (296) million, which corresponds to SEK 2.12 (1.63) per share.

RENTAL REVENUE

Rental revenue increased SEK 89 million compared to last year to SEK 614 (525) million. Net property acquisitions during 2015 resulted in an increase in rental revenue of SEK 95 million during the quarter.

For comparable holdings, rental revenue fell by SEK 6 million to SEK 483 (489) million, primarily due to higher vacancies, which were mainly associated with two early-terminated leases in 2015. Furthermore, during the first quarter of last year, one-off invoicing of SEK 4 million was included in rental revenue.

Expressed per square metre, rental revenue increased by SEK 136 to SEK 1,046 compared to the same period last year. The positive trend for leasing continued during the quarter, with net leasing of SEK 8 million.

RENTAL REVENUE SEK m	SEK/sq. m. ¹	SEK/sq. m. ¹	Total 2016 Jan-Mar	Total 2015 Jan-Mar
	2016 12-months rolling	2015 12-months rolling		
Rental revenue	1,046	910	614	525
Total	1,046	910	614	525

1. Rental revenue on a 12-month rolling basis less rental revenue of project properties divided by leased area less the area of project properties.

PROPERTY COSTS

Direct property costs increased by SEK 36 million compared to the first quarter of 2015 and were SEK 206 (170) million. Of that amount, SEK 27 million was higher costs resulting from net acquisition of properties in 2015. For comparable holdings, the increase was SEK 9 million, which was primarily attributable to higher costs for media, maintenance and property taxes, for which the majority of the cost increase for media will be invoiced to customers.

Costs for property administration amounted to SEK 20 (22) million.

PROPERTY COSTS SEK m	SEK/sq. m. ¹	SEK/sq. m. ¹	Total 2016 Jan-Mar	Total 2015 Jan-Mar
	2016 12-months rolling	2015 12-months rolling		
Operations	-165	-142	-141	-124
Maintenance	-46	-42	-27	-21
Property tax and site leaseholds	-51	-36	-37	-25
Direct property costs	-262	-220	-206	-170
Property administration	-43	-34	-20	-22
Total	-305	-254	-226	-192

1. Property costs on a 12-month rolling basis divided by leasable area with a deduction for project properties.

OPERATING NET

Operating net increased by SEK 55 million, or 16 per cent, to SEK 388 (333) million. Net acquisition of properties contributed SEK 68 million to operating net, but for comparable holdings, operating net fell by SEK 15 million. The surplus ratio for the first quarter was 63.2 (63.5) per cent.

SELLING AND ADMINISTRATION COSTS

Selling and administration costs amounted to SEK 25 (24) million during the quarter.

NET FINANCIAL ITEMS

Net financial items improved to SEK -126 (-134) million because of much lower average borrowing costs (average interest rate) compared to last year. The improvement was possible even though the larger property portfolio is associated with a loan volume that, during the first quarter of the year, was 50 per cent higher than the same period last year. At the end of the first quarter, the average interest rate on borrowings was 2.7 per cent, which is the same level as year-end 2015.

PROFIT FROM PROPERTY MANAGEMENT

Profit from property management increased to SEK 236 (175) million for the quarter, which represents an increase of 35 per cent compared to last year.

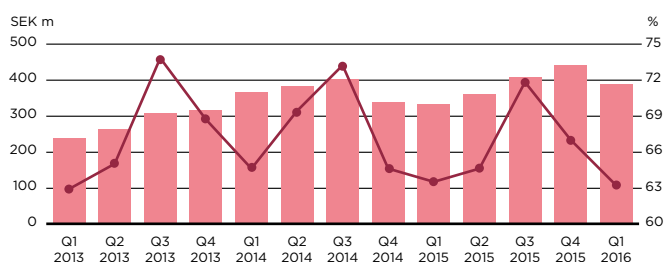
VALUE CHANGES, ASSETS

Unrealised value changes on property holdings amounted to SEK 524 (247) million and this is primarily attributable to lower yield requirements. As of 31 March, the yield requirement was 6.4 per cent, as compared to 6.5 per cent at the beginning of the year. Higher cash flow was another contributing factor. Unrealised value changes on financial instruments was SEK -302 (-45) million and it is attributable to falling interest rates, which, to a certain extent, was counterbalanced by scheduled interest payments on interest rate swaps.

PROFIT FOR THE PERIOD

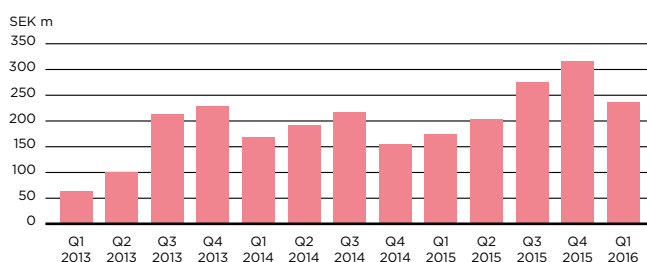
Profit for the period was SEK 385 (296) million. Tax for the period was SEK -73 (-81) million. Included in that amount is SEK 26 million for higher loss carry-forwards resulting from adjusted tax filings.

OPERATING NET AND SURPLUS RATIO



■ Operating net - properties — Surplus ratio, %

PROFIT FROM PROPERTY MANAGEMENT



■ Profit from property management

EARNINGS CAPACITY

Earnings capacity reflects characteristics of the properties that were acquired at a certain point in time and those properties financial results, calculated over the past twelve months. It facilitates assessment of the current property portfolio's underlying earnings capacity.

For properties that were held throughout the entire twelve-month period, the actual financial results during the period are used. For properties that have been held for a period shorter than twelve months, an assessment is made based on a combination of annualized financial result and the acquisition computation. For the cost component of earnings capacity, property administration costs are included.

As of the interim report for the first quarter of 2016, earnings capacity has been adjusted for any one-off items included in the reported results for the last twelve months. Earnings capacity does not take into consideration any information or assessments on future vacancies, changes in rent levels or value changes. Divestment of properties is not included in earnings capacity unless they have been vacated as by the closing date and acquisitions are not included unless they have been taken possession of by the closing date.

The table below shows the earnings capacity of Kungsliden's property holdings as of 31 March 2016. Project properties are reported as a separate property category. Costs include SEK 107 million, which represents actual costs for property administrations during the last twelve months.

EARNINGS CAPACITY BY PROPERTY CATEGORY	Office	Industrial/ Warehouse	Retail	Other	Total excl. project properties	Project properties	Total properties
No. of properties	113	95	50	13	271	14	285
Leasable area, thousand sq. m.	1,149	1,092	233	40	2,514	121	2,635
Rental value, SEK m	1,569	729	246	47	2,591	130	2,721
Rental revenue, SEK m	1,424	670	220	44	2,358	95	2,453
Operating net, SEK m	927	485	143	25	1,580	49	1,629
Book value, SEK m	17,362	6,752	2,307	346	26,767	1,018	27,785
Economic occupancy rate, %	90.8	91.8	89.6	93.3	91.0	72.7	90.1
Occupancy rate, area wise, %	84.7	92.9	88.5	86.9	88.7	49.1	86.8
Property yield, %	5.3	7.2	6.2	7.1	5.9	4.9	5.9
Surplus ratio, %	65.1	72.4	64.8	56.6	67.0	52.2	66.4

EARNINGS CAPACITY BY REGION (EXCL. PROJECT PROPERTIES)

REGION STOCKHOLM	REGION GOTHENBURG	REGION MALMÖ	REGION MÅLARDALEN		
No. of properties	77	88	60	No. of properties	46
Leasable area, thousand sq. m.	798	617	435	Leasable area, thousand sq. m.	664
Rental value, SEK m	1,110	472	371	Rental value, SEK m	638
Rental revenue, SEK m	1,016	425	321	Rental revenue, SEK m	596
Operating net, SEK m	713	283	223	Operating net, SEK m	361
Book value, SEK m	13,182	4,361	3,668	Book value, SEK m	5,556
Economic occupancy rate, %	91.5	90.1	86.6	Economic occupancy rate, %	93.5
Occupancy rate, area wise, %	87.8	89.0	89.2	Occupancy rate, area wise, %	88.9
Property yield, %	5.4	6.5	6.1	Property yield, %	6.5
Surplus ratio, %	70.2	66.4	69.5	Surplus ratio, %	60.6

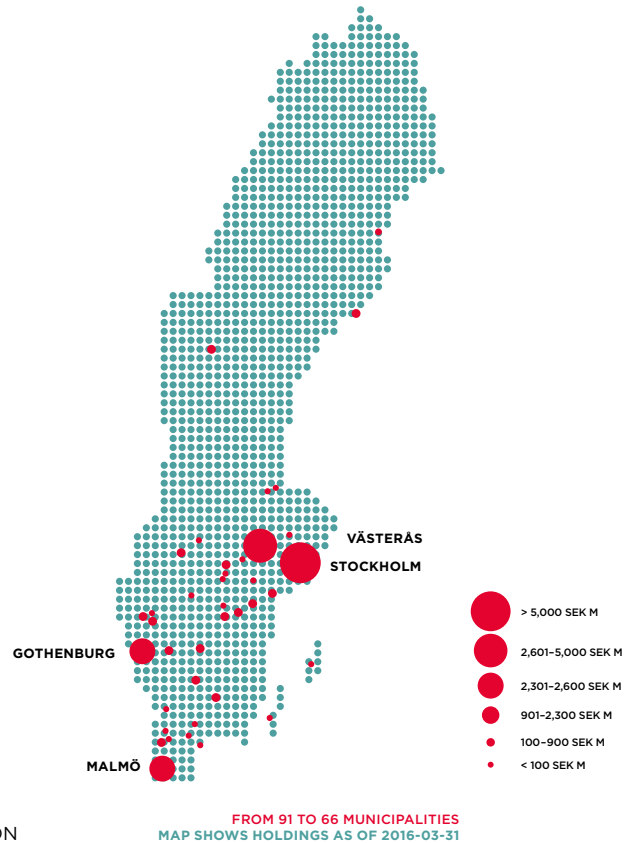
OPERATIONS

PROPERTY HOLDINGS

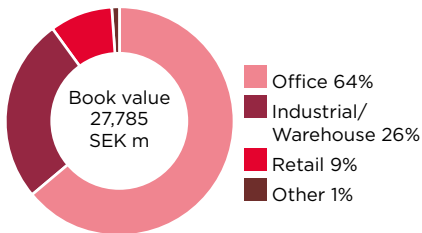
Kungsleden owns, actively manages, improves and develops 285 properties in the regions of Stockholm, Gothenburg, Malmö and Mälardalen. As of 31 March 2016, the total leasable area amounted to 2,635 thousand sq. m., with a rental value of SEK 2,721 million comprised of the following property categories: office, industrial/warehouse, retail and other. The book value of holdings is SEK 27,785 million.

The office property category and region Stockholm are largest in terms of property value. The percentage of properties located in one of the three metropolitan regions continued to increase during the quarter.

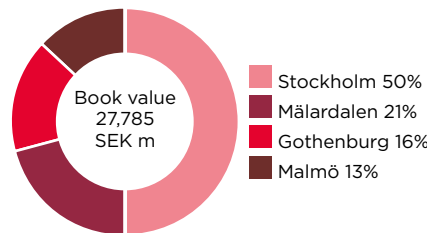
For property holdings, the remaining term for rental agreements was, on average, 4.3 (4.5) years.



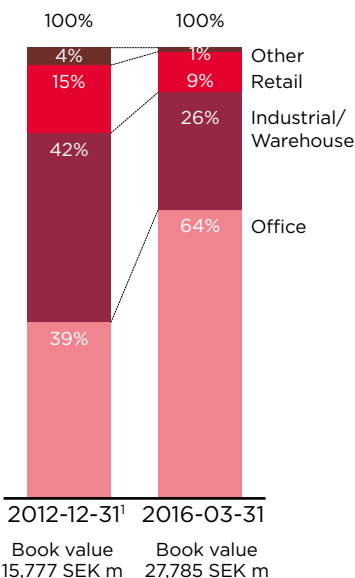
PROPERTY VALUE BY CATEGORY AS OF 31 MARCH



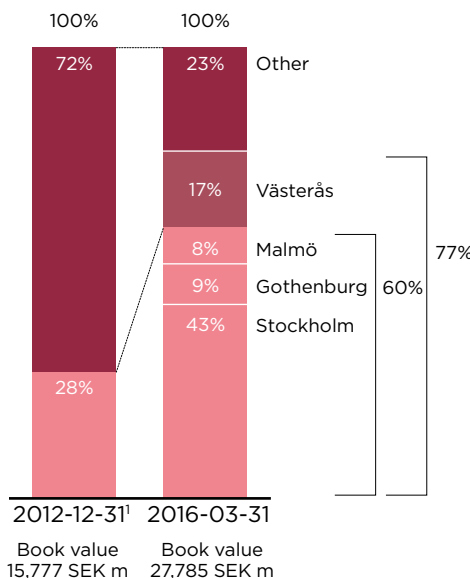
PROPERTY VALUE BY REGION AS OF 31 MARCH



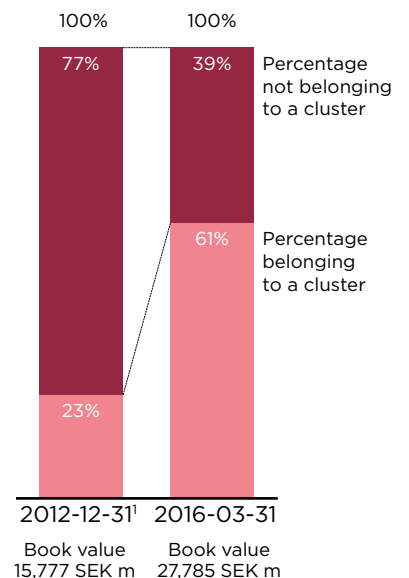
PROPERTY PORTFOLIO'S DEVELOPMENT BY CATEGORY



DEVELOPMENT OF PROPERTY PORTFOLIO METROPOLITAN CONCENTRATION (AS DEFINED BY SCB)



PERCENTAGE OF PROPERTIES BELONGING TO A CLUSTER



1. Kungsleden's new strategy is announced.

CHANGES IN THE PORTFOLIO

Efforts to optimise the property portfolio continued during the quarter with divestment of properties that do not fit the strategy or that cannot be efficiently managed. During the first quarter, nine properties were divested for a value of SEK 382 million. Six properties, for a value of SEK 308 million were vacated during the period, one of which was the property Flickskolan 7, acquired last year. No properties were acquired or taken in possession during the quarter.

During the first quarter, geographic distribution was further reduced to 66 municipalities. 77 per cent of the portfolio is located in our priority markets of Stockholm, Gothenburg Malmö and Västerås.

PROPERTY DIVESTMENTS			
Property	Location	Divested on	Vacated on
<i>Flickskolan 7¹</i>	Hudiksvall	21 December 2015	1 February 2016
Magneten 4	Motala	13 January 2016	25 January 2016
Lindblad 10 & 24	Karlskrona	26 January 2016	15 February 2016
Valfisken 1	Kalmar	2 February 2016	16 February 2016
Pipdånen 5 & 6	Gotland	2 February 2016	1 April 2016
Byggmästaren 4	Vänersborg	12 February 2016	25 February 2016
Midgård 12	Köping	31 March 2016	2 May 2016
Handelsmannen 1	Norrtälje	31 March 2016	1 July 2016
Storsten 2	Norrtälje	31 March 2016	1 July 2016

1. Divested in prior quarter

Valuation of the property portfolio

Valuation was performed on all properties during the quarter, resulting in positive unrealised value changes of SEK 526 million. Lower yield requirements and improved future cash flows were the main contributing factors, but there was also a positive impact on the value of property holdings from investments that were made. Since 31 December 2015, the average yield requirement fell from 6.5 to 6.4 per cent.

Kungsliden's entire property portfolio is valued each quarter. The valuations are based on a cash flow statement where the future earnings capacity of an individual property and the market's yield requirement are assessed. In order to obtain quality assurance and verify its internal assessments, external valuations are carried out each quarter by Newsec on approximately 25 per cent of the properties. This means that each property in the portfolio is the subject of external valuation at least once over a twelve-month period.

DEVELOPMENT OF PROPERTY HOLDINGS	2016	2015
SEK m	Jan-Mar	Jan-Mar
Property at the beginning of the period	27,470	19,612
Acquisitions, access gained	0	1,799
Investments	96	54
Divestment and vacated	-308	-9
Unrealised changes in value	526	243
Property at the end of the period	27,785	21,700



Lustgården 12, Stockholm

OPERATIONS

ACTIVE MANAGEMENT

During the period January through March 2016, Kungsleden focused on integrating properties that were previously acquired into its organisation, along with increasing operational efficiency through Kungsleden's Flow.

During the quarter, 51 new leases were signed for a rental value of SEK 56 million. Examples of major new leases include: Nobis AB, Cykel & Sport i Skåne AB, Resia AB and Forso Nordic AB for a rental value of SEK 33 million. There were also lease terminations,

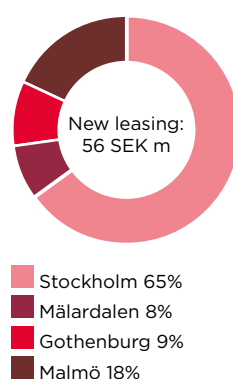
including Tele2 in Stockholm, Proventus Handels AB (Brio) in Malmö and Santa Maria in Gothenburg. Net leasing for the period amounted to SEK 8 million, of which SEK 15 million was attributable to properties located in one of our clusters and SEK -7 million was attributable to properties located outside our clusters. The economic vacancy rate for the period was 9.4 (9.7) per cent.

Lease agreements corresponding to a rental value of SEK 15.4 million have been renegotiated, resulting in a rental increase of more than SEK 1 million, or 6.5 per cent on average.

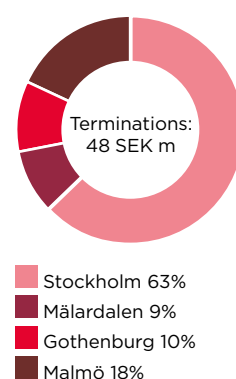
NET LEASING Q1, 2016 AND 2015¹



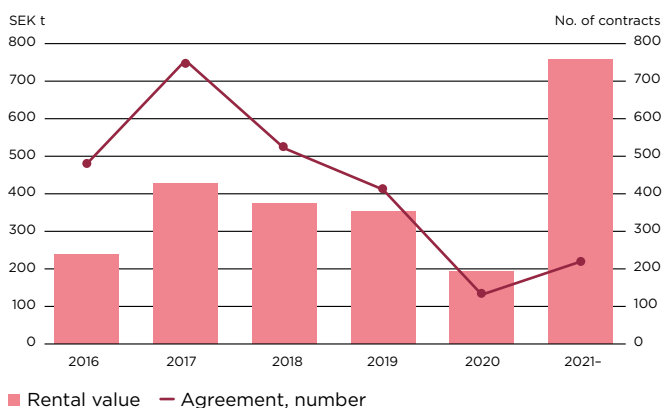
NEW LEASING BY REGION¹



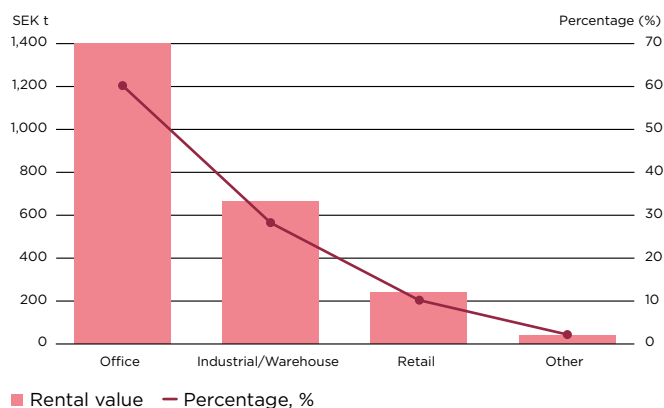
TERMINATIONS BY REGION¹



MATURITY STRUCTURE OF LEASE AGREEMENTS¹



LEASE AGREEMENTS BY PROPERTY CATEGORY¹



1. Rent (exclusive of heating), not including fixed additional fees. Excl. residential, parking and garage.

RESULTS BY REGION, JANUARY-MARCH 2016

Kungsleden has operations in the following four management regions: Stockholm, Gothenburg, Malmö and Mälardalen. Each region is responsible for daily management of the properties and developing each of the clusters in the region. This work occurs through close interaction between regional managers, asset managers, lease managers and the support functions (property development, transactions and communications & marketing).



REGION STOCKHOLM	
No. of properties	83
Leasable area, thousand sq. m.	857
Rental value, SEK m	286
Rental revenue, SEK m	263
Operating net, SEK m	176
Book value, SEK m	13,870
Economic occupancy rate, %	92.0
Occupancy rate, area wise, %	86.0
Property yield, %	5.2
Surplus ratio, %	66.9
Net leasing, SEK m	36.2

REGION GOTHENBURG	
No. of properties	89
Leasable area, thousand sq. m.	619
Rental value, SEK m	120
Rental revenue, SEK m	110
Operating net, SEK m	71
Book value, SEK m	4,392
Economic occupancy rate, %	91.2
Occupancy rate, area wise, %	88.7
Property yield, %	6.5
Surplus ratio, %	64.7
Net leasing, SEK m	5.3

REGION MALMÖ	
No. of properties	60
Leasable area, thousand sq. m.	435
Rental value, SEK m	96
Rental revenue, SEK m	84
Operating net, SEK m	56
Book value, SEK m	3,668
Economic occupancy rate, %	87.3
Occupancy rate, area wise, %	88.8
Property yield, %	6.0
Surplus ratio, %	66.4
Net leasing, SEK m	10.1

REGION MÄLARDALEN	
No. of properties	53
Leasable area, thousand sq. m.	724
Rental value, SEK m	172
Rental revenue, SEK m	157
Operating net, SEK m	85
Book value, SEK m	5,855
Economic occupancy rate, %	91.1
Occupancy rate, area wise, %	86.9
Property yield, %	5.8
Surplus ratio, %	54.1
Net leasing, SEK m	4.6

RESULTS BY CLUSTER, JANUARY-MARCH 2016

A fundamental component of Kungsleden's long-term strategy is creating clusters within our property portfolio. Efforts are progressing to grow our clusters and 61 per cent the total property value is attributable to properties belonging to a cluster. As of 31 March 2016, Kungsleden had eleven identified clusters in areas with excellent growth potential and high accessibility. They also have a good mix of residential and office premises and potential for development as regards to both cityscape and profile.

CLUSTER	
No. of properties	77
Leasable area, thousand sq. m.	1,063
Rental value, SEK m	355
Rental revenue, SEK m	331
Operating net, SEK m	224
Book value, SEK m	16,879
Economic occupancy rate, %	93.3
Occupancy rate, area wise, %	88.1
Property yield, %	5.4
Surplus ratio, %	67.6
Net leasing, SEK m	42.9

OTHER	
No. of properties	208
Leasable area, thousand sq. m.	1,572
Rental value, SEK m	320
Rental revenue, SEK m	283
Operating net, SEK m	164
Book value, SEK m	10,906
Economic occupancy rate, %	88.4
Occupancy rate, area wise, %	86.8
Property yield, %	6.0
Surplus ratio, %	58.1
Net leasing, SEK m	13.2

TOTAL PROPERTIES	
No. of properties	285
Leasable area, thousand sq. m.	2,635
Rental value, SEK m	675
Rental revenue, SEK m	614
Operating net, SEK m	388
Book value, SEK m	27,785
Economic occupancy rate, %	91.0
Occupancy rate, area wise, %	87.3
Property yield, %	5.6
Surplus ratio, %	63.2
Net leasing, SEK m	56.1

DEVELOPMENT PROJECTS

14 properties have been specifically designated as project properties. These properties have one or more buildings that are intentionally being kept vacant or will be vacated, short-term leased or demolished so that a major property development project can be carried out.

Kungsleden’s investment process for projects contains a number of steps and two decision points: first is a decision on direction and later, a definitive investment decision is made. Project implementation occurs after the investment decision has been made. Kungsleden currently has two projects in the implementation stage: Blästern 14 in Stockholm and Enen 10 in Södertälje.

Blästern 14, Stockholm – implementation stage

Kungsleden’s project in the Blästern block on Gävlegatan in Stockholm is progressing as planned. A 20-year lease has been signed with the hotel operator, Nobis, for a design hotel at the property. The zoning decision has gained legal force and project planning is on schedule. The existing tenants have moved out and initial preparations and efforts to become established have started. In May, some demolition work will begin. The building facing the street, Gävlegatan, will remain as office premises.

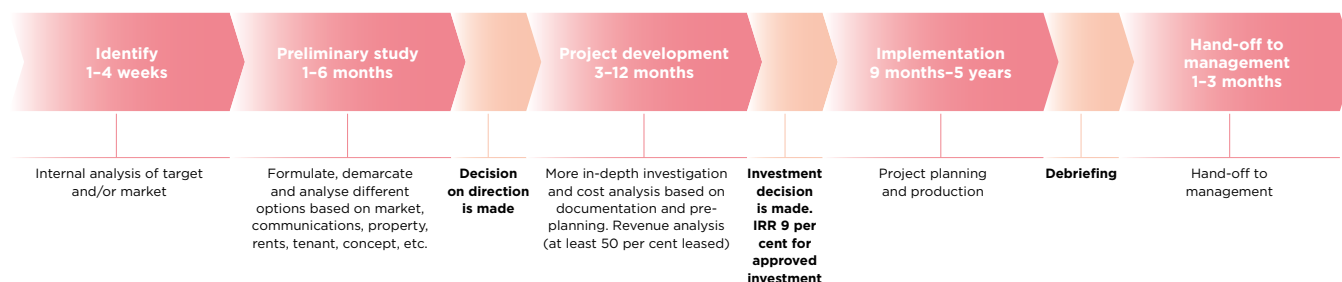
Enen 10, Södertälje – implementation stage

The old Södertälje municipality offices are being converted into 6,000 sq. m. of modern, flexible office space at an attractive location. Leases have been signed with Flex Fitness Center, ÅF and Tidemans Café. Renovation work has started and is progressing as planned.

Building rights

Simultaneous to specific project development work, Kungsleden continually examines its holdings in order to identify existing and potential building rights, works with zoning and develops strategies for creating and obtaining building rights. At present, zoning work and preliminary studies are being carried out at more than twenty properties in, for example, Gothenburg, Norrköping, Örebro, Västerås, Umeå and Stockholm. It is estimated that potential building rights exist for more than 450,000 sq. m. of space.

450 thousand sq. m.
existing and potential building rights in the pipeline



CATEGORY 1 - INVESTMENT DECISION MADE/IMPLEMENTATION STAGE

Property	Segment	Location	Completed	Leasable area, sq. m.	Investment amount, SEK m	Of which capitalised, SEK m
Blästern 14	Hotel	Stockholm	Stage 1 2018/ Stage 2 2021	16,000	385	11
Enen 10	Office	Södertälje	Stage 1 2016/ Stage 2 2018	6,000	125	8.9

CATEGORY 2 - DECISION MADE ON DIRECTION/LEASING AND PROJECT PLANNING

Property	Segment	Location	Completed	Leasable area, sq. m.	Investment amount, SEK m
Gallerian (4 properties)	Retail	Eskilstuna	2018	29,000	190
Holar 1	Hotel	Stockholm	2018	6,000	130
Skiftinge 1:3	Retail	Eskilstuna	2018	25,000	240

CATEGORY 3 - PRELIMINARY STUDY/PLANNING

Property	Segment	Location	Project area, sq. m BTA
Aspgården 18	Residential	Umeå	23,000
Handelsmannen 1 (sold)	Residential	Norrköping	10,000
Mälaren 17	Residential/Office	Örebro	30,000-40,000
Veddesta 2:65 and others	Residential/Office	Järfälla	40,000-50,000
Verkstaden 7	Residential/Office/Retail	Västerås	50,000-70,000
Rud 4:1, 760:42	Residential	Gothenburg	23,000

EXAMPLES OF KUNGSLEDEN'S DEVELOPMENT PROJECTS



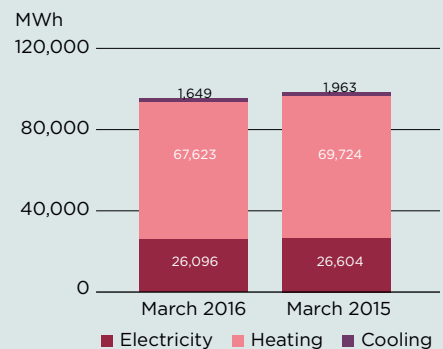
SUSTAINABILITY

Kungsliden conducts its sustainability efforts in accordance with GRI (Global Reporting Initiative) with a focus on the following five areas: environment, diversity, social responsibility, business ethics and health & safety.

During the quarter, Kungsliden joined the UN Global Compact and the Fossil Free Sweden Initiative, launched by the Government. We also offset our travel in 2015 through climate compensation. Furthermore, there were initiatives to improve health within the organisation, increase our tenants' knowledge of business ethics and participated in a research project on key figures for sustainability in the property sector.

Several energy saving initiatives were carried out during the quarter, resulting in energy savings of 3.1 per cent compared to the first quarter last year.

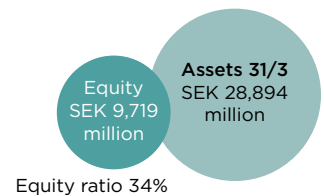
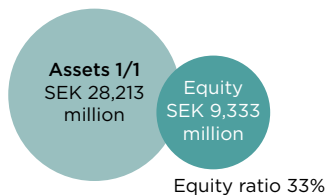
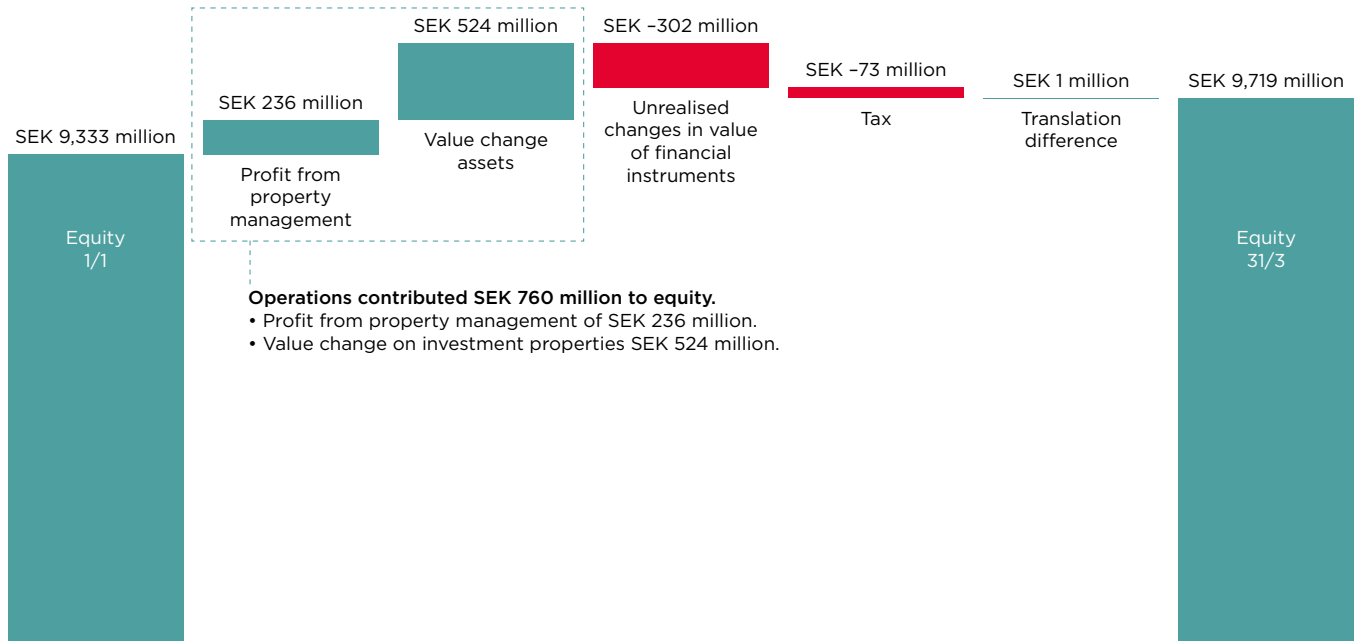
ENERGY CONSUMPTION Q1, 2016 AND 2015



FINANCING

EQUITY AND FINANCIAL POSITION

As of the end of the quarter, equity was SEK 9,719 (9,333) million, or SEK 53 (51) per share. This corresponds to an equity ratio of 34 (33) per cent. EPRA NAV was SEK 61 (57) per share.



FINANCING COSTS AND BORROWINGS

Financial expenses continued to fall during the first quarter. Net financial items improved to SEK -126 million from SEK -134 million in the same period last year.

During the first quarter, total borrowings fell by SEK 187 million. The reduction was attributable to scheduled loan amortisation as per loan agreements, repayment of SEK 47 million for loans on vacated properties and additional amortisation using excess cash.

As of 2016, Kungsleden's definition of LTV has been adapted to standard practice. This means that interest-bearing liabilities are reported net after deduction for cash and bank balances. When measured in this way, the Group's LTV fell from 61.9 to 59.2 during the quarter.

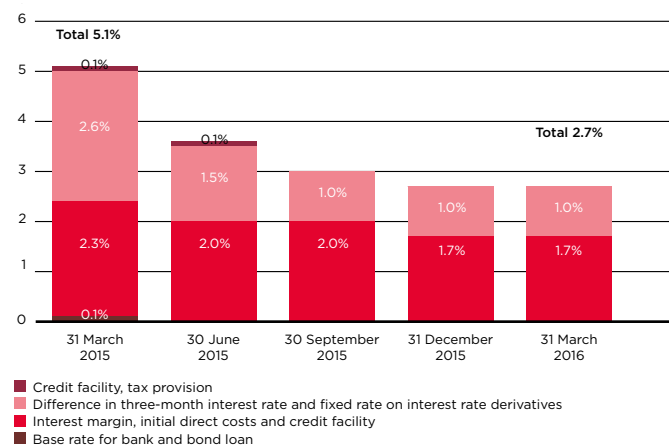
Kungsleden has pledged collateral for its bank loans, but not for its bond loans. Taking into consideration loans for which collateral has been pledged, the LTV was 55.3 (58.1) per cent. As of 31 March 2016, disposable liquidity including bank overdraft facilities and unutilised credit facilities amounted to SEK 1,660 (1,057) million, of which the Group's cash balance was SEK 822 (441) million.

Kungsleden's average interest rate has remained at 2.7 per cent and the average maturity on loans is 3.3 years, compared to 3.6 years at the beginning of the year. The average interest margin, including accrued arrangement fees and commitment fees is also unchanged at 1.7 per cent.

The nominal amount of the interest rate swap portfolio at the end of the quarter was unchanged at SEK 12,030 million. Because

the closing loan portfolio is somewhat smaller than it was in the previous quarter, the level of interest rate hedging increased such that, as of 31 March 2016, 70 per cent of interest-bearing liabilities had a fixed-interest period longer than one year. The average fixed-interest period is 3.4 years. This means that there is only

AVERAGE INTEREST RATE



The average interest rate is calculated by setting the interest costs for loans and interest rates swaps, initial direct costs and the costs associated with unused credit lines in relation to the outstanding loan volume at the end of the reporting period.

a marginal impact on net financial items from fluctuations in short-term interest rates. If STIBOR 90 days were to increase by 1 percentage point on all maturities, the estimated impact on net financial items would be approximately SEK 23 million over the next 12 months.

The negative market value of the interest rate swap portfolio rose during the quarter and as of 31 March 2016 it was SEK -649 million, compared to SEK -347 million at the beginning of the year.

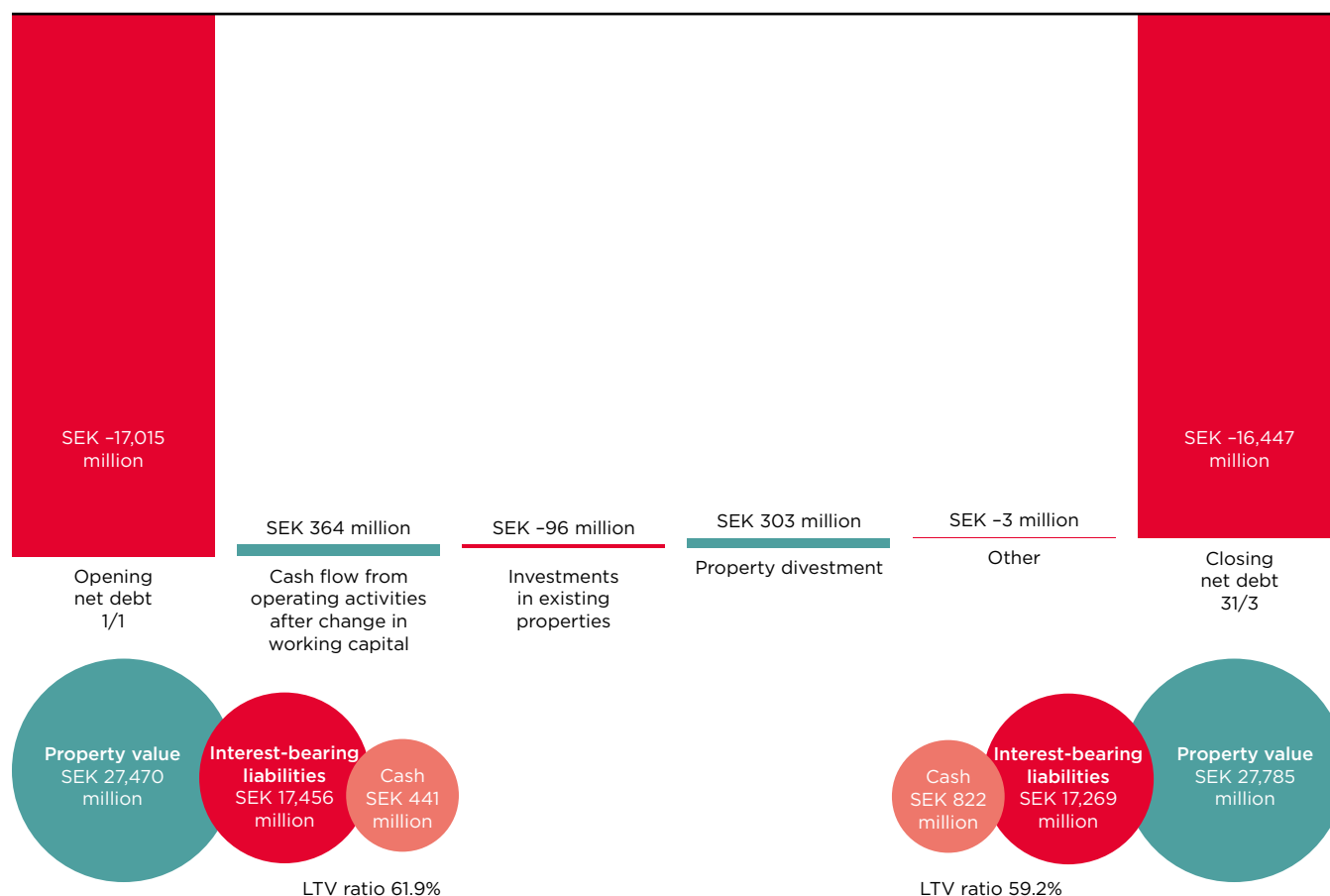
Of the value change of SEK -302 million, SEK -348 million results from the decline in long-term market interest rates, which, to a certain extent, was counterbalanced by the scheduled interest payments on the swaps, which lowered the negative market value by SEK 46 million. Kungsleden has concluded that there is no significant difference between the book value and fair value of interest-bearing liabilities.

MATURITY STRUCTURE, LOANS AND INTEREST RATE DERIVATIVES

As of 31 March 2016, SEK m	Utilised credits	Unutilised credits	Total credits	Interest rate derivatives ¹	Average interest rate for derivatives, %	Average remaining fixed-interest term, years
2016	700	250	950			
2017	1,701	588	2,289	910	0.0	
2018	3,691		3,691	1,000	0.2	
2019	4,236		4,236	1,000	0.5	
2020	5,110		5,110	2,770	0.6	
2021	1,832		1,832	1,800	0.8	
2022				3,500	1.4	
2023						
2024				1,050	4.6	
Total	17,269	838	18,107	12,030		3.4
Average remaining maturity, years	3.3		3.2			

1. Kungsleden's interest rate derivatives enable the company to obtain variable interest rates and pay fixed interest over longer periods of time. Kungsleden has entered into derivative contracts with 1-year interest rate floors that mature in June 2016 totalling SEK 3,880 million in nominal terms, with strike 0%.

CHANGE IN NET DEBT DURING THE FIRST QUARTER



OTHER INFORMATION

ORGANISATION AND EMPLOYEES

The average number of employees was 98 (94) during the first quarter of 2016.

PARENT COMPANY

The parent company reported a loss of SEK –196 (176) million for the period. This is primarily attributable to the Group's interest rate swap contracts, for which fair value fell in conjunction with the decline in long-term interest rates during the period. Deferred tax revenue of SEK 57 million related to temporary differences on changes in the market value of swap contracts was also recognised during the quarter. An amount of SEK 26 million has been recognised in tax on profit for the period. It is related to a positive decision from the Swedish Tax Agency pertaining to unutilised loss carry-forwards.

Assets at the end of the period primarily consisted of participations in Group companies for SEK 6,029 (5,987) million and receivables in Group companies for SEK 9,812 (11,240) million. Financing has primarily been via equity for SEK 6,642 (7,398) million and liabilities to Group companies for SEK 8,521 (7,857) million. The equity ratio at the end of the period was 39 (41) per cent.

ACCOUNTING PRINCIPLES

The consolidated financial statements for the interim period have been prepared in accordance with IAS 34 Interim Financial Reporting and for the parent company, in accordance with Chapter 9 of the Annual Accounts Act.

Preparation has also been in accordance with the applicable requirements stated in the Annual Accounts Act and the Swedish Securities Market Act. For both the Group and parent company, the same accounting principles and bases of calculation have been applied as in the most recent annual report. Disclosures in accordance with paragraph 16A of IAS 34 have been provided in the financial statements and the related notes, as well as in other parts of the interim report.

RISKS AND UNCERTAINTIES

Kungsliden's operations, earnings and financial position are impacted by certain risks and uncertainties. They are primarily related to properties, taxation and financing. There have not been any significant changes in these risks and uncertainties during the first quarter of 2016.

More information about Kungsliden's risks and risk management efforts is available on pages 47 and 67 of the Annual Report for 2015.

INFORMATION BASED ON FORECASTS

Some of the reported items in this interim report are based on forecasts and actual outcomes could differ significantly. In addition to items specifically discussed, other factors could have a significant impact on actual outcomes, such as the economic growth rate, interest rates, financing terms, the yield requirements on property, and political decisions.

In order to prepare the interim report, it is necessary for the Company's top management team to make assessments and estimates, as well as assumptions that affect how the accounting principles are applied and the reported amounts for assets, liabilities, income and expenses. Actual outcomes may deviate from these estimates and assessments. Critical assessments that have been made, along with the underlying uncertainty factors are the same as those explained in the most recent annual report.



INCOME STATEMENT

SEK m	Quarter		12 months	
	2016 Jan-Mar	2015 Jan-Mar	2015/2016 Apr-Mar	2015 Jan-Dec
Rental revenue	614	525	2,402	2,314
Property costs	-226	-192	-803	-769
Operating net	388	333	1,600	1,545
Selling and administration costs	-25	-24	-107	-106
Net financial items				
Financial income	0	3	9	11
Interest expenses	-118	-132	-445	-459
Share in profits of associated companies	-	6	19	24
Other financial costs	-8	-11	-47	-50
	-126	-134	-465	-473
Profits from property management	236	175	1,028	966
Value change assets				
Profit (loss) on sales Nordic Modular Group	-	-	11	11
Profit (loss) on property sales	-2	4	18	24
Unrealised changes in value properties	526	243	1,253	970
Unrealised changes in value of financial instruments	-302	-45	-82	176
	222	202	1,200	1,180
Profit (loss) before tax	458	377	2,229	2,147
Tax				
Current tax	0	0	-1,306	-1,305
Deferred tax	-73	-81	-328	-337
	-73	-81	-1,634	-1,642
Profit (loss) for the period	385	296	594	505
Earnings per share	2.12	1.63	3.27	2.78

STATEMENT OF COMPREHENSIVE INCOME

SEK m	Quarter		12 months	
	2016 Jan-Mar	2015 Jan-Mar	2015/2016 Apr-Mar	2015 Jan-Dec
Profit/loss for the period	385	296	594	505
Other comprehensive income				
Translation gains/losses for the period, on consolidation of foreign operations	1	0	1	-1
Comprehensive income for the period	386	296	595	504

STATEMENT OF FINANCIAL POSITION – IN SUMMERY

SEK m	31/03/2016	31/12/2015
ASSETS		
Non-current assets		
Intangible assets	7	5
Properties	27,785	27,470
Equipment	10	10
Other non-current receivables	5	6
Total non-current assets	27,807	27,491
Current assets		
Current receivables	260	232
Derivatives ^{1,2}	5	49
Cash and bank	822	441
Total current assets	1,087	722
TOTAL ASSETS	28,894	28,213
EQUITY AND LIABILITIES		
Equity	9,719	9,333
Interest-bearing liabilities		
Liabilities to credit institutions	16,194	16,381
Bond loans (unsecured)	1,075	1,075
Total interest-bearing liabilities	17,269	17,456
Non interest-bearing liabilities		
Provisions	5	5
Deferred tax liability ³	357	287
Derivatives ^{1,2}	654	395
Income tax liabilities	82	13
Other non interest-bearing liabilities	808	724
Total non interest-bearing liabilities	1,906	1,423
TOTAL EQUITY AND LIABILITIES	28,894	28,213

1. As of 2016, the gross amount of derivatives has been reported in the balance sheet. Comparison figures have therefore been recalculated.

2. Kungsleden uses derivatives to hedge interest rate risk, primarily for interest rate swaps. These financial instruments are measured at fair value in the statement of financial position among derivatives and valuation is recognised in profit or loss. Valuation of derivatives is done using techniques where the input is observable market data (Level 2).

3. Deduction for deferred tax is also reported in the balance sheet item, properties, for SEK -363 million, and SEK 720 million is reported in the statement of financial position for deferred tax.

STATEMENT OF CHANGES IN EQUITY – IN SUMMERY

SEK m	31/03/2016	31/12/2015
At the beginning of the period	9,333	9,102
Dividends	-	-273
Comprehensive income for the period	386	504
Total equity	9,719	9,333

STATEMENT OF CASH FLOWS - IN SUMMERY

SEK m	Quarter		12 months	
	2016 Jan-Mar	2015 Jan-Mar	2015/2016 Apr-Mar	2015 Jan-Dec
OPERATIONS				
Profits from property management	236	175	1,028	966
Adjustments for items not included in cash flow	-11	-23	9	-3
Tax paid	0	0	-1,306	-1,306
Cash flow before changes in working capital	225	153	-270	-343
Changes in working capital	139	27	-72	-184
Cash flow after changes in working capital	364	179	-342	-527
INVESTING ACTIVITIES				
Investments in existing properties	-96	-54	-492	-450
Acquisition of properties	0	-1,772	-5,172	-6,944
Divestment of properties	303	1,342	935	1,974
Other property, plant and equipment/intangible assets, net	-3	-	-12	-9
Financial assets, net	-	-271	-278	-549
Cash flow from investing activities	204	-755	-5,019	-5,978
FINANCING ACTIVITIES				
Dividends	-	-	-273	-273
Repayment of loan	-487	-589	-3,604	-3,706
New loans	300	25	9,763	9,488
Cash flow from financing activities	-187	-564	5,886	5,509
CASH FLOW FOR THE PERIOD				
Cash equivalents at the beginning of the period	441	1,437	298	1,437
Exchange rate differences on cash equivalents	-	0	-1	0
Cash equivalents at the end of the period	822	298	822	441

SEGMENT REPORT

Region	Stockholm		Gothenburg		Malmö		Mälardalen		Non-Allocated Items		Total	
	2016 Jan-Mar	2015 ¹ Jan-Mar	2016 Jan-Mar	2015 ¹ Jan-Mar	2016 Jan-Mar	2015 ¹ Jan-Mar	2016 Jan-Mar	2015 ¹ Jan-Mar	2016 Jan-Mar	2015 Jan-Mar	2016 Jan-Mar	2015 Jan-Mar
SEK m												
Rental revenue	263	179	110	103	84	85	157	158			614	525
Property costs	-87	-63	-39	-36	-28	-26	-72	-66			-226	-192
Operating net	176	116	71	67	56	58	85	92			388	333
Selling and administration costs									-25	-24	-25	-24
Net financial items									-126	-134	-126	-134
Profits from property management	176	116	71	67	56	58	85	92	-151	-159	236	175
Value change assets												
Profit (loss) on sales									-2	4	-2	4
Unrealised changes in value									526	243	526	243
Unrealised changes in value of financial instruments									-302	-45	-302	-45
Profit (loss) before tax	176	116	71	67	56	58	85	92	70	43	458	377
Tax									-73	-80	-73	-81
Profit/loss for the period	176	116	71	67	56	58	85	92	-2	-37	385	296

1. Changes were made to the regional allocation of properties compared to earlier reported values for 2015. Comparison figures have therefore been recalculated.

KEY FIGURES

	Quarter			12 months
	2016 Jan-Mar	2015 Jan-Mar	2015/2016 Apr-Mar	2015 Jan-Dec
Property related				
<i>Earnings capacity</i>				
Property yield, %			5.9	6.2
Economic occupancy rate, %			90.1	91.9
Operating surplus margin, %			66.4	67.5
<i>Outcome</i>				
Property yield, %	5.6	6.5	6.5	6.6
Economic occupancy rate, %	91.0	88.9	93.6	93.2
Operating surplus margin, %	63.2	63.5	66.6	66.8
Rental revenue, SEK/sq. m. ¹			1,046	987
Property cost, SEK/sq. m.			305	287
Financial				
Return on total assets, %	5.1	5.5	5.9	5.8
Return on equity, %	16.2	12.8	6.2	5.5
Interest coverage ratio, times	2.9	2.2	3.1	2.9
Equity ratio, %			33.6	33.1
Debt/equity ratio, times			1.8	1.9
LTV (loan-to-value), %			59.2	61.9
Per share information²				
Dividend, SEK			2.00	1.50
Total return on shares, %			-10.9	9.7
Property yield on shares, %			3.5	2.5
Profits from property management, SEK	1.30	0.96	5.65	5.31
Net profit/loss for the period, SEK	2.12	1.63	3.27	2.78
Equity, SEK			53.40	51.28
EPRA NAV (long-term net asset value), SEK			60.93	56.75
Cash flow before changes in working capital, SEK	1.24	0.84	-1.48	-1.88
Outstanding shares at the end of the period ²	182,002,752	182,002,752	182,002,752	182,002,752
Average number of shares ²	182,002,752	182,002,752	182,002,752	182,002,752

1. Rental revenue/sq. m. less rental revenue of project properties divided by leased area less the area of project properties.

2. Before and after dilution. The average number of shares for Q1 2016 was 182,002,752 (182,002,752) and for the period April-March 2015/2016 it was 182,002,752 (182,002,752).

QUARTERLY SUMMARY

INCOME STATEMENTS, IN SUMMARY

SEK m	2016		2015				2014	
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net sales	614	659	570	560	525	524	552	551
Operating net	388	441	409	362	333	338	404	383
Selling and administration costs	-25	-28	-26	-27	-24	-33	-23	-23
Net financial items	-126	-97	-109	-132	-134	-151	-164	-168
Profits from property management	236	316	274	202	175	154	217	191
Profit (loss) from sales	-2	30	-	1	4	0	7	86
Unrealised gains/losses on property	526	114	202	411	243	595	169	126
Unrealised changes in value of financial instruments	-302	95	-61	187	-45	-107	-70	-125
Profit (loss) before tax	458	555	415	801	377	642	322	278
Tax	-73	-1,264	-93	-205	-81	-144	-72	-1,732
Net profit/loss for the period, continuing operations	385	-709	322	596	296	499	250	-1,454
Profit/loss from discontinued operations	-	-	-	-	-	-128	23	-11
Net profit/loss for the period, continuing and discontinued operations	385	-709	322	596	296	371	274	-1,465

FINANCIAL POSITION, IN SUMMARY

SEK m	2016		2015				2014	
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
ASSETS								
Intangible assets	7	5	-	-	-	-	-	172
Investment properties - properties	27,785	27,470	24,346	23,259	21,700	19,612	18,982	19,971
Investment properties - modular buildings	-	-	-	-	-	-	-	1,512
Property used in business operations	-	-	-	-	-	-	-	24
Equipment	10	10	9	7	8	8	9	14
Deferred tax receivable	-	-	-	-	-	31	147	-
Participations in associated companies	-	-	115	108	102	-	-	-
Other non-current receivables	5	6	182	183	184	9	10	11
Total non-current assets	27,807	27,491	24,651	23,556	21,993	16,661	19,148	21,704
Inventories	-	-	-	-	-	-	-	14
Current receivables	260	232	198	227	203	141	124	213
Derivatives	5	49	9	-	-	-	-	-
Assets held for sale - modular buildings and property used in business operations	-	-	-	-	-	1,428	1,528	-
Assets held for sale - other	-	-	-	-	-	372	381	-
Cash and bank	822	441	1,035	611	298	1,437	896	433
Total current assets	1,087	722	1,242	838	501	3,379	2,929	660
TOTAL ASSETS	28,894	28,213	25,893	24,394	22,494	23,040	22,077	22,364
EQUITY AND LIABILITIES								
Equity	9,719	9,333	10,043	9,720	9,398	9,102	7,161	6,888
Interest-bearing liabilities								
Liabilities to credit institutions	16,194	16,381	12,332	11,381	9,412	9,613	10,182	11,279
Bond loans (unsecured)	1,075	1,075	1,675	1,675	1,699	1,699	1,699	1,699
Liabilities related to assets held for sale	-	-	-	-	-	362	373	-
Total interest-bearing liabilities	17,269	17,456	14,007	13,056	11,111	11,675	12,254	12,978
Non interest-bearing liabilities								
Provisions	5	5	5	5	5	5	5	14
Deferred tax liability	357	287	359	265	63	-	-	114
Derivatives	654	395	733	663	1,179	1,134	1,026	956
Income tax liability	82	13	26	52	75	13	410	-
Other non interest-bearing liabilities	808	724	720	634	663	645	751	1,414
Liabilities related to assets held for sale	-	-	-	-	-	467	469	-
Total non interest-bearing liabilities	1,906	1,423	1,843	1,618	1,985	2,264	2,662	2,498
TOTAL EQUITY AND LIABILITIES	28,894	28,213	25,893	24,394	22,494	23,040	22,077	22,364

PARENT COMPANY INCOME STATEMENT – IN SUMMERY

SEK m	Quarter		12 months	
	2015 Jan-Mar	2014 Jan-Mar	2015/2016 Apr-Mar	2015 Jan-Dec
Intra-Group income	8	9	42	43
Administration costs	-14	-15	-39	-40
Operating profit (loss)	-6	-6	3	3
Profit (loss) from financial items	-277	165	758	1,200
Profit (loss) before tax	-283	159	761	1,203
Tax on net profit/loss for the period	87	17	-1,243	-1,313
Profit/loss for the period	-196	176	-482	-110

BALANCE SHEET, PARENT COMPANY – IN SUMMERY

SEK m	31/03/2016	31/03/2015	31/12/2015
ASSETS			
Participations in Group companies	6,029	5,987	6,036
Participations in associated companies	-	96	-
Receivables from Group companies	9,812	11,240	9,714
Other receivables	468	588	387
Cash and cash equivalents	597	260	376
TOTAL ASSETS	16,906	18,171	16,514
EQUITY AND LIABILITIES			
Equity	6,642	7,398	6,839
Non-current liabilities	1,075	1,702	377
Liabilities to Group companies	8,521	7,857	8,191
Other liabilities	668	1,214	1,106
TOTAL EQUITY AND LIABILITIES	16,906	18,171	16,514

STOCKHOLM, 28 APRIL 2016

Biljana Pehrsson, *CEO*

Kungsleden has made the information in this year-end report public in accordance with the Swedish Securities Market Act (2007:528) and/or the Financial Instruments Trading Act. The information was made public on 28 April 2016 at 07.00.

The Company's auditors have not examined this interim report. This is a translation of an original document in Swedish. In case of dispute, the original document should be taken as authoritative. Or, contact the company directly.

DEFINITIONS

Property related key ratios

Average rent, SEK per sq. m.
Rental revenue divided by the average leased space.

Earnings capacity

Earnings capacity is an estimation of the underlying financial result for property holding as of the closing date and calculated over twelve months. Properties that have been relinquished as of the end of the accounting period are not included and properties accessed by the end of the accounting period are included. The calculation is based on the following other conditions:

- For properties where twelve months have elapsed since the date of access to the property, the figure for the last twelve months is included in the calculation. An adjustment is made for non-recurring items.
- For properties that have been held for a period shorter than twelve months, an assessment is made based on a combination of annualized financial result and the acquisition computation.

Contracted annual rent

Rent (exclusive of heating) plus a fixed additional amount.

Economic occupancy rate

Rental revenue divided by the rental value.

Leasable area

Unleased space plus leasable vacant space.

Operating and maintenance costs, SEK per sq. m.

Operating and maintenance costs divided by the average for leasable space.

Operating net

Rental revenue less property costs (e.g. operating and maintenance costs, site leasehold fees, property tax and property administration are included).

Rental revenue

Total rental revenue.

Rental value

Billed rents and rent surcharges (such as property tax) plus the assessed market rent for unleased space and rent discounts.

Surplus ratio

Operating net divided by rental revenue.

Yield

Calculation method for earnings capacity

Operating net, in relation to the book value for properties at the end of the accounting period.

Calculation method for actual amount

Operating net in relation to the average book value of properties. For interim period closings, the yield is recalculated to full-year basis. Average book value of properties is calculated as the sum of opening and closing balances divided by two.

Key Figures, Financial

Debt/equity ratio

Interest-bearing liabilities divided by equity.

Equity ratio

Equity including minority interests divided by total assets.

Interest coverage ratio

Profit (loss) for the period plus tax, unrealised changes in value of financial instruments, properties and discontinued operations and profit (loss) from sales and financial expenses, in relation to financial expenses.

LTV (loan-to-value)¹

Interest-bearing liabilities less cash and bank, divided by the book value of property.

Return on assets

Operating net, profit (loss) on property sales, selling and administration cost and the profit (loss) from Nordic Modular, net after tax, divided by average assets. For interim period closings, the yield is recalculated to full-year basis. Average assets is calculated as the sum of opening and closing balances divided by two.

Return on equity

Profit (loss) for the period after tax divided by average equity. For interim period closings, the yield is recalculated to full-year basis. Average equity is calculated as the sum of opening and closing balances divided by two.

Share-related key figures

Average number of shares

Number of outstanding shares weighted over the year.

Cash flow from operating activities per share

Cash flow from operating activities in relation to the average number of shares.

Decided/proposed dividend per share

The Board's proposed dividend or the dividend amount decided by the AGM per outstanding share.

EPRA NAV (Long-term net asset value)¹

Equity, with derivatives and deferred tax added back and tax deduction received in conjunction with acquisitions, divided by the number of shares at the end of the period.

Equity per share

Equity in relation to the number of shares at the end of the period.

Profits from property management per share

Profits from property management divided by the average number of shares during the period.

Profit (loss) for the year per share

Profit (loss) for the year in relation to the average number of shares during the period.

Total return on shares

Sum of the change in the share price during the period or, paid dividend/redemption during the period in relation to the share price at the start of the period.

Yield on shares

Decided/proposed dividend/redemption in relation to the share price at the end of the period.

Glossary

Average remaining contract length

The remaining contract value divided by annual rent.

Category

The primary use of properties based on space allocation. The type of space representing the largest share of total space is what determines how the property is defined. A property that has 51 per cent office space is thus defined as office property. The allocation categories are offices, industry/warehouses, commercial, modular buildings and other.

Contract value

Rent, in accordance with the rental contract plus indexation and rent surcharges expressed as an annual amount.

Financial vacancy level

Assessed market rent for unleased space divided by rental value.

Maintenance

Actions aimed at maintaining the property and its technical systems. This pertains to ongoing and planned actions to replace or renovate parts of the building or technical systems. Tenant improvements are also included here.

Profits from property management

Operating net/gross profit (loss), selling and administration costs and net financial items.

Property costs

Costs for electricity, heating, water, property maintenance, cleaning, property administration, insurance and maintenance less charged additions for operations and maintenance.

Unrealised changes in value

The difference between book value and accumulated cost for properties at year-end, less difference between book value and accumulated cost for properties at the beginning of the year.

1. New definition as of 2016.

Kungsleden moving forward

Kungsleden is listed on Nasdaq Stockholm Mid Cap. Since 2013, our business concept has been long-term ownership, active management, improving and developing commercial properties in selected growth regions like Stockholm, Gothenburg, Malmö and Västerås to deliver an attractive total return.

Already in 2015, we reached our long-term goals for 2017, which demonstrates that our strategy is effective and our organisation knows where it is headed.

Five reasons to own shares in Kungsleden

1. We have a clear strategy for generating growth with quality
2. Our central concept is pursuit of a well-defined cluster strategy
3. We are well prepared to, over time, achieve our goal of becoming Sweden's most profitable property company
4. We have a portfolio of project properties currently in the early stages of development. Over time, they will generate value for the company
5. Our transformation has been exhilarating

Kungsleden 2020

1. Continued growth with quality - properties that retain or increase in value over business cycles
2. Concentrate the property portfolio to 20 growth regions in Sweden's largest markets - Stockholm, Gothenburg, Öresund and Västerås
3. At least 50 per cent of property value in Stockholm (as Defined by Statistics Sweden)
4. At least 70 per cent of property value in the office segment
5. Continue focusing on larger, more efficient management units by growing existing clusters and creating new ones. Over time, having 15-20 clusters
6. Achieve quality and create value with ongoing management efforts through property development
7. Achieve a total return over time that is at least the same or higher than the MSCI sector index
8. Over time, become one of Sweden's largest property companies, with a high quality property portfolio

VISION

We create attractive premises that enrich people's working days.

BUSINESS CONCEPT

Our long-term business concept is to own, actively manage, improve and develop commercial properties in growth regions in Sweden and deliver attractive total returns.

FUNDAMENTAL CONCEPT

We strive to own more properties at select locations, gathered in clusters, so that we can adapt and sharpen our offering based on our tenants' needs while proactively helping to shape how the entire area develops.

CUSTOMER OFFERING

We will provide attractive and functional premises in the right locations at the right price. We will always deliver that something extra.

kungsleden.com

For more information, please visit our website
Read and subscribe to press releases
Download financial spreadsheets in Excel

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Calendar

Interim Report
1 Jan–30 Jun 2016
13 July 2016

Interim Report
1 Jan–30 Sep 2016
19 October 2016

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