

INTERIM REPORT JANUARY - SEPTEMBER 2018

Q3:2018

*“A strong third quarter
– profit from property
management up by 14%”*

BILJANA PEHRSSON, CEO

KUNGSLEDEN

KUNGSLEDEN INTERIM REPORT

1 JANUARY — 30 SEPTEMBER

Kungsleden is a long-term property owner that creates value through active management and development of offices and other commercial premises, focusing on Stockholm and Sweden's other growth regions. On 30 September, Kungsleden owned 223 properties with a total book value of SEK 34,012 million.

THE INTERIM PERIOD IN BRIEF

- The profit from property management increased by 11 per cent to SEK 821 million (742). The increase was due to improved operating net in like-for-like portfolio terms, improved net financial items, and reduced selling- and administration costs.
- New leasing increased to SEK 167 million (153), and net leasing was SEK 27 million (61).
- Unrealised changes in value in the property portfolio were SEK 1,288 million (1,051). The value increase is a result of a higher operating net and reduced required valuation yield. Current NAV increased by 14 per cent to SEK 77.05 per share.
- Net profit increased by 18 per cent to SEK 1,662 million (1,413), or SEK 7.61 per share (6.77).

IMPORTANT EVENTS DURING AND AFTER THE THIRD QUARTER

- Kungsleden reached a deal on the sale of a power network, cooling and water/wastewater plant at Finnslätten, Västerås, to regional utility Mälarenergi, for a sales price of just over SEK 30 million. The assets have low book values, and gains will be recognised as Kungsleden vacates these installations.
- Four new lease contracts were signed at the B26 property in Västerås City. These deals cover 22,500 sq.m with total rental value of SEK 28 million, and average rent of approximately SEK 2,500 per sq.m. This means B26 moves to the construction phase.
- Kungsleden was rated a Green Star in the GRESB (Global Real Estate Sustainability Benchmark), and ranked as Europe's fifth most sustainable real estate company. Kungsleden received a Bronze Medal from the EPRA (European Public Real Estate Association) in the quarter for reporting a wide range of sustainability key indicators.
- Moody's confirmed Kungsleden Ba1 with positive outlook in the third quarter.

KEY FIGURES	2018	2017	2017
	Jan-Sep	Jan-Sep	Jan-Dec
Property yield, investment properties, % ¹	5.3	5.4	5.3
Economic occupancy rate, investment properties, %	91.8	91.7	91.8
Surplus ratio, investment properties, %	67.1	67.8	67.3
Return on equity, % ¹	15.0	15.1	15.1
Interest coverage ratio, multiple	3.9	3.2	3.3
LTV (loan-to-value) ratio, % ¹	48.1	49.0	47.9
Net profit, SEK per share ^{1,2}	7.61	6.77	9.03
EPRA EPS (profit from property management after tax), SEK per share ^{1,2}	3.43	3.29	4.45
EPRA NAV (long-term net asset value), SEK per share ¹	78.17	68.97	71.87
EPRA NNNAV (current net asset value), SEK per share ¹	77.05	67.74	70.63
Equity, SEK per share ¹	70.40	62.72	64.98

1. Comparative figures restated for changed accounting policy for deductions for deferred tax on acquisitions.

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

3. For definitions, see page 26.

THE CUSTOMER IN FOCUS

VALUE-CREATING MANAGEMENT, WITH THE CUSTOMER IN FOCUS

Kungsliden continued its positive progress in the third quarter, when we reported profit from property management for the first nine months of the year that was 11 per cent higher than the corresponding period of last year. Third-quarter profit from property management was up 14 per cent on the corresponding period of 2017. Market conditions remain positive, with high demand for offices, and good tempo on the transaction market. Our focus is on our customers, and how we can contribute to each other's businesses.

THE CUSTOMER IN FOCUS - OUR CUSTOMER PROMISE

Key trends, not at least, on the office market, are that premises should help build a company's brand, that the need for flexibility is growing, and businesses have widely differing needs for premises. Small enterprises and start-ups want flexibility so they can switch rapidly between larger or smaller premises, depending on how their business develops. Medium-sized businesses and large corporations want to build their brands and create meeting places, so they focus on premises that promote their identities in design and floor-plans. Our largest tenant, ABB, is an example, emphasising the importance of showcasing their world-leading technology, and that premises should help convey their pride to their customers.

*A strong third quarter
— profit from property
management up by 14%*

In the third quarter, we developed and formulated our customer promise centring on customer needs and addressing these trends: "Kungsliden customers should always feel welcome. We should contribute to your business, simplify and facilitate things for you."

To deliver on this, we provide a broad portfolio of properties and premises, as well as agreements with differing levels of service.

We formulated a new client proposition in the third quarter: "Turnkey premises in three minutes," which maximises simplicity and flexibility. Launch is in the fourth quarter.

OUR PROPERTIES OFFER HIGH VALUE GROWTH POTENTIAL

We believe that over half of our properties offer substantial value growth potential. This may be about leasing large vacant areas, as in Kista City and Gärdet/Värtahamnen, or if a property has a rent level significantly below market. By modernising,



converting and extending, we can realise higher rental revenue, reduce vacancies, lift operating nets, and thus increase property values. This kind of successful value-creating work typically generates double-digit total returns (according to the MSCI definition).

Development projects are also contributing more to Kungsliden's profitability. We completed the Holar 1 project in Kista City at the beginning of October, and our tenant The Studio Hotel accessed the property. Overall, we brought four major projects to their completion this year, which together, bring us SEK 49 million of annual rental value when fully leased.

We now have five major project in the construction phase. In the third quarter, we started two construction projects – a new custodial facility in Östersund, and the B26 office property in Västerås. These five projects are scheduled for completion in 2019 and 2020, and have total rental value of SEK 124 million.

We also commenced marketing Eden, our new office project in Hyllie, Malmö, in October. This property will enable us to offer the latest digital solutions, highest level of service and innovative, naturally inspired common areas. We also have an array of new value-creating projects in our pipeline.

OUTLOOK STILL POSITIVE

There are concerns in the global markets that can have an impact on the Swedish economy. However, forecasts for Sweden's economy continue to speak for good economic growth this year and 2019. There is a continued strong market for commercial premises, and Kungsliden is financially stable and well equipped for future interest rate increases.

Stockholm, Sweden 24 October 2018
Biljana Pehrsson, CEO

STATEMENT OF COMPREHENSIVE INCOME

SEK million	Interim period		Quarter		12 months	
	2018 Jan-Sep	2017 Jan-Sep	2018 Jul-Sep	2017 Jul-Sep	2017/2018 Oct-Sep	2017 Jan-Dec
Revenue						
Rental revenue	1,774	1,752	592	571	2,341	2,319
Other revenue	5	4	2	3	4	4
Total revenue	1,778	1,756	594	574	2,346	2,323
Property costs						
Operations	-345	-335	-83	-87	-456	-445
Maintenance	-65	-57	-20	-9	-84	-76
Property tax and site leasehold fees	-111	-109	-39	-37	-148	-146
Property administration	-83	-83	-29	-23	-117	-118
Total property costs	-604	-585	-171	-156	-805	-785
OPERATING NET	1,174	1,171	424	418	1,541	1,538
Selling- and administration costs	-74	-89	-19	-36	-104	-120
Net financial items						
Financial income	1	0	1	0	1	1
Interest expenses	-244	-313	-77	-96	-329	-398
Other financial expenses	-37	-28	-12	-10	-45	-36
Total net financial items	-280	-340	-89	-107	-373	-433
PROFIT FROM PROPERTY MANAGEMENT	821	742	316	276	1,064	985
Changes in value						
Profit/loss from divestments	3	-13	-1	-12	10	-6
Unrealised changes in value, properties ¹	1,288	1,051	302	386	1,654	1,417
Unrealised changes in value, financial instruments	-19	79	48	15	-13	85
Total changes in value	1,272	1,117	350	388	1,651	1,496
PROFIT BEFORE TAX	2,093	1,859	666	664	2,715	2,481
Tax						
Current tax	-1	0	-1	0	0	0
Deferred tax ¹	-431	-446	-168	-183	-560	-575
Total tax	-431	-446	-169	-183	-560	-575
NET PROFIT	1,662	1,413	497	481	2,155	1,906
Other comprehensive income						
Translation gains/losses for the period on translation of foreign operations	0	0	0	0	0	1
COMPREHENSIVE INCOME FOR THE PERIOD	1,662	1,413	497	480	2,156	1,907
NET PROFIT PER SHARE²	7.61	6.77	2.28	2.20	9.87	9.03

1. Comparative figures restated for changed accounting policy for deductions for deferred tax on acquisitions.

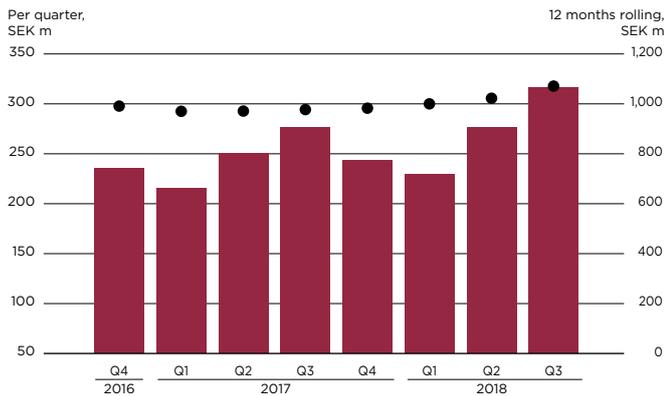
2. Restated by an adjustment factor of 2.55 per cent for the bonus issue element of the new share issue executed in the first quarter of 2017.

PERFORMANCE ANALYSIS JANUARY-SEPTEMBER 2018

PROFIT FROM PROPERTY MANAGEMENT

Profit from property management for the interim period was SEK 821 million (742). The increase was due to an increased operating net in like-for-like portfolio terms, a stronger financial net, and reduced selling- and administration costs. Profit from property management on a rolling 12-month basis was SEK 1,064 million (977).

PROFIT FROM PROPERTY MANAGEMENT PER QUARTER AND ROLLING 12 MONTHS

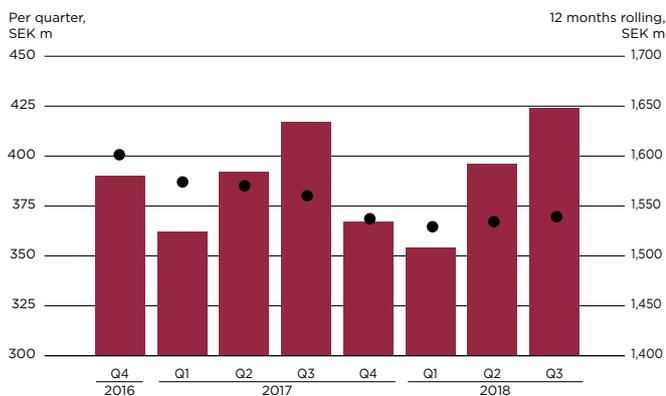


■ Per quarter ● Rolling 12 months

OPERATING NET

Operating net was SEK 1,174 million (1,171) in the interim period. In like-for-like portfolio terms of investment properties, operating net increased to SEK 27 million, mainly due to higher revenues. The loss of operating net from divested properties was SEK 75 million, and the additional operating net from accessed properties was SEK 53 million, i.e. a net decrease of SEK 22 million. The operating net of development properties decreased by SEK 2 million, due to vacation.

OPERATING NET PER QUARTER



■ Per quarter ● Rolling 12 months

REVENUES

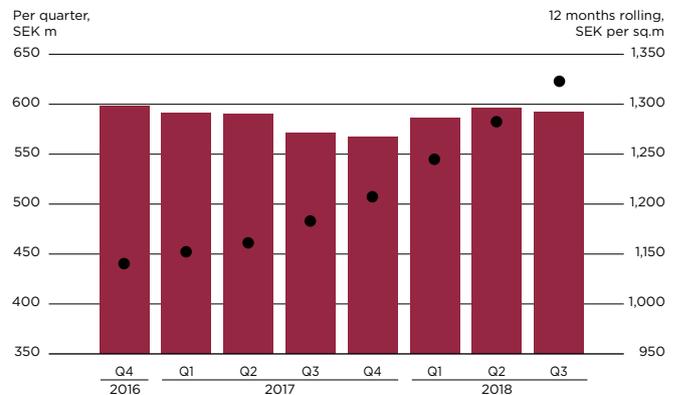
Total revenues amounted to SEK 1,778 million (1,756) in the interim period. In like-for-like portfolio terms of investment properties, rental revenue increased by SEK 54 million year on year. The increase is explained by new leasing, renegotiation and indexation. Revenue increase in like-for-like portfolio terms of investment properties amounted to 3,8 per cent excluding non-recurring revenues. These were SEK 3 million in the third quarter 2018, which related to advance vacation, and SEK 7 million in the third quarter 2017 for rent guarantees.

The loss of total revenues from divested properties resulted in revenue decreasing by SEK 96 million, which was partly compensated by additional revenue from accessed properties of SEK 64 million. As a result of vacation, total revenue from development properties decreased by SEK 2 million.

RENTAL REVENUE SEK million	2018 Jan-Sep	2017 Jan-Sep
Like-for-like portfolio terms (investment properties)	1,595	1,541
Acquired properties	86	22
Development properties	58	58
Divested properties	34	130
Rental revenue	1,774	1,752

Rental revenue per sq.m in the investment portfolio continued to increase in the third quarter, and amounted to SEK 1,314 million (1,121) on a rolling 12-month basis. The increase is partly a result of successful leasing and renegotiation, and partly an effect of restructuring the property portfolio, and concentrating it on office premises in metropolitan areas.

RENTAL REVENUE, INVESTMENT PROPERTIES SEK per sq.m	2017/2018 Oct/Sep	2016/2017 Oct/Sep
Office	1,613	1,525
Industrial/Warehouse	853	698
Retail	1,255	1,029
Total	1,314	1,121

RENTAL REVENUE PER QUARTER - TOTAL PROPERTIES
SEK PER SQ.M. - INVESTMENT PROPERTIES

■ SEK m, per quarter ● SEK per sq.m, rolling 12 months

STATEMENT OF COMPREHENSIVE INCOME

PROPERTY COSTS

Total property costs increased by SEK 19 million to SEK 604 million (585). Costs increased by SEK 28 million in like-for-like portfolio terms of investment properties, with about half of this increase sourced from costs related to weather and temperatures, as well as electricity tax, which was re invoiced to tenants. The remainder of the increase is due to increased maintenance costs, sourced from development projects, which have been re invoiced to tenants, and expenses related to a fire in a property, which Kungslöden expects to receive insurance compensation for. Cost was unchanged between the periods in development properties.

PROPERTY COSTS SEK m	2018 Jan-Sep	2017 Jan-Sep
Like-for-like portfolio terms (investment properties)	546	518
Acquired properties	15	4
Development properties	36	36
Divested properties	7	28
Property costs	604	585

On a rolling 12-month basis, property costs per sq.m increased to SEK 379, against SEK 321 one year previously. The increase is mainly due to seasonally related costs in the first quarter, as well as increased costs for district cooling and power for cooling plant in the third quarter resulting from an unusually hot summer.

PROPERTY COSTS INVESTMENT PROPERTIES SEK per sq.m	2017/2018 Oct-Sep			
	Office	Industrial/ Warehouse	Retail	Total
Operations	247	158	197	212
Maintenance	45	36	40	41
Site leasehold and property tax	100	22	68	72
Direct property costs	392	216	305	325
Property administration	56	48	56	54
Total	449	264	361	379

PROPERTY COSTS INVESTMENT PROPERTIES SEK per sq.m	2017/2018 Oct-Sep			
	Office	Industrial/ Warehouse	Retail	Total
Operations	238	112	176	182
Maintenance	44	19	27	33
Site leasehold and property tax	97	18	57	60
Direct property costs	379	149	261	275
Property administration	63	26	49	46
Total	442	174	309	321

SELLING- AND ADMINISTRATION COSTS

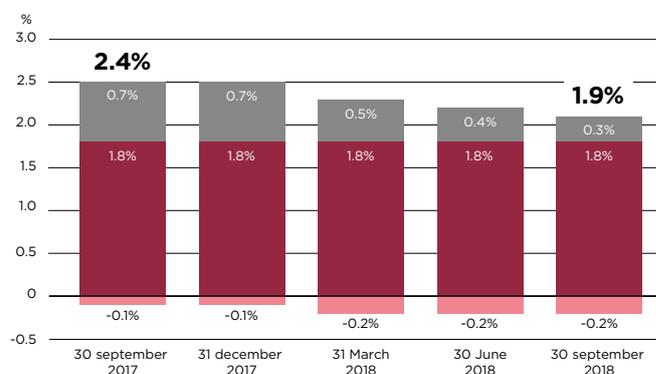
Selling- and administration costs were SEK 74 million (89). Restructuring costs of SEK 10 million relating to the implementation of outsourcing accounting administration were taken in the third quarter 2017. Accordingly, excluding non-recurring effects in the previous year, selling- and administration costs reduced by SEK 5 million in 2018.

NET FINANCIAL ITEMS

Net financial items were SEK -280 million (-340). The improvement on the previous year is mainly due to the cost of interest hedges decreasing after close-outs of interest rate swaps, and the arrangement of new financing on better terms. The average interest rate continued to decrease in the third quarter after

more interest rate swap close-outs, and was 1.9 per cent at the end of the interim period, against 2.4 per cent at the beginning of the year. In the third quarter, bonds with short remaining maturity were replaced through the issue of new bonds with a three-year term. Accordingly, other financial costs were charged with remaining coupon repayments on repurchased bonds in the quarter.

AVERAGE INTEREST RATE



- Difference in three-month interest rate and fixed rate on interest rate derivatives
- Interest margin (inc. fixed-interest loans), allocated arrangement fees and credit facility cost.
- Interest base for bank and bond loans

UNREALISED VALUE CHANGES PROPERTY COSTS

The unrealised value increase in the property portfolio was SEK 1,288 million (1,051) in the interim period, corresponding to 4.2 per cent. The value increase is due to improved rental revenues and operating net and a decrease in the average required return of 27 basis points, of which 5 basis points in the third quarter. The effect of divested properties lowered the average required return by 12 basis points, of which 2 basis points in the third quarter. At the end of the period, the average required return was 5.5 per cent. Deductions received for deferred tax on properties accessed in the period resulted in a positive unrealised value change of SEK 59 million.

UNREALISED VALUE CHANGES FINANCIAL INSTRUMENTS

The change in value of financial instruments has been negative since year-end as a consequence of interest rates on long-term maturities falling.

TAX

The total tax expense was SEK -431 million (-446), of which SEK -1 million (0) is current tax. The tax expense was affected by SEK -92 million relating to the sale of properties where the tax expense and deductions granted for deferred tax exceeded the amount provisioned for deferred tax.

In June, Sweden's parliament voted to reduce the corporation tax rate in two stages from 22.0 per cent to 21.4 per cent in 2019 and to 20.6 per cent in 2021. This has a positive SEK 120 million effect on the provision for deferred tax, of which SEK 7 million was recognised in the third quarter.

EARNINGS CAPACITY

By owning a higher share of offices in growth markets, and active leasing and renegotiation efforts, Kungsleden's investment properties still have good earnings capacity.

The following tables illustrate the investment properties held at the end of the period, and the associated key indicators (development properties are not included). No future events relating to tenants moving in and vacating for example, as well as investments, have been included in these figures. The tables are intended to offer a view of the current property portfolio's underlying earnings capacity, but are not a forecast. For information on development properties, see page 16.

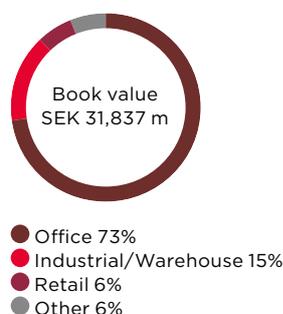
VACATED PROPERTIES - REALIZED AND PLANNED

Kungsleden vacated the properties Brännaren 8 in Malmö and Rausgård 22 in Helsingborg in April, and vacated the property Lövkojan 10 in Katrineholm in June. The property Stenvreten 4:1 in Enköping was vacated in August, and the property Stiernehelm 7 in Mölndal is scheduled for vacation in the first quarter 2019. The property Aspgården 18 in Umeå will be vacated once its zoning plan is approved, which is expected in 2019. The property Effekten 6 and 7, and part of Finnslätten 1 were divested in the third quarter, and are scheduled for vacation in 2019.

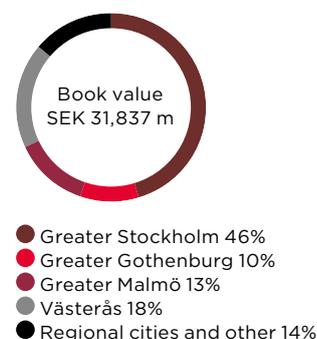
ACCESSED PROPERTIES - REALIZED AND PLANNED

In May, Kungsleden accessed the property Tyfonen 1 (STUDIO) in Malmö, which was acquired in the first quarter. One of the properties acquired in Gothenburg in the first quarter (Kallebäck 2:11) will not be accessed until completed, which is scheduled for the first quarter 2019.

BOOK VALUE,
INVESTMENT PROPERTIES,
BY CATEGORY



BOOK VALUE,
INVESTMENT PROPERTIES,
BY SEGMENT



EARNINGS CAPACITY INVESTMENT PROPERTIES BY SEGMENT	Greater Stockholm	Greater Gothenburg	Greater Malmö	Västerås	Regional cities and other	Total investment properties
No. of properties ¹	50	41	41	18	58	208
Leasable area, 000 sq.m ¹	512	255	228	505	425	1,925
Rental value, SEK m ¹	901	253	279	563	437	2,433
Rental revenue, SEK m ¹	806	239	263	528	396	2,232
Operating net, SEK m ²	569	159	189	328	262	1,506
Book value, SEK m ¹	14,542	3,185	3,986	5,614	4,510	31,837
Economic occupancy rate, % ¹	89.4	94.4	94.4	93.8	90.4	91.7
Surplus ratio, % ²	69.4	67.8	69.4	61.4	65.4	66.6
Property yield, % ²	3.9	5.0	4.7	5.8	5.8	4.7
Rental revenue, SEK per sq.m ¹	1,847	1,030	1,307	1,204	1,108	1,340

EARNINGS CAPACITY, INVESTMENT PROPERTIES BY PROPERTY CATEGORY	Office	Industrial/ Warehouse	Retail	Other	Total investment properties	of which sold not vacated	purchased not accessed ³
No. of properties ¹	99	67	31	11	208	4	1
Leasable area, 000 sq.m ¹	1,075	616	147	85	1,925	11	13
Rental value, SEK m ¹	1,615	525	174	120	2,433	12	56
Rental revenue, SEK m ¹	1,461	499	162	109	2,232	10	55
Operating net, SEK m ²	995	316	108	88	1,506	7	48
Book value, SEK m ¹	23,185	4,842	1,912	1,898	31,837	219	635
Economic occupancy rate, % ¹	90.5	94.9	93.3	91.6	91.7		98.0
Surplus ratio, % ²	67.2	64.0	67.8	68.9	66.6		87.0
Property yield, % ²	4.3	6.5	5.7	4.6	4.7	3.0	4.7
Rental revenue, SEK per sq.m ¹	1,617	893	1,233	1,531	1,340		

¹ As of reporting date

² Rolling 12 months

³ Not included in total

STATEMENT OF CASH FLOWS - SUMMARY

SEK million	Interim period		Quarter		12 months	
	2018 Jan-Sep	2017 Jan-Sep	2018 Jul-Sep	2017 Jul-Sep	2017/2018 Oct-Sep	2017 Jan-Dec
OPERATIONS						
Profit from property management	821	742	316	276	1,064	985
Adjustments for non-cash items	10	6	-16	-25	5	1
Tax paid	0	-1	0	0	1	0
Cash flow before changes in working capital	831	747	300	251	1,070	986
Changes in working capital	-99	-198	-41	-248	-32	-131
Cash flow after changes in working capital	732	549	259	3	1,038	855
INVESTING ACTIVITIES						
Investments in current properties	-806	-544	-216	-206	-1,187	-925
Acquisition of properties	-1,836	-790	0	-7	-1,836	-790
Divestment of properties	853	1,649	201	933	913	1,709
Other intangible and tangible assets, net	1	0	1	0	0	0
Financial assets, net	-214	-388	-124	-168	-223	-397
Cash flow from investing activities	-2,002	-73	-138	552	-2,333	-403
FINANCING ACTIVITIES						
New share issue	-	1,599	-	-	-	1,599
Dividend	-240	-437	-120	-	-240	-437
Repayment of loans	-3,579	-1,970	-590	-766	-5,911	-4,302
New loans	5,330	516	500	-	7,758	2,944
Cash flow from financing activities	1,511	-292	-210	-766	1,607	-196
CASH FLOW FOR THE PERIOD	241	184	-89	-211	313	256
Cash and cash equivalents at beginning of period	313	57	643	452	241	57
Exchange rate difference in cash and cash equivalents	0	0	0	0	0	0
Cash and cash equivalents at end of period	554	241	554	241	554	313

CASH FLOW AND LOAN-TO-VALUE RATIO

Operating cash flow after changes in working capital was SEK 732 million in the period.

Total purchase considerations of SEK 1,836 million were paid on accessing the properties Gladan 5, 6 and 7 in Kungsholmen, Stockholm, and part of the Tändstickan district of Gothenburg in the first quarter, and on accessing the property Studio in Malmö in the second quarter.

Purchase consideration of SEK 19 million was received for the sale of the property Skiftinge 1:3 in the first quarter, and a total purchase consideration of SEK 633 million on vacation of the properties Rausgård 22 and Lövköjan 10 in the second quarter. Purchase consideration of vacation of Stenvreten 4:1 of SEK 201 million was received in the third quarter.

SEK 806 million has been invested in existing properties and projects since year-end.

Interest rate swaps were closed out by making a total payment of SEK 214 million in the period.

A dividend of SEK 240 million was paid to shareholders, which is two quarters of the dividend resolved for the financial year 2017.

Borrowings arranged in the period meant that interest-bearing liabilities increased by SEK 1,751 million gross. As cash and bank balances increased by SEK 241 million, net debt increased by SEK 1,511 million.

Despite the increase in net debt, the LTV ratio increased only marginally, to 48.1 per cent from 47.9 per cent at the

beginning of the year, thanks to unrealised value increases in the property portfolio.

Total liquid funds available were SEK 2,221 million (1,458), including granted and available credit facilities, after deducting for backups and issued commercial paper.

CHANGE IN NET DEBT, JANUARY-SEPTEMBER 2018



STATEMENT OF FINANCIAL POSITION - SUMMARY

SEK million	30 Sep. 2018	30 Sep. 2017	31 Dec. 2017
ASSETS			
Non-current assets			
Intangible assets	9	10	9
Properties	34,012	30,227	30,974
Equipment	6	8	7
Other long-term receivables	12	12	12
Total non-current assets	34,040	30,257	31,002
Current assets			
Current receivables	205	247	231
Derivatives	24	-	-
Cash and bank balances	554	241	313
Total current assets	784	488	544
TOTAL ASSETS	34,823	30,745	31,546
EQUITY AND LIABILITIES			
Equity	15,375	13,699	14,192
Non-current liabilities			
Liabilities to credit institutions	9,226	12,431	10,150
Other interest-bearing liabilities	6,246	1,746	3,096
Derivatives	-	185	171
Deferred tax liability	1,721	1,180	1,333
Provisions	12	12	12
Total non-current liabilities	17,206	15,555	14,762
Current liabilities			
Liabilities to credit institutions	-	-	927
Other interest-bearing liabilities	1,432	880	980
Other liabilities	810	612	684
Total current liabilities	2,242	1,491	2,591
TOTAL EQUITY AND LIABILITIES	34,823	30,745	31,546

STATEMENT OF CHANGES IN EQUITY - SUMMARY

SEK million	30 Sep. 2018	30 Sep. 2017	31 Dec. 2017
Equity at beginning of period	14,192	11,123	11,123
Dividend	-480	-437	-437
New share issue	-	1,599	1,599
Comprehensive income for the period	1,662	1,413	1,907
Equity at end of period	15,375	13,699	14,192

SUMMARY

Compared to the beginning of the year, property value increased by SEK 3,038 million, mainly due to accessed acquisitions, which were executed at a value of SEK 1,838 million, but also investments of SEK 806 million and unrealised changes in value of SEK 1,288 million. Kungsleden vacated SEK 893 million of properties in the period.

Equity amounted to SEK 15,375 million as of 30 September, compared to SEK 14,192 million at the beginning of the year, or SEK 70.40 (64.98) per share. The equity/assets ratio was 44.2 per cent, compared to 45.0 per cent at the beginning of the year. A dividend of SEK 240 million was paid to shareholders in the interim period.

SUSTAINABILITY

Kungsliden's sustainability work is continuing as planned, and 74 new green leases were signed in the first three quarters. Energy savings were somewhat lower than expected due to an unusually hot summer. Kungsliden was rated a Green Star in the GRESB (Global Real Estate Sustainability Benchmark), and ranked as Europe's fifth most sustainable real estate company.

CERTIFIED PROPERTIES CREATE VALUE

The demand for sustainable and environmentally certified properties is increasing. Kungsliden believes they attract larger and established tenants, and benefit property valuations. Kungsliden's target is for half of its portfolio in book value terms to be LEED environmentally certified by 2020. Work on certifying the existing portfolio continued as planned, and 13 per cent of property values were environmentally certified by 30 September 2018.

Data on five properties expected to satisfy the LEED Gold standard was filed with the U.S. Green Building Council in the quarter, whose decision is expected in the fourth quarter. If approved, the share of certified properties would increase to 27 per cent.

GREEN LEASES CUT CLIMATE IMPACT AND COSTS

Green leases are a natural component of Kungsliden's client pledge. Kungsliden prioritises collaborating with tenants on environmental issues to cut environmental impact and costs. Green leases include measures to maintain or improve the environmental performance of premises, including actions in energy, indoor climate, material selection and waste sorting.

Kungsliden has the target of signing 100 new green leases for the full year 2018 (up from the 2017 target of 50). By the end of the third quarter, Kungsliden had signed 74 new green leases, or 66 per cent of total newly leased area. 9 green leases were signed in the third quarter, or 55 per cent of total newly leased area.

CONTINUED ENERGY OPTIMISATION

Kungsliden is working systematically on energy rationalisation of development projects and in ongoing management. Kungsliden's target is to reduce its energy consumption by 3 per cent per year, or by 20 per cent between 2014 and 2020. Energy consumption in like-for-like portfolio terms decreased by 1.3 per cent in the third quarter compared to the corresponding period of the previous year. This equates to a cost saving of some SEK 0.4

million. The energy saving was somewhat less than the previous quarter, which is due to the hot summer that resulted in increased costs for district cooling and power for cooling plant.

KUNGSLEDEN - A GREEN STAR

For the third consecutive quarter, Kungsliden was rated a Green Star in the GRESB (Global Real Estate Sustainability Benchmark). Kungsliden was also ranked as Europe's fifth-best performer in the category of companies with diversified real estate portfolios. This demonstrates that Kungsliden's sustainability work is living up to investors' high expectations.

The EPRA (European Public Real Estate Association) awarded Kungsliden a bronze medal for reporting a wide range of sustainability key indicators.

SUCCESSFUL COLLABORATIVE YOUTH PROJECT

Kungsliden subcontractors took on six young people from the Fryshuset youth project for summer jobs in management operations. The main purpose of this project is to provide work experience and increase awareness of the real estate sector as a future source of employment.

ENERGY CONSUMPTION IN LIKE-FOR-LIKE PORTFOLIO TERMS



SUSTAINABILITY GOALS AND PERFORMANCE

FOCUS AREA	TARGET	PERFORMANCE JANUARY-SEPTEMBER 2018
LEED CERTIFICATION	50% Half of the portfolio (in book value terms) should be LEED certified before year-end 2020. All properties to be certified before year-end 2025.	13% of the portfolio environmentally certified as of 30 September 2018.
GREEN FINANCING	The company is endeavouring to finance all green assets with green bonds or green bank loans.	SEK 2.7 billion of green bonds issued.
GREEN LEASES	100st At least 100 new green leases to be signed in 2018.	74st green leases signed in Jan-Sep 2018.
ENERGY CONSUMPTION	-3% Energy consumption to reduce by 20%, or by 3% annually in 2014-2020.	-1,3% lower energy consumption in the third quarter 2018 compared to the corresponding period of the previous year.

SEGMENT REPORTING

The segment report firstly specifies income statement items, and then book values per property categorised between investment properties and development properties. Investment properties are then subdivided, with figures allocated according to geographical location.

The development properties segment has those properties with significant vacant areas for new production or conversion,

and accordingly, rental revenues and operating costs are not comparable. Which properties are included in this category varies over time. Accordingly, in the following table, there are some differences in properties for the period compared to the corresponding period of the previous year (see page 26 for current definitions).

JAN-SEP 2018

SEK million	Greater Stockholm	Greater Gothenburg	Greater Malmö	Västerås	Regional cities and other	Development properties	Unallocated	Total
Revenue	619	175	189	403	336	58	-	1,778
Property costs	-189	-60	-55	-153	-111	-36	-	-604
Operating net	430	115	133	249	224	22	-	1 174
Selling and administration costs	-	-	-	-	-	-	-74	-74
Net financial items	-	-	-	-	-	-	-280	-280
Profit from property management	430	115	133	249	224	22	-353	821
Changes in value, assets								
Profit/loss from divestments	-	-	-	-	-	-	3	3
Unrealised changes in value, properties	640	113	56	307	155	17	-	1,288
Unrealised changes in value, financial instruments	-	-	-	-	-	-	-19	-19
Profit before tax	1,070	228	189	556	380	39	-369	2,093
Tax	-	-	-	-	-	-	-431	-431
Net profit	1,070	228	189	556	380	39	-800	1,662
Book value, properties	14,542	3,185	3,986	5,614	4,510	2,175	-	34,012

JAN-SEP 2017

SEK million	Greater Stockholm	Greater Gothenburg	Greater Malmö	Västerås	Regional cities and other	Development properties	Unallocated	Total
Revenue	582	160	169	384	397	64	-	1,756
Property costs	-178	-54	-51	-140	-124	-39	-	-585
Operating net	404	106	118	245	273	25	-	1,171
Selling and administration costs	-	-	-	-	-	-	-89	-89
Net financial items	-	-	-	-	-	-	-340	-340
Profit from property management	404	106	118	245	273	25	-430	742
Changes in value, assets								
Profit/loss from divestments	-	-	-	-	-	-	-13	-13
Unrealised changes in value, properties ¹	425	136	98	64	56	271	-	1,051
Unrealised changes in value, financial instruments	-	-	-	-	-	-	79	79
Profit before tax	829	242	216	309	329	296	-363	1,859
Tax ¹	-	-	-	-	-	-	-446	-446
Net profit	829	242	216	309	329	296	-809	1,413
Book value, properties¹	12,670	2,524	3,052	5,159	4,979	1,844	-	30,227

1. Restated for changed accounting policy for deductions for deferred tax on acquisitions.

PROPERTY PORTFOLIO

85 per cent of Kungsliden's operations, including property development and investment projects, is concentrated on its four priority growth markets of Greater Stockholm, Greater Gothenburg, Greater Malmö and Västerås. As of 30 September 2018, Kungsliden owned 223 properties with a book value of SEK 34,012 million. Rent levels on new leasing and renegotiation increased in the interim period, and net leasing was SEK 27 million. Property portfolio value increased by SEK 1,288 million in the same period.

PROPERTY MARKET

Conditions on the commercial property market remained positive in the third quarter 2018, with strong rent growth, low vacancy rates and high demand due to a fairly short supply of new office premises. The Swedish economy maintained its brisk progress in the year, and leading commentators expect GDP growth in 2018 of around 2.8 per cent, despite uncertainty following the September election.

Sweden's strong economy and high employment is benefiting the commercial property market. Generally, Sweden's major cities are most attractive for commercial premises, Kungsliden is making brisk progress, mainly in offices.

In early-2018, Newsec surveyed historically low vacancies for offices in central Stockholm (1.5 per cent), and states whether the current office shortage might be actually more acute than the housing shortage. The Stockholm Chamber of Commerce thinks there's a risk that companies will be compelled to turn their back on Stockholm due to difficulties in finding premises. Newsec expects low vacancies to persist, and that the shortage in central Stockholm will trigger greater interest in locations just outside the city centre. Kungsliden has observed this trend in receiving more enquiries for large areas in its Stockholm City East cluster in Gärdet/Värtahamnen.

PROPERTY PORTFOLIO - TOTAL HOLDING

30 Sep. 2018					
PROPERTY HOLDINGS SEK million	No. of properties	Leasable area, 000 sq.m	Book value	Economic occupancy rate, %	Rental value ¹
Investment properties	208	1,924	31,837	91.8	1,869
Development properties	15	141	2,175	66.2	91
Total property holdings	223	2,065	34,012	90.5	1,959

1. Rolling 12 months

Valuations and value growth

Unrealised changes in value in the property portfolio were SEK 1,288 million for the period, of which the largest increases was in Stockholm and Västerås.

ACQUISITIONS AND DIVESTMENTS

Kungsliden signed four agreements to divest properties in the third quarter 2018, on the Västerås properties Effekten 6, Effekten 7, part of Finnslätten 1 (3D title division) and part of Finnslätten 1 (subdivision). No properties were acquired in the quarter.

PROPERTY ACQUISITIONS JAN-SEP 2018	Municipality	Category	Leasable area, sq.m
Kallebäck 2:7 (Tändstickan phase 1)	Gothenburg	Office	5,605
Kallebäck 2:9 (Tändstickan phase 1)	Gothenburg	Car park	11,600 ¹
Kallebäck 2:11 (Tändstickan phase 2)	Gothenburg	Office	12,669
Tyfonen 1 (STUDIO)	Malmö	Office, hotel etc.	17,451

1. Not included in leasable area.

PROPERTY DIVESTMENTS JAN-SEP 2018	Municipality	Category	Leasable area, sq.m
Skiftinge 1:3	Eskilstuna	Land	n/a
Brännaren 8	Malmö	Office	5,395
Rausgård 22	Helsingborg	Industrial/Warehouse	62,292
Lövkojan 10	Katrineholm	Retail	8,524
Stenvreten 4:1	Enköping	Industrial/Warehouse	46,699

Vacated and accessed properties

Kungsliden vacated the property Stenvreten 4:1 in Enköping in the third quarter.

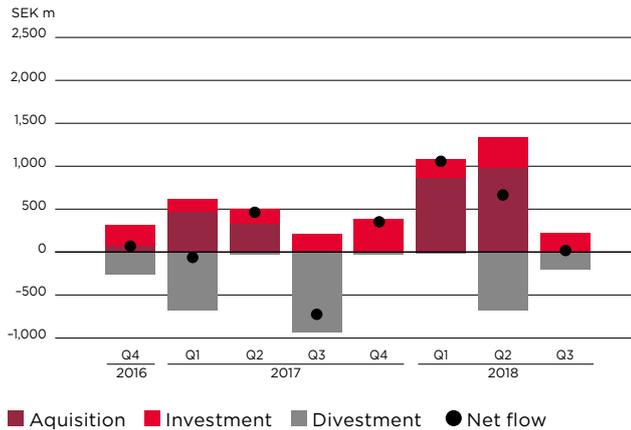
After vacating the properties divested by 30 September 2018, Kungsliden owns properties in the four priority markets of Greater Stockholm, Greater Gothenburg, Greater Malmö and Västerås, and another 17 municipalities (see map to right).

PROPERTY PORTFOLIO DEVELOPMENT

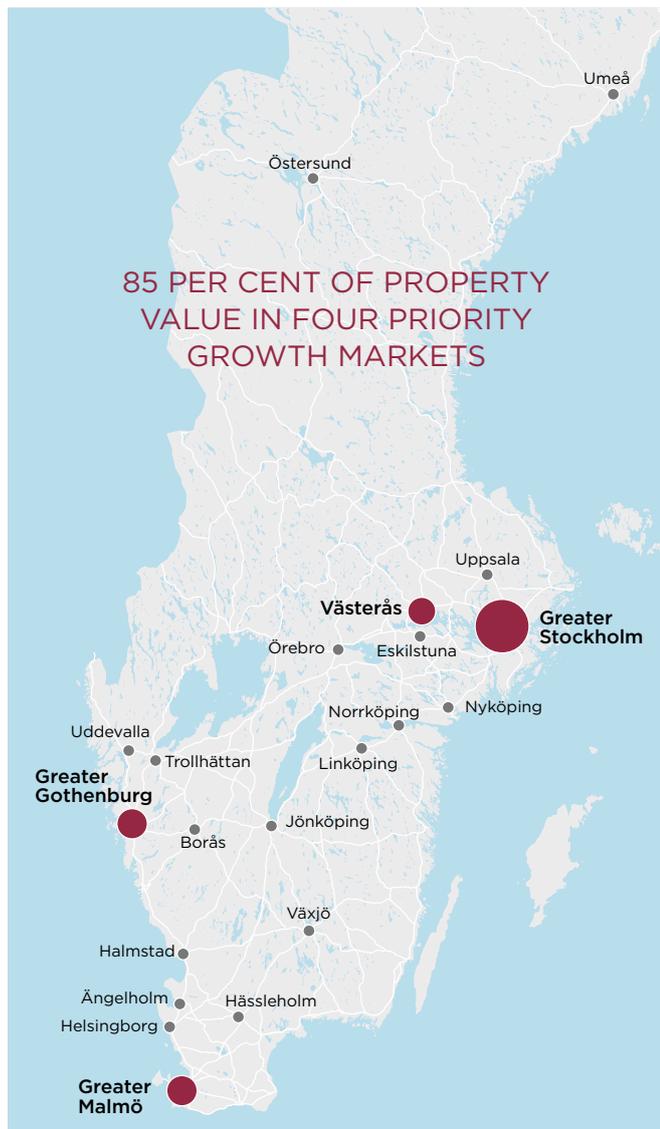
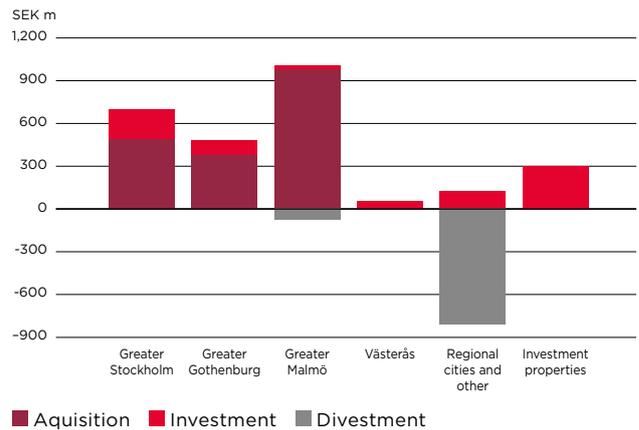
THE PROPERTY PORTFOLIO IN JAN-SEP 2018 SEK million	Investment properties	Development properties	Total
Properties at beginning of period	29,114	1,860	30,974
Acquisitions, completed	1,838	0	1,838
Investments	508	298	806
Divestments, completed	-893	0	-893
Unrealised changes in value	1,270	17	1,288
Properties at end of period	31,837	2,175	34,012

^{*)} Siffror för hela andra kvartalet hade inte kommit vid denna rapportens publicering.

NET INVESTMENTS BY QUARTER



NET INVESTMENTS BY SEGMENT, JAN-SEP 2018



FLEXIBLE PREMISES IN 3 MINUTES

Speed and flexibility are getting more important on the office leasing market. Having a broad-based client offering that is continuously evolving is one of Kungsleden's success factors. This is why we launched our 'Premises in 3 Minutes' concept in the third quarter, which means that a business can lease premises, get the keys and move in in just a few minutes. Premises come ready furnished, with all the necessary office equipment.

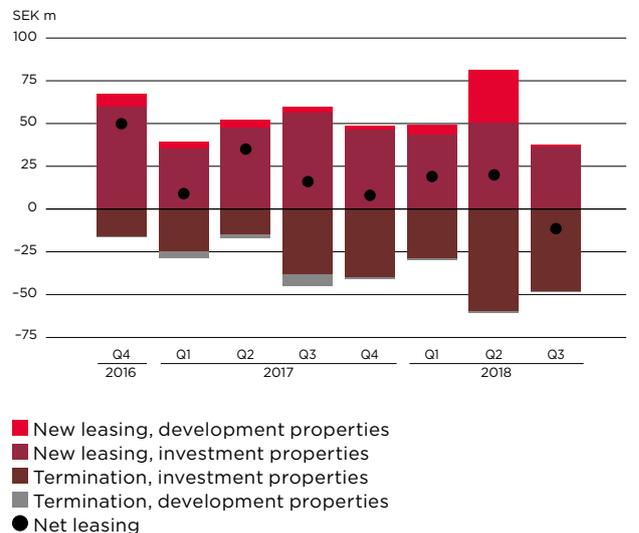
LEASING

Kungsleden signed agreements on rental value of some SEK 167 million (153) in the interim period, of which properties in clusters represented SEK 126 million (97), and other properties SEK 41 million (55). These new lease contracts generally have higher rent excluding heating and hot water per sq.m than previously.

74 of the new lease contracts signed in the interim period are green leases, which involve an agreement between the tenant and property owner on joint action to maintain or improve the environmental performance of premises. This is 66 per cent of total newly leased areas.

Net leasing for the interim period was SEK 27 million (61), of which clusters represented SEK 26 million (36), and other SEK 1 million (25). The decrease in net leasing is mainly due to one major termination by ABB in Västerås, of SEK -38 million.

NET LEASING PER QUARTER



INVESTMENT PROPERTIES

The third quarter saw continued positive market conditions with good demand for functional premises in the right locations and rising rent levels. Renegotiated lease contracts in the investment portfolio resulted in rent values increasing by an average of 11 per cent. The operating net rose by SEK 27 million, or 2.6 per cent in like-for-like portfolio terms.

86 PER CENT IN FOUR GROWTH MARKETS

As of 30 September, Kungsliden owned 208 investment properties with a book value of SEK 31,837 million, of which 86 per cent was in the four priority growth markets of Greater Stockholm, Greater Gothenburg, Greater Malmö and Västerås.

Offices make up 73 per cent of book value, while Industrial/Warehouse represent 15 per cent, Retail 6 per cent and Other 6 per cent.

70 PER CENT OF PROPERTY VALUES IN 12 CLUSTERS

70 per cent of the book value of investment properties is located in one of our 12 clusters, an increase of 2 percentage points year on year.

The twelfth cluster – Gothenburg South Central – was created in the first quarter 2018 through the acquisition of two office properties and one car park (Kallebäck 2:7, 2:9 and 2:11) in central Gothenburg. Kallebäck 2:7 and 2:9 were accessed in the first quarter 2018, and Kungsliden will access Kallebäck 2:11 in the first quarter 2019.

By concentrating properties in clusters, we can improve our customer relations, make a better contribution to the development of whole locations, and achieve superior management efficiency. Developing and expanding clusters is an important component of Kungsliden's strategy, and creates value for tenants, shareholders and wider society.

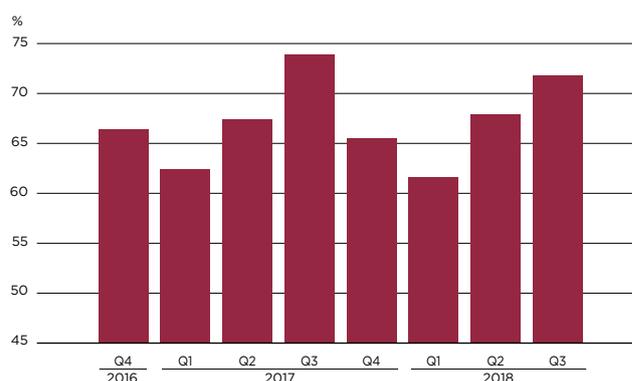
Outside clusters, the majority of the property portfolio is in attractive locations. Notable high-quality properties include Tyfonen 1 (STUDIO) in Malmö, Järnet 6 in Tyresö, south of Stockholm, Julius 1 in Malmö and Isolatorn 3 in Västerås.

SURPLUS RATIO

The surplus ratio of investment properties was 67.1 per cent (67.5) for the interim period. The decrease is due to higher expenses for heating in the first quarter, and higher expenses for district cooling and power for cooling plant in the third quarter.

In like-for-like portfolio terms of investment properties, the surplus ratio was 66.1 per cent, compared to 66.2 per cent in the previous year.

SURPLUS RATIO, INVESTMENT PROPERTIES PER QUARTER



KUNGSLEDEN'S 12 CLUSTERS IN 3 PROPERTY MANAGEMENT UNITS

PROPERTY MANAGEMENT UNIT STOCKHOLM

- Kista City, SEK 4.2 bn
- Stockholm City East, SEK 3.5 bn
- Danderyd Office, SEK 2.8 bn
- Stockholm City West, SEK 1.7 bn
- City of Östersund, SEK 1.1 bn
- Västberga Industrial Estate, SEK 0.4 bn
- Properties not in clusters, SEK 2.1 bn

BOOK VALUE SEK 15.8 bn

PROPERTY MANAGEMENT UNIT GOTHENBURG/MALMÖ

- Hyllie, SEK 1.2 bn
- Högsbo, SEK 1.2 bn
- Gothenburg South Central, SEK 0.8 bn
- Fosie, SEK 0.7 bn
- Properties not in clusters, SEK 5.3 bn

BOOK VALUE SEK 9.1 bn

PROPERTY MANAGEMENT UNIT MÄLARDALEN

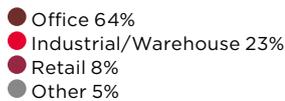
- Västerås City, SEK 3.2 bn
- Finnslätten Industrial Estate, SEK 1.6 bn
- Properties not in clusters, SEK 2.1 bn

BOOK VALUE SEK 7.0 bn

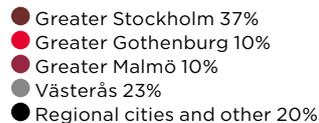
RENTAL VALUE

On a rolling 12-month basis, the rental value of investment properties was SEK 2,462 million, with offices comprising nearly two-thirds. 80 per cent of total rental value is located in the four priority growth markets.

RENTAL VALUE INVESTMENT PROPERTIES OCT-SEP 2017/2018 BY CATEGORY



RENTAL VALUE INVESTMENT PROPERTIES OCT-SEP 2017/2018 BY SEGMENT



LEASE CONTRACT MATURITY STRUCTURE

Kungsliden endeavours to achieve a diversified lease contract maturity structure. At present, 10-20 per cent of the contract portfolio matures each year and can be renegotiated.

As of 30 September, the average maturity of remaining lease contracts was 3.9 years (4.0).

Kungsliden's contract portfolio also includes a broad spectrum of tenants, sizes of customer and sector, reducing the risk of rental losses and vacancies.

LEASE CONTRACT MATURITY STRUCTURE, INVESTMENT PROPERTIES¹

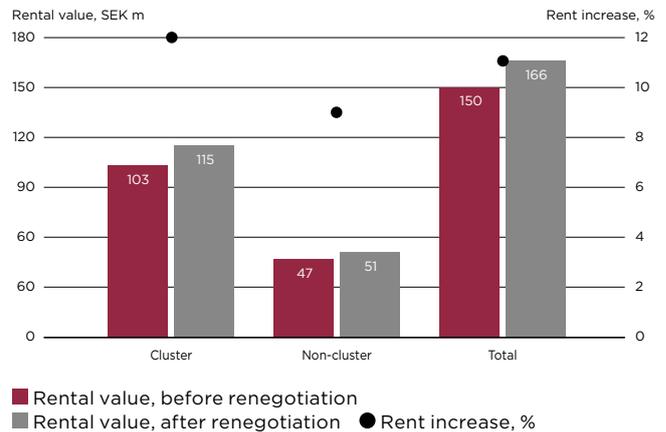


1. Excluding housing, car parks and garages.

RENEGOTIATION - RENTAL VALUE BEFORE AND AFTER

The 91 lease contracts renegotiated in the interim period generated an average increase in rental values of 11 per cent (10). In total, the rental value of renegotiated contracts increased from SEK 150 million (100) to SEK 166 million (109). Renegotiated lease contracts in Stockholm resulted in an average rent increase of 16 per cent.

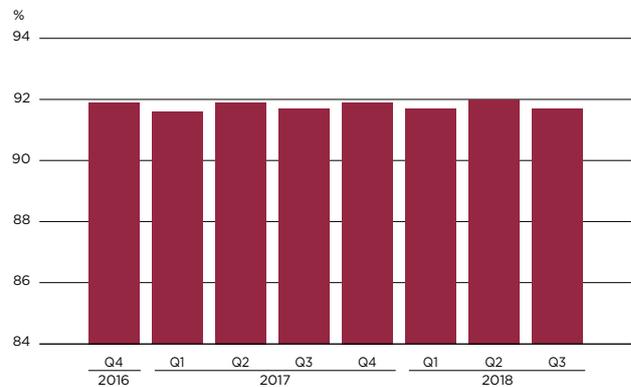
RENEGOTIATION OF RENTAL VALUE JAN-SEP 2018, BEFORE AND AFTER RENEGOTIATION



OCCUPANCY RATE

The economic occupancy rate of investment properties increased to 91.8 per cent (91.7) for the interim period and 91.7 per cent (91.7) for the quarter.

ECONOMIC OCCUPANCY RATE, INVESTMENT PROPERTIES BY QUARTER



INVESTMENTS

At the end of the third quarter, Kungsleden had six major investment projects in the implementation phase. Kungsleden commenced the production of new custodial premises in Östersund, and an office project in Västerås in the quarter.

PROJECTS AND INVESTMENTS

Investments in new production, conversion and extension of the existing portfolio is an important component of Kungsleden's business model and is providing a progressively increasing contribution to the company's earnings and profitability. It generates increasing cash flow and value growth through reduced vacancies, higher average rents, and in some cases, the addition of leasable area.

Kungsleden has an investment programme of over SEK 3 billion for 2017–2019. A total of SEK 806 million was invested in the first nine months of 2018, of which SEK 216 million in the third quarter. The aim 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.

CURRENT INVESTMENTS

As of 30 September, six major investment projects were in the implementation phase. These projects have aggregate investment volume of SEK 1,237 million. After completion, these converted properties are expected to generate annualised rental value of SEK 137 million. Several projects are already fully leased, and Kungsleden judges that the demand for the remaining premises is good.

Blästern 14 i Stockholm

The Blästern 14 project on Gävlegatan in central Stockholm involves a total investment of approximately SEK 560 million,

and rental value of SEK 65 million. The property is fully leased. The project is divided into two phases, phase 1 involving conversion into a hotel. This phase is leased to hotel operator Nobis, who plans to move in during the first quarter of 2019.

Phase 2 involves the modernisation of 5,500 sq.m of offices. This phase is also fully leased, through an agreement with Covendum, a premium co-working concept focusing on services, technology and design.

Phase 2 is scheduled for completion in early-2020.

Part of Karlslund 5:2 in Östersund

The ground was broken on the official inauguration of the construction of new custodial premises and a probation centre in Östersund at the end of August. This project involves the construction of new custodial premises with 14 places and total area of over 3,000 sq.m. The new building will be constructed within the property Karlslund 5:2 in central Östersund, and is scheduled for completion in spring 2019. The property Karlslund 5:2 already accommodates several public authorities and other organisations such as the police service, public prosecutor's office, emergency services, SOS Alarm, the Swedish Customs, the Church of Sweden and the County Administrative Board.

All these bodies are members of Trygghetens Hus, a collaborative co-location project whose mission is to help improve public safety and services.

INVESTMENT PROGRAMME

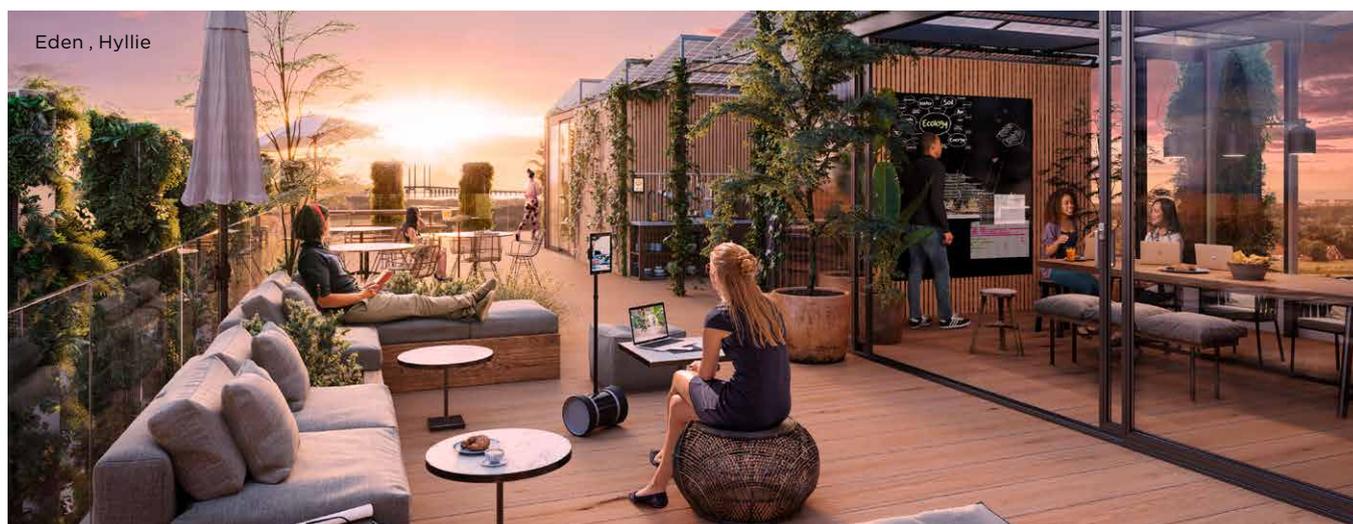
SEK million	2015	2016	2017	2018 Jan-Sep	PLAN	
					2018	2019-2020
Development projects	14	141	312	359	600	900
Tenant improvements and other value-creating investments	337	341	499	379	500	600
Maintenance investments	99	127	114	68	200	200
Total investments	450	609	925	806	1,300	1,700

MAJOR CURRENT PROJECTS

Property designation	Category	Municipality	Completed	Leasable area, sq.m	Estimated rental value, SEK m	Occupancy rate, %	Book value, SEK m	Estimated investment, SEK m	Of which completed, SEK m
Blästern 14	Hotel, Office	Stockholm	2019, 2020 ¹	17,000	65	100	860	560	296
Karlslund 5:2 - part of	Social services property (new development)	Östersund	2019	3,300	13	100	n/a	160	14
Gallerian (4 properties)	Retail	Eskilstuna	2019	6,000	12	60	199	149	96
B26 Mimer 5 - part of	Office	Västerås	2019	4,700	12	52	n/a	130	10
Holar 1	Hotel	Stockholm	2018	6,000	13	100	186	122	111
Taktipinnen 1 ²	Office	Norrköping	2020	14,500	22	100	209	116	2
Total				51,500	137		1,454	1,237	529
Other development properties							930		
Other investment properties							31,628		
Total development and investment properties							34,012		

1. Hotel to be completed in Q1 2019. Office phase scheduled for completion in Q1 2020.

2. Classified as an investment property because this is a small section of the property.



B26, Västerås City

A preliminary estimate of the investment in B26 (part of the property Mimer 5) is SEK 130 million, and this project is scheduled for completion in 2019.

A lease contract has been signed with Aros Congress Centre, who will manage the co-working concept, and with Almi, Atea and Sigholm Konsult. Leasing of other areas is ongoing.

This building, which has been vacant for an extended period, is undergoing a major transformation. A co-working concept has been produced, based on the idea of gathering enterprises and individuals with a shared interest in creativity and business under one roof. A building permit has already been granted for the extension of two office floors and roof terrace.

The project covers a total of 4,700 sq.m of leasable area. Production start was in July.

Holar 1, Kista Science City

The property Holar 1 in Kista Science City has been converted into a studio hotel with 167 rooms for short term accommodation. The Studio Hotel was ready for occupation in the third quarter of 2018, and transferred from a development to an investment property in October 2018.

Other projects

Other projects in the implementation phase such as the Gallerian shopping centre in Eskilstuna and Taktpinnen 1 in Norrköping are progressing as planned.

COMPLETED PROJECTS

Enen 10 in central Södertälje has been converted into 6,000 sq.m of contemporary and flexible office premises with an activated ground floor. This project was completed and transferred to management in the second quarter of 2018. The Jump trampolining centre in Umeå (part of Laven 6) and Tegnér 15 in Vaxjö have also transferred to management.

POTENTIAL FORTHCOMING INVESTMENTS

Project Eden is the name of Kungsleden's land allocation in Hyllie, Malmö. This project is strategically located by Hyllie Boulevard. At Eden, we will be creating a variety of well-planned environments, smart digital solutions and first-class services that centre on people, which will boost productivity and well-being in symbiosis with Eden's tenants. Sales start of this project, which includes some 8,000 sq.m of office premises, will be in October, and construction start is scheduled for the second quarter of 2019. The preliminary estimate of this investment is SEK 285 million including land acquisition.

Two office properties in Södra Värtan/Frihamnen (Stockholm City East cluster), Rotterdam 1 and Stettin 6, are undergoing modernisation, conceptual work and leasing on a total of 20,800 sq.m. Demand for office accommodation has increased in this area, and there is strong potential to increase rents, assuming major investment. Apart from large-scale tenant improvements, entrances, ground floors and frontages will be modernised.

Conceptual and leasing work is ongoing in a vacant building of some 6,000 sq.m in the central district of Oxelbergen 2:1 in Norrköping.

MAJOR COMPLETED PROJECTS

2018	Category	Municipality	Leasable area, sq.m	Investment, SEK m	Rental value, SEK m
Quarter 1					
Quarter 2					
Quarter 3					
Enen 10	Office	Södertälje	6,000	155	14
Laven 6 - part of	Retail (new development)	Umeå	3,100	33	4
Tegnér 15	Retail	Vaxjö	16,500	117	18
Quarter 4					
Total			25,600	305	36

FINANCING

A stronger financial position enabled increased borrowing on the capital markets through the issue of unsecured bonds. This increased the diversification of funding sources. Bank loans were also re-arranged, and debt maturity was extended for a lower average financing cost.

IMPORTANT EVENTS IN THE INTERIM PERIOD

In the third quarter, Moody's confirmed Kungsliden's Ba1 rating with positive outlook. This may rise to investment grade, or Baa3, providing that Kungsliden's LTV ratio remains below 50 per cent for the long term, and that the share of real estate assets not pledged as security exceeds 30 per cent of total portfolio book value. At the end of the period, the LTV ratio was 48 per cent, and the share of properties not pledged as security was 30 per cent.

A new SEK 500 million bond was issued in the third quarter, with a three-year maturity, and an interest cost of Stibor 3 months + 125 basis points. The proceeds from this issue were primarily used to repay parts of two bonds with short remaining

maturity and corporate paper. Since its rating was published, and its MTN programme launched, Kungsliden has been a frequent issuer on the capital markets, and been progressively able to borrow on better interest rate terms from a broader base of credit investors. At the end of the third quarter, Kungsliden had SEK 6.1 billion of outstanding bonds, of which SEK 5.6 billion within its SEK 8 billion MTN programme. Green bonds represented SEK 2.7 billion of this total.

After re-arranging bank borrowings with longer maturities and continued expansion of borrowing from the capital markets, the debt maturity of Kungsliden's borrowings extended, and was 5.0 years at the end of the interim period, against 4.7 years at the beginning of the year.

MATURITY STRUCTURE, LOANS AND INTEREST RATE DERIVATIVES

As of 30 september 2018 (SEK million)	Bank loans and other borrowings	Bonds	Unutilised credits	Total credit facilities	Interest rate derivatives	Forward- starting interest rate derivatives	Ave. interest rate, %
2018	450	-	250	700	-	-	
2019	-	982	-	982	-	-	
2020	3,249	-	1,868 ¹	5,118	-	-	
2021	492	2,400	-	2,892	-	-	
2022	-	2,500	-	2,500	2,000	-	0.3
2023	1,399	200	-	1,599	-	3,000 ²	0.9
2024	1,667	-	-	1,667	1,450	-	0.6
2025	-	-	-	-	1,000	-	0.8
2026	630	-	-	630	-	-	
2027	1,594	-	-	1,594	-	-	
2036	1,340	-	-	1,340	-	-	
Total	10,822	6,082	2,118	19,022	4,450	3,000	

1. of which SEK 450 m is back-up for issued commercial paper.

2. Starts in January 2020.

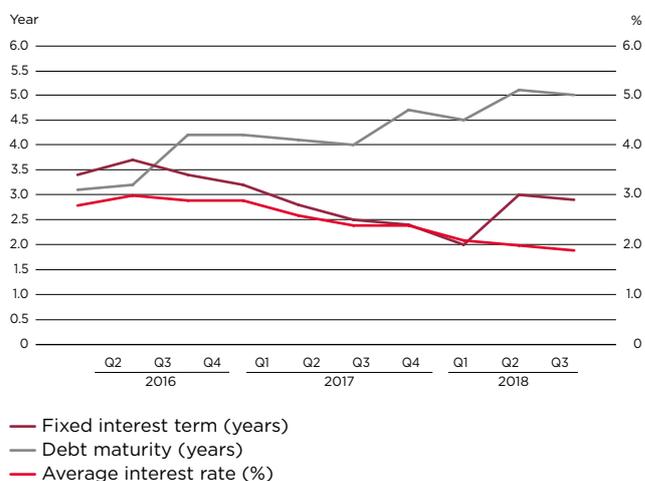
Eden , Hyllie



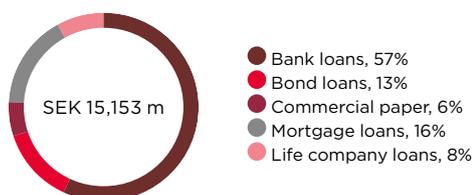
FIXED INTEREST TERM

Kungsleden works actively to adapt the group’s interest fixing profile to conform with its business plan, and within the auspices of the group’s Finance Policy. In the third quarter, Kungsleden adapted the majority of its swap portfolio to current market interest rates by closing out of swaps with a nominal value of SEK 4,450 million through the payment of market value of swaps of SEK 123.7 million. Simultaneously, new interest fixings were arranged at current market interest rates with corresponding maturities as the swaps that were closed out. The realisation of undervalues in swaps that have been closed out means that full deductibility of redemption amounts is achievable as early as the current year, and accordingly, before the regulations limiting interest rate deductibility come into effect. These measures are expected to improve ongoing net financial items by SEK 5 million for the remainder of 2018, and by approximately SEK 20 million per year until 2021. Thereafter, the effect decreases until the last maturity in 2024. 57 per cent of borrowing had a fixed interest term longer than 12 months at the end of the period, and the average fixed interest term was 2.9 years.

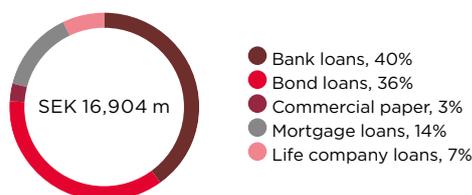
FIXED INTEREST TERM, DEBT MATURITY AND AVERAGE INTEREST



LOAN PORTFOLIO, 31 DEC. 2017



LOAN PORTFOLIO, 30 SEP. 2018



KEY FIGURES

	Interim period		Quarter		12 months	
	2018 Jan-Sep	2017 Jan-Sep	2018 Jul-Sep	2017 Jul-Sep	2017/2018 Okt-Sep	2017 Jan-Dec
Property related						
Property yield, % ¹	4.8	5.2	5.0	5.5	4.8	5.1
Economic occupancy rate, %	90.5	90.3	90.5	90.3	90.5	90.4
Surplus ratio, %	66.2	66.8	71.6	73.2	65.8	66.3
<i>Actuals, investment properties</i>						
Property yield, investment properties, % ¹	5.3	5.4	5.2	5.7	5.0	5.3
Economic occupancy rate, investment properties, %	91.8	91.7	91.7	91.6	91.8	91.8
Surplus ratio, investment properties, % ²	67.1	67.8	71.8	73.9	66.8	67.3
Rental revenue, investment properties, SEK/sq.m					1,314	1,153
Property costs, investment properties, SEK/sq.m					379	331
Financial						
Return on total assets, % ¹	4.4	4.7	4.7	4.8	4.4	4.6
Return on equity, % ¹	15.0	15.1	13.1	14.3	14.8	15.1
Interest coverage ratio, multiple	3.9	3.2	4.5	3.6	3.8	3.3
Equity ratio, % ¹	44.2	44.6				45.0
Debt/equity ratio, multiple ¹	1.1	1.1				1.1
LTV (loan-to-value) ratio, % ¹	48.1	49.0				47.9
Data per share						
Dividend paid, SEK					2.20	2.00
Total return on share, %					20.6	8.8
Dividend yield on share, %					3.4	3.4
Profit from property management, SEK ²	3.76	3.55	1.45	1.27	4.87	4.66
Net profit, SEK ²	7.61	6.77	2.28	2.20	9.87	9.03
EPRA EPS (profit from property management after tax), SEK ^{1,2}	3.43	3.29	1.30	1.17	4.57	4.45
EPRA NAV (long-term net asset value), SEK ¹	78.17	68.97				71.87
EPRA NNAV (current net asset value), SEK ¹	77.05	67.74				70.63
Equity, SEK ¹	70.40	62.72				64.98
Cash flow before changes in working capital, SEK ²	3.81	3.58	1.37	1.15	4.90	4.67
Outstanding no. of shares at end of period	218,403,302	218,403,302	218,403,302	218,403,302	218,403,302	218,403,302
Average number of shares ²	218,403,302	208,734,668	218,403,302	218,403,302	218,403,302	211,171,694

1. Comparative figures restated for changed accounting policy for deductions for deferred tax on acquisitions.

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

KEY FIGURES PER SEGMENT	Greater Stockholm	Greater Gothenburg	Greater Malmö	Västerås	Regional cities and other	Development properties	Total
No. of properties	50	41	41	18	58	15	223
Leasable area, 000 sq.m	512	255	228	505	425	141	2,065
Rental value, SEK m	687	186	200	428	368	91	1,959
Rental revenue, SEK m	617	174	188	402	335	58	1,774
Operating net, SEK m	430	115	133	249	224	22	1,174
Book value, SEK m	14,542	3,185	3,986	5,614	4,510	2,175	34,012
Economic occupancy rate, %	89.8	93.9	94.1	93.9	91.0	64.0	90.5
Surplus ratio, %	69.8	65.9	70.8	62.1	66.9	37.7	66.2
Property yield, %	4.1	5.3	5.1	6.1	6.3	1.4	4.8
New leasing, SEK m	65	14	6	29	15	38	167
Net leasing, SEK m	7	6	-3	-20	2	35	27
Investments, SEK m	207	101	22	55	122	298	806
Unrealised changes in value - properties, SEK m	640	113	56	307	155	17	1,288

* For definitions, see page 26.

QUARTERLY SUMMARY

INCOME STATEMENT IN SUMMARY

SEK million	2018				2017			2016
	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4
Revenue	594	597	588	567	574	591	591	602
Operating net	424	396	354	367	418	391	362	390
Selling and administration costs	-19	-27	-27	-31	-36	-29	-24	-31
Net financial items	-89	-93	-98	-93	-107	-111	-122	-123
Profit from property management	316	276	229	243	276	250	216	235
Profit (loss) from divestment	-1	0	4	7	-12	-1	0	3
Unrealised changes in value, properties ¹	302	404	581	367	386	288	377	475
Unrealised changes in value, financial instruments	48	-67	1	5	15	28	37	196
Profit before tax	666	612	815	622	664	565	630	910
Tax ¹	-169	-84	-178	-129	-183	-125	-138	-211
Net profit	497	528	637	493	481	440	492	699

FINANCIAL POSITION IN SUMMARY

SEK million	2018				2017			2016
	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4
ASSETS								
Intangible assets	9	9	8	9	10	11	11	11
Fastigheter ¹	34,012	33,692	32,620	30,974	30,227	30,592	29,835	29,533
Equipment	6	6	7	7	8	8	9	9
Other long-term receivables	12	12	12	12	12	12	12	12
Total non-current assets	34,040	33,719	32,647	31,002	30,257	30,623	29,867	29,566
Current receivables	205	49	259	231	247	286	301	231
Derivatives	24	-	-	-	-	-	-	-
Cash and bank balances	554	643	1,498	313	241	452	1,975	57
Total current assets	784	692	1,757	544	488	738	2,275	288
TOTAL ASSETS	34,823	34,411	34,405	31,546	30,745	31,360	32,142	29,854
EQUITY AND LIABILITIES								
Equity ¹	15,375	14,877	14,829	14,192	13,699	13,218	13,214	11,123
Interest-bearing liabilities								
Liabilities to credit institutions	9,226	9,249	8,999	11,078	12,431	13,198	13,224	13,728
Bond loans (unsecured)	5,100	5,800	5,600	1,950	600	600	975	975
Other borrowing	2,578	1,946	2,546	2,126	2,026	2,025	2,275	1,808
Total interest-bearing liabilities	16,904	16,995	17,144	15,153	15,057	15,823	16,474	16,511
Non interest-bearing liabilities								
Provisions	12	12	12	12	12	12	12	12
Deferred tax liabilities ¹	1,721	1,551	1,511	1,333	1,180	1,079	955	841
Derivatives	-	147	141	171	185	367	615	653
Other non interest-bearing liabilities	810	828	766	684	612	861	872	714
Total non interest-bearing liabilities	2,543	2,539	2,431	2,199	1,989	2,319	2,454	2,220
TOTAL EQUITY AND LIABILITIES	34,823	34,411	34,405	31,546	30,745	31,360	32,142	29,854

1. Comparative figures restated for changed accounting policy for deductions for deferred tax on acquisitions.

PARENT COMPANY INCOME STATEMENT – IN SUMMARY

SEK million	Interim perio		Quarter		12 months	
	2018 Jan-Sep	2017 Jan-Sep	2018 Jul-Sep	2017 Jul-Sep	2017/2018 Jul-Sept	2017 Jan-Dec
Intra-group revenue	0	0	0	0	3	3
Administration costs	-30	-26	-5	-9	-41	-37
Operating profit (loss)	-30	-26	-5	-9	-38	-34
Profit from financial items	42	619	87	15	17	594
Profit before tax	12	593	82	6	-21	560
Tax	-10	5	-18	-1	-229	-214
Net profit	2	598	64	5	-250	346

PARENT COMPANY BALANCE SHEET – IN SUMMARY

SEK million	30 Sep. 2018	30 Sep. 2017	31 Dec. 2017
ASSETS			
Participations in group companies	2,637	4,538	3,998
Receivables from group companies	16,567	13,301	14,433
Other receivables	242	462	248
Cash and cash equivalents	552	171	291
TOTAL ASSETS	19,998	18,472	18,970
EQUITY AND LIABILITIES			
Equity	7,850	8,580	8,328
Non-current liabilities	5,103	602	2,123
Liabilities to group companies	5,332	8,219	7,520
Other liabilities	1,713	1,071	999
TOTAL EQUITY AND LIABILITIES	19,998	18,472	18,970

COMMENTS ON THE INCOME STATEMENT AND BALANCE SHEET

The parent company's operating profit for the interim period was SEK -30 million (-26), and net financial items were SEK 42 million (619).

As of 30 September 2018, cash and cash equivalents were SEK 552 million, compared to SEK 291 million at the previous year-end.

The parent company's equity was SEK 7,850 million as of 30 September 2018, against SEK 8,328 million at the beginning of the year.

OTHER INFORMATION

ORGANISATION AND EMPLOYEES

The average number of employees was 109 (108) in the interim 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. No material changes to risks and uncertainty factors has occurred during 2018. More information on Kungsleden's risks and risk management is on pages 60–61 and 83 of the Annual Report for 2017.

VALUATION OF PROPERTY PORTFOLIO

Kungsleden internally appraises and values its entire property holdings 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 serve as the basis of reported book values. To quality-assure and verify internal valuations, external valuations are also conducted on approximately 25 per cent of properties each quarter. This means that each property in the portfolio is valued externally within each twelve-month period.

VALUATION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities such as accounts receivable, loan receivables, liabilities to credit institutions and other liabilities are recognised at amortised cost less deductions for potential impairment. For derivatives, where Kungsleden holds a number of interest rate swaps, market valuations are conducted each quarter with classification in level 2 pursuant to IFRS 13.

NEW AND AMENDED STANDARDS AND INTERPRETATIONS, NOT YET INTO FORCE

As of 1 January 2019, IFRS 16 Leasing replaces IAS 17 Leases with associated interpretations. The new standard requires that lessees report assets and liabilities attributable to all leases, with the exception of agreements less than twelve months and/or of lesser value. Accounting of these leases may change as a result of the new standard. For lessors, the standard means the nearest unchanged accounting compared to current standards. Kungsleden has begun an analysis of the effects the new standard is expected to have on the Group's earnings and position, and the arrangements identified as material are site-leasehold rights, ground leases and vehicle leases.

ALTERED TAX LEGISLATION

In June, Sweden's Parliament approved a bill to reform corporation tax. In brief, this decision means a maximum deduction for negative net interest income can be claimed at an amount of 30 per cent of a company's taxable EBITDA. Computations of interest deduction should consider potential deductions against loss carry-forwards. Additionally, corporation tax will be reduced in two stages from the current 22.0 per cent to 21.4 per cent in 2019 and 20.6 per cent in 2021. The new rules apply from 1 January 2019. For Kungsleden, the provision for deferred tax is positively impacted by SEK 120 million due to the reduction of corporation tax. Of the total effect, SEK 7 million has been recognised in the third quarter 2018. Regarding the effects of the interest deduction limitation rules, Kungsleden is investigating their potential effects on the Group's results of operations and financial position.

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 EPS, EPRA NAV and EPRA NNNNAV in accordance with European Public Real Estate Association (EPRA) definitions.

INFORMATION BASED ON FORECASTS

Some of the items in this Interim 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, yield requirements on property assets and political decisions.

REVISED SEGMENT INFORMATION

Effective 1 January 2018, Kungsleden is reporting the following six segments: Greater Stockholm, Greater Gothenburg, Greater Malmö, Västerås, Regional Cities and Other & Development Properties. This change means external reporting reflects internal governance.

EVENTS AFTER THE END OF THE PERIOD

No significant events have occurred since the end of the interim period.

ACCOUNTING POLICIES

The Group's 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 been applied.

IFRS 15 "Revenues from Contracts with Customers" came into effect on 1 January 2018. Most of Kungsleden's revenues are regulated by IAS 17 Leases and the introduction of IFRS 15 does not have any effect on Kungsleden's Income Statement or Balance Sheet.

IFRS 9 "Financial Instruments" came into effect at year-end, thus replacing IAS 39. This standard introduces new principles for classifying financial assets, for hedge accounting and for credit reserves. The single biggest item affecting Kungsleden is interest-bearing liabilities, which are still recognised at amortised cost.

IFRS 9 does not have any effect on Kungsleden's Income Statement and Balance Sheet, mainly because Kungsleden does not apply hedge accounting.

The same accounting policies and calculation methods have been applied for the Group and parent company as in the most recent Annual Report. 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.

STOCKHOLM, SWEDEN, 24 OCTOBER 2017

Biljana Pehrsson, CEO

This interim report has been reviewed by the company's auditors. This document is a translation of an original document in Swedish. In any instance of discrepancy, the original document should be taken as authoritative.

REVIEW REPORT

To the Board of directors of Kungsleden AB (publ)
Corporate identity number 556545-1217

INTRODUCTION

We have reviewed the condensed interim report for Kungsleden AB as at September 30, 2018 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries,

primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

STOCKHOLM, 24 OCTOBER 2018

Ernst & Young AB

Ingemar Rindstig
Authorised Public Accountant

Jonas Svensson
Authorised Public Accountant

KUNGSLEDEN'S SHARE

Kungsleden's share is listed on Nasdaq Stockholm's Large Cap list. Market capitalisation was just over SEK 14.3 billion at the end of the third quarter.

The price paid for the Kungsleden share at the beginning of the year was SEK 59.50, and SEK 65.40 at the end of the period. The lowest closing price in the interim period was on 6 February at SEK 51.50. The highest closing price was on 10 August at SEK 71.75.

SHARE CAPITAL AND TURNOVER

Kungsleden's share capital was unchanged in the quarter at SEK 91,001,376. The number of ordinary shares was 218,403,296.

A total of 170.9 million (99.5) Kungsleden shares were traded in the interim period, with a total value of SEK 10.5 (5.6) billion. Nasdaq Stockholm represented 54 per cent (49) of all trading in the Kungsleden share, while other market places such as BATS, the LSE and Boas accounted for the remainder.

SHARE DIVIDEND

The company's dividend policy, effective 2015 onwards, stipulates that the dividend should progress consistently with profit from property management. In 2017, profit from property management decreased only marginally despite a significant loss in earnings from the divestment of non-strategic properties, in combination with improved prospects for the profit from property management. Dividend for 2017 is SEK 2.20 per share, compared to SEK 2.00 per share for the previous year. Disbursement of the dividend was decided to be quarterly.

Source of price and turnover data: SIX Trust and Fidessa respectively.

KEY FIGURES PER SHARE

Data per share	2017/2018 Oct-Sep	2017 Jan-Dec
Dividend, SEK	2.20	2.00
Total return on share, %	20.6	8.8
Dividend yield on share, %	3.4	3.4
Profit from property management, SEK ¹	4.87	4.66
Net profit, SEK ^{1,2}	9.87	9.03
EPRA EPS (profit from property management after tax), SEK ^{1,2}	4.57	4.45
	30 Sep. 2018	31 Dec. 2017
EPRA NAV (long-term net asset value), SEK ²	78.17	71.87
EPRA NNAV (current net asset value), SEK ²	77.05	70.63
Equity, SEK ²	70.40	64.98
Share price	65.40	59.50

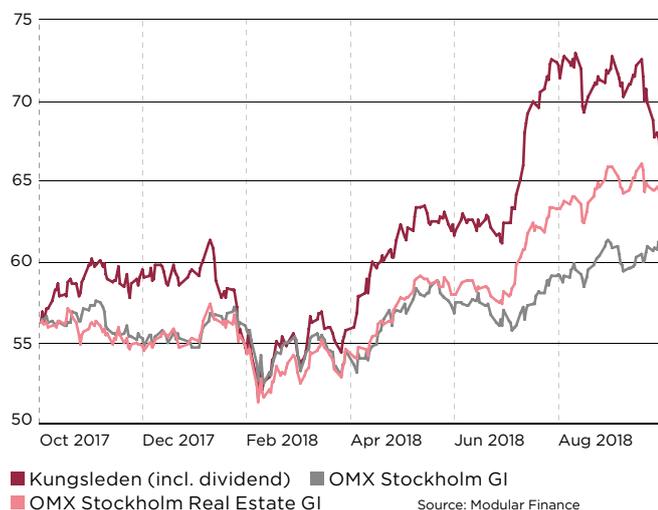
1. Restated by an adjustment factor of 2.55 per cent for the bonus issue element of the new share issue executed in the first quarter of 2017.
2. Comparative figures restated for changed accounting policy for deductions for deferred tax on acquisitions.

OWNERSHIP STRUCTURE AS OF 30 SEPTEMBER 2018



Source: Monitor from Modular Finance AB. Composite and processed data from sources including Euroclear, Morningstar and the Swedish Financial Supervisory Authority.

TOTAL RETURN ON SHARE OCTOBER 2017-SEPTEMBER 2018, SEK



SHAREHOLDERS AS OF 30 SEPTEMBER 2018

Namn	Antal aktier	Andel av kapitalet, %
Gösta Welandson and companies	31,637,781	14.5
Handelsbanken investment funds	7,000,000	3.4
Olle Florén and companies	6,750,797	3.0
Vanguard	6,192,233	2.7
Stichting pension fund ABP	5,500,000	2.6
BlackRock	5,463,446	2.5
Norges Bank	5,255,695	2.4
Second National Swedish Pension Fund	5,003,966	2.3
TR Property Investment Trust	4,530,553	2.1
BNP Paribas Asset Management	4,106,383	2.1
Total 10 largest shareholders	81,440,854	37.3
Foreign shareholders, other	56,716,265	26.0
Swedish shareholders, other	80,246,183	36.7
Total	218,403,302	100.0

Source: Modular Finance

DEFINITIONS

PROPERTY RELATED KEY FIGURES

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 interim 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 property management unit, urban concentration, category, cluster and investment- and development properties. The value for the interim period is calculated as an average property yield for the quarters included

Earnings capacity

Operating net in relation to the book value of properties at year-end.

Operating and maintenance cost, SEK per sq.m

Operating and maintenance cost in relation to average leasable area.

Operating net

Total revenues less property costs.

Economic vacancy rate

Estimated market rent for vacant areas in relation to rental value.

Economic occupancy rate

This metric is intended to facilitate assessment of possible rental revenue in relation to the total value of possible vacant area. Rental revenue is calculated in relation to rental value.

Property costs, SEK per sq.m

Property costs in relation to average leasable area.

Profit from property management

Profit from property management is a specific performance metric used in the property sector to facilitate comparability in the industry. Calculated as the sum of operating net, selling and administration costs and net financial items.

Average remaining contract length maturity

Remaining contract value divided by annual rent.

Rental revenue

Charged rents, rent surcharges and rental guarantees less rent discounts.

Rental value

Rental revenue plus estimated market rent for vacant units.

Contracted annual rent

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

Average rent, SEK per sq.m

Rental revenues in relation to average leasable area.

Leasable area

Leased area and leasable vacant area.

Surplus ratio

Operating net in relation to rental revenues.

Other revenue

Revenues which have no direct link to lease agreements.

FINANCIAL KEY FIGURES

Return on equity

Net profit for the period after tax in relation to average equity. At interim reporting, returns are converted to a full-year basis. Average equity is calculated as the sum of the opening and closing balances divided by two.

Return on total assets

Operating net, profit from property divestment, selling and administration costs in relation to average assets. At interim 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.

LTV (loan-to-value) ratio

Interest-bearing liabilities less cash and bank balances, and in relation to the book value of properties.

Interest coverage ratio

Profit from property management excluding financial expenses, in relation to financial expenses.

Debt/equity ratio

Interest-bearing liabilities in relation to equity.

Equity ratio

Equity including minority interests in relation to total assets.

SHARE-RELATED KEY FIGURES

Dividend yield on shares

Adopted/proposed dividend/redemption in relation to the share price at year-end..

Total return on shares

The sum of the share price change during the period and during the dividend paid/redemption period in relation to the share price at the beginning of the period.

Adopted/proposed dividend per share

The Board of Directors' proposed dividend or dividend per share approved by the AGM.

Equity per share

Equity in relation to the number of shares at year-end.

EPRA EPS (profit from property management after tax) per share

Profit from property management less taxable profit in relation to the average number of shares in the period.

EPRA NAV (long-term net asset value) per share

Reported equity including recognised liability/asset for interest rate derivatives and deferred tax in relation to the number of shares at year-end.

EPRA NNAV (current net asset value) per share

Reported equity adjusted for the estimated fair value of deferred tax, instead of reported value, in relation to the number of shares at year-end. History for the years 2012-2015 is calculated on the basis of the actual change of loss carry-forwards and temporary differences for divested properties in the period until 2017.

Profit from property management, per share

Profit from property management for the period in relation to the average number of shares in the period.

Cash flow before changes in working capital per share

Cash flow before changes in working capital in relation to the average number of shares.

Net profit for the period, per share

Net profit for the period in relation to the average number of shares in the period.

GLOSSARY

Property costs

The costs for electricity, heating, water, property management, cleaning, property administration, insurance and maintenance less invoiced supplement for operations and maintenance.

Investment properties

The total property holding excluding development properties.

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.

Clusters

Kungslöden defines clusters as a gathered property holding in a location with good accessibility, in a market with good growth and development potential. The optimal cluster has a favourable mix of offices, retail and residential, and an attractive service offering.

Contract value

Rent according to the lease agreements plus indexation and rent surcharges expressed as an annual value.

Development properties

Properties with areas of vacant possession that are planned to be vacated, short-term leased or demolished to enable development. Individual properties are classified as development properties on a quarterly basis, which may affect comparisons between periods. If a property changes classification between development and investment property, the comparative period is not affected.

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.

Unrealised changes in value

Result of change in estimated market value of properties compared with the previous reporting period.

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.

ESMA guidelines

See additional information on page 23.

KUNGSLEDEN ENRICHES PEOPLE'S WORKING DAY

Kungsleden is a long-term property owner that provides attractive and functional premises that enrich people's working day. We create value by owning, managing and developing offices and other commercial properties in Stockholm and Sweden's other growth markets. A large share of our properties are situated in attractively located clusters where we participate actively in the development of the whole area. Kungsleden's objective is to deliver an attractive total return on our properties, and to shareholders. Kungsleden is listed on Nasdaq Stockholm Large Cap.

VISION

We create attractive and sustainable places that enrich people's working day.

BUSINESS PROPOSITION

We shall own long-term, actively manage, refine and develop commercial properties in growth regions in Sweden and deliver attractive total returns.

OUR MISSION

We shall own properties in a selected location – a cluster – which gives us the ability to adapt and sharpen our offer based on the needs of tenants and to actively participate in the development of the whole area.

CLIENT PROPOSITION

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

CORE VALUES

- Professionalism
- Consideration
- Joy



KUNGSLEDEN 2020

1. Continued growth with quality – properties which either retain or increase in value through business cycles.
2. Concentrate the property portfolio to 20 growth cities in Sweden's main markets.
3. At least 50 per cent of property value in Stockholm (Statistics Sweden definition).
4. At least 70 per cent of property value in the office sector.
5. Continued focus on larger and more efficient property management units through existing and larger clusters and some new. In the long term, a total of 15–20 clusters.
6. Achieve quality and value with ongoing property management, and through property development.
7. A total return at least equal to or greater than the MSCI Sector Index.
8. To be one of the most successful and profitable listed property companies with a high-quality property portfolio.
9. Profit from property management of SEK 1,200 million by 2019, based on currently known conditions.

Local presence is important to Kungsleden. This allows us to make property management more efficient and meet customer needs in the best possible way. Accordingly, we have nine offices nationwide – in **DANDERYD, ESKILSTUNA, GOTHENBURG, KISTA, MALMÖ, NORRKÖPING, STOCKHOLM** (head office), **VÄSTERÅS** and **ÖSTERSUND**.

kungsleden.se/en

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Calendar

Year-End Report
Jan-Dec 2018
14 February 2019

Interim Report
Jan-Mar 2019
16 April 2019

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