

JANUARY – DECEMBER 2020

Q4 2020



“Kungsleden delivers strong results for 2020, with sights set on **growth ahead**”
Biljana Pehrsson, CEO

KUNGSLEDEN

YEAR-END REPORT JANUARY-DECEMBER 2020

Kungsleden are people that create places and experiences for people. By developing and managing attractive and sustainable places, we offer people better and more inspiring work experience. We are a long-term property owner focused on commercial properties in Sweden's growth regions. As of 31 December 2020, we owned 211 properties with total value of SEK 40,718 million.

THE YEAR IN BRIEF

- Profit from property management increased by 6 per cent to SEK 1,257 million (1,185). The increase is mainly due to higher rental revenue, increased surplus ratio and decreased selling- and administration costs.
- New leasing was SEK 156 million (210), and net leasing was SEK 22 million (58).
- 109 contracts (131) with rental value of SEK 238 million (252) were renegotiated in the year, resulting in a rental value uplift of 12 per cent (10) on average.
- After investments of SEK 1,395 million, transactions and positive value changes, total property value was SEK 40,718 million, compared to SEK 38,310 million at the beginning of the year.
- Unrealised value changes on properties amounted to SEK 948 million (1,762), which corresponds to an uplift of 2.5 per cent. The value increase is due to a reduction in the required yield and also to higher rents.
- Current net asset value increased to SEK 97.13 per share (90.10).
- The Board of Directors is proposing to increase Kungsleden's dividend to SEK 2.80 per share (2.60), an increase of 8 per cent.

SIGNIFICANT EVENTS DURING AND AFTER THE FOURTH QUARTER

- The Eden by Kungsleden office project in Hyllie in Malmö attained an occupancy rate of 85 per cent after rental services provider Diaverum signed a seven-year lease contract in December.
- Kungsleden completed several major leasings in the quarter, by example in Kista, with four new tenants signing on a total of 2,000 sq.m. Kungsleden signed three new leases on a total of 2,500 sq.m. in Växjö with the Swedish Transport Administration, Outnorth and the restaurant chain Brödernas.
- In November, the Board of Directors decided to repurchase treasury shares to optimise Kungsleden's capital structure, and create increased shareholder value.
- Kungsleden vacated the retail property Tändstiftet 2 at the beginning of 2021 after divesting it to its tenant Europeiska Motor AB in the fourth quarter. In January, Kungsleden signed an agreement with JM AB to divest the property Isolatorn 12, with its future residential building rights.
- During 2020 to date, we have issued a total of SEK 3.2 billion, the majority being green bond loans with long maturities and attractive pricing.
- We've delivered on the financial goals we set in 2017. For the coming five years, we've adopted a new business plan and new financial goals focused on growth and an even stronger financial position.

Key ratios	2020 Jan-Dec	2019 Jan-Dec	2020 Oct-Dec	2019 Oct-Dec
Property yield, investment properties, %	4.6	4.8	4.5	4.6
Occupancy rate, investment properties, %	92.9	93.2	92.9	93.2
Surplus ratio, investment properties, %	70.1	68.9	69.2	68.8
Surplus ratio, investment properties excluding non-recurring effects, %	70.4	69.0	70.2	69.3
Book value properties, MSEK	40,718	38,310	40,718	38,310
Return on equity, %	9.1	13.6	14.6	18.0
LTV (loan-to-value) ratio, %	45.0	45.8	45.0	45.8
Interest coverage ratio, multiple	4.5	4.6	4.7	4.8
Net profit, SEK per share	7.50	10.28	3.10	3.53
EPRA NTA, SEK per share	97.13	90.10	97.13	90.1
Share of certified properties, %	42	28	42	28

CEO'S STATEMENT

KUNGSLEDEN DELIVERS STRONG RESULTS FOR 2020, WITH SIGHTS SET ON GROWTH AHEAD

Kungsleden delivers strong results in 2020 despite the pandemic, with profit from property management increasing by 6 per cent to SEK 1,257 million. The surplus ratio and average rent are our **highest yet. We're delivering on our financial** goals, while also setting new ambitious goals going forward, focusing on growth, sustainability and an even stronger financial position.

2020 was a really special year. After a positive start, the pandemic followed, triggering shutdowns across society affecting people, businesses and whole nations. Despite the pandemic, we can summarise 2020 as another strong year for Kungsleden. In like-for-like portfolio terms, our revenue increased by 4 per cent, and in total, rose to SEK 2,530 million. Our operating net increased by 6 per cent to SEK 1,743 million, and our profit from property management of SEK 1,257 million is Kungsleden's highest to date, and well above the financial goal we set in 2017, of profit from property management of SEK 1,200 million for 2020.

Healthy demand on the market and positive changes in value

The demand on our main markets of Stockholm, Gothenburg, Malmö and Västerås was positive. We signed 288 new lease contracts in the year with rental value of SEK 156 million. Net leasing was SEK 22 million. In the year, we successfully renegotiated existing lease contracts worth SEK 238 million, increasing rent by an average of 12 per cent, or SEK 29 million.

The surplus ratio on investment properties was 70.4 per cent, the highest in Kungsleden's history, and average rent across our property portfolio increased by 5 per cent to SEK 1,506 per sq. m. We are maintaining positive and close dialogue with our customers, especially those in difficulty during the pandemic. Any effect on Kungsleden has been limited. Granted rent relief has gradually tapered off, and the fourth quarter, was significantly lower than the previous quarter.

2020 was Sweden's third-strongest year for transactions, with volume of SEK 181 billion. Pricing levels for completed transactions demonstrate that the required yield of Office, Warehouse, Logistics and Industrial properties has decreased. The value of Kungsleden's property portfolio increased by SEK 2.4 billion to SEK 40.7 billion in the year thanks to completed projects and project investments, as well as improved rental revenue and lower required yields.

Lowest-ever LTV ratio and a higher share of green financing

In the year, we increased our share of green financing to 38 per cent through a series of successful bond issues. In 2020 and to date, we have issued a total of SEK 3.2 billion, most being green bonds on long maturities with attractive pricing. This further enhances our already good liquidity coverage. At year-end, our LTV ratio was 45.0 per cent, Kungsleden's lowest ever.



We adopted a new sustainability strategy in 2020, with the aim of being climate positive right through the entire value chain by 2035, with the milestone of being climate positive in property and facility management by 2025. To achieve our targets, we're working successfully on reducing our climate footprint in several contexts. This includes reducing energy consumption by 10 per cent this year, and by 28 per cent since 2014. We signed 122 new green leases in the year, and 42 per cent of our properties are now certified, enabling us to keep growing our share of green financing.

New business plan and financial goals for the next five years

After a persistently volatile autumn with a second pandemic wave, forecasters are now seeing light at the end of the tunnel. Assuming vaccination programmes continue to plan and countries progressively ease restrictions, like several other commentators, we anticipate a broader-based recovery across economies, and in Sweden, GDP growth of about 3 per cent in 2021. With growing economies, the demand for offices and commercial premises also increases. We will see new ways of working post-pandemic, with the demand for more flexible office solutions, more meeting places and a bigger focus on health and well-being. We're looking forward to this, and are well prepared to address our customers' changing needs.

We've delivered on the financial goals we set in 2017 for 2020. For the coming five years, we've adopted a new business plan and new financial goals focused on growth and an even stronger financial position. This includes us growing our property portfolio from SEK 41 to 55 billion, through continued successful property development, rent growth and strategic acquisitions. We intend to increase our profit from property management by over 30 per cent to a minimum of SEK 1,650 million by 2025. Our LTV ratio should not exceed 45 per cent for the long term, and our ambition is to keep improving our Investment Grade rating.

With an attractive property portfolio in growth markets, creditworthy tenants, more focus on sustainability, improved financial position and record-high employee commitment, we have great potential to achieve our high goals!

Stockholm, 11 February 2021

Biljana Pehrsson, CEO

CONSOLIDATED INCOME STATEMENT

MSEK	2020 Jan-Dec	2019 Jan-Dec	2020 Oct-Dec	2019 Oct-Dec
Revenue				
Rental revenue	2,501	2,418	633	612
Other revenue	29	5	9	1
Total revenue	2,530	2,423	642	613
Property costs				
Operations	-445	-441	-115	-113
Maintenance	-80	-82	-23	-25
Property tax	-150	-141	-41	-31
Property administration	-112	-108	-26	-25
Total property costs	-787	-773	-204	-195
OPERATING NET	1,743	1,650	438	418
Selling- and administration costs	-102	-109	-28	-35
Financial revenues and financial costs	-355	-325	-86	-78
Costs of right of use	-29	-31	-8	-10
Net financial items	-384	-356	-93	-87
PROFIT FROM PROPERTY MANAGEMENT	1,257	1,185	317	296
Changes in value				
Properties	960	1,756	478	496
Interest derivatives	-157	-75	34	200
Total changes in value	803	1,682	512	696
PROFIT BEFORE TAX	2,060	2,867	829	992
Tax	-424	-622	-152	-222
NET PROFIT	1,636	2,245	676	770
NET PROFIT PER SHARE	7.50	10.28	3.10	3.53

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	2020 Jan-Dec	2019 Jan-Dec	2020 Oct-Dec	2019 Oct-Dec
Net profit	1,636	2,245	676	770
<i>Other comprehensive income</i>				
Translation gains/losses for the year, on consolidation of foreign operations	0	0	0	0
Net profit	1,636	2,245	676	770

COMMENTS ON RESULTS FOR THE FOURTH QUARTER

Profit from property management rose by 7 per cent for the fourth quarter to SEK 317 million (296), with the increase mainly due to higher rental revenue and a 5 per cent increase in operating net. Profit for the quarter were SEK 676 million, compared to SEK 770 million for the corresponding period of the previous year. The decrease is mainly due to lower changes in value on interest rate derivatives.

PERFORMANCE ANALYSIS JANUARY-DECEMBER 2020

REVENUE

Total revenue increased by SEK 107 million in the year to SEK 2,530 million (2,423). The increase of total revenue in like-for-like portfolio terms of investment properties was SEK 96 million, and the rental revenue increase was SEK 78 million. The completed project Blåstern 14 contributed SEK 29 million of the increase, with the remainder being the result of successful new leasing, renegotiation, and indexation. Adjusted for items affecting comparability, the revenue increase in like-for-like portfolio terms of investment properties was 4 per cent. The loss of rental revenue from divested properties and development properties was SEK 18 million, which was offset by additional rental revenue from accessed properties of SEK 22 million. Covid-19-related discounting reduced rental revenue for the year by SEK 20 million, and Kungsliden received SEK 2 million of Government support.

Rental revenue by segment

MSEK	2020 Jan-Dec	2019 Jan-Dec
Stockholm	917	865
Gothenburg	285	279
Malmö	286	285
Västerås	549	525
Regional cities	348	333
Development properties	115	132
Total rental revenue	2,501	2,418
Other revenue	29	5
Total revenue	2,530	2,423

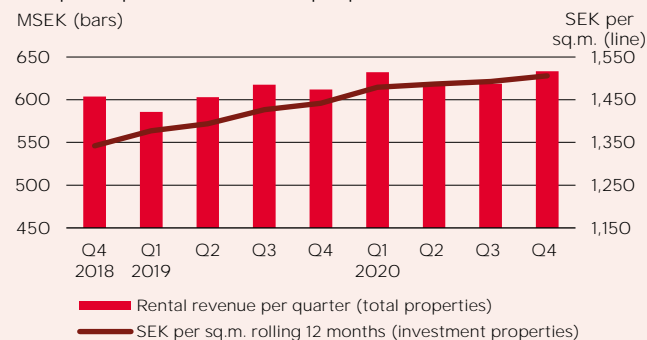
Rental revenue

MSEK	2020 Jan-Dec	2019 Jan-Dec
Like-for-like portfolio terms (investment properties)	2,364	2,285
Development properties	115	132
Acquired properties	22	0
Divested properties	0	1
Total rental revenue	2,501	2,418

Rental revenue per sq.m. on investment properties continued to increase during the fourth quarter, and on a rolling 12-month basis, was SEK 1,506 per sq.m., a 5 per cent increase on SEK 1,442 per sq.m. one year previously. This increase is the outcome of successful new leasing and renegotiation work.

Rental revenue per quarter

SEK per sq.m. - investment properties



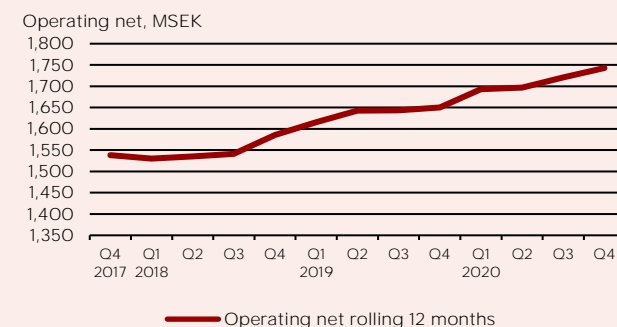
PROPERTY COSTS

Total property costs increased by SEK 14 million to SEK 787 million (773). In like-for-like portfolio terms of investment properties, costs increased by SEK 15 million. The increase is a net effect of reduced electricity and heating costs due to a mild winter, energy-saving projects executed, provisions for potential rent losses relating to Covid-19. The net effect from the loss of property costs from divested properties and development projects, as well as additional costs for accessed and development properties, was a decrease of SEK 1 million.

MSEK	2020 Jan-Dec	2019 Jan-Dec
Like-for-like portfolio terms (investment properties)	727	712
Development properties	54	56
Acquired properties	6	0
Divested properties	0	5
Total property costs	787	773

OPERATING NET

Operating net increased by SEK 93 million to SEK 1,743 million (1,650) for the full year. In like-for-like portfolio terms of investment properties, operating net increased by SEK 81 million. After adjusting for items affecting comparability, the operating net increase in like-for-like portfolio terms was 6 per cent.



SELLING- AND ADMINISTRATION COSTS

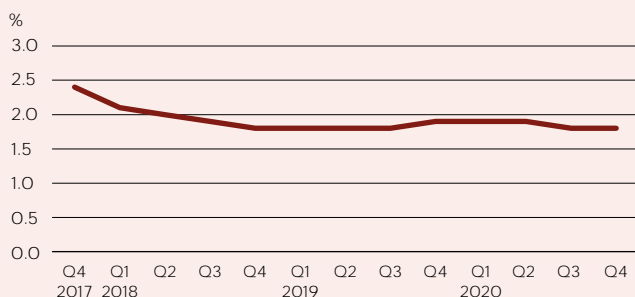
Selling and administration costs were SEK 102 million (109). The reduction is due to non-recurring costs in the previous year relating to the development of Kungsliden's brand and IT systems.

NET FINANCIAL ITEMS

Net financial items were SEK -384 million (-356). The increase is due to a larger loan volume, underlying 3-months Stibor increasing compared to the previous year, and non-recurring expenses from the repurchase of short-term bonds, which charged approximately SEK 7 million to financial net. The average interest rate at the end of the year was 1.8 per cent (1.9).

MSEK	2020 Jan-Dec	2019 Jan-Dec
Financial revenues	0	1
Interest expenses	-322	-287
One-off items related to repurchases of bonds	-7	-
Other financial costs	-27	-39
Costs of right of use	-29	-31
Net financial items	-384	-356

Average interest rate per quarter



PROFIT FROM PROPERTY MANAGEMENT

Profit from property management was SEK 1,257 million (1,185), a 6 per cent increase.



CHANGES IN VALUES ON PROPERTIES

Despite the effects of Covid-19, the demand for office premises and office properties remained brisk in the year. Additionally, sharply increased interest in warehouse and logistics premises had a positive impact on property portfolio value. The unrealised increase in value on the property portfolio was SEK 948 million (1,762), or 2.5 per cent. This value increase is mainly explained by a 12 basis point reduction in the average required yield, but also rental revenue and completed projects. The average required yield at year-end was 5.1 per cent, compared to 5.2 per cent at the beginning of the year. Realised changes in value amounted to SEK 11 million, relating to divestments made in previous years.

Unrealised changes in values on properties

MSEK	2020 Jan-Dec
Change in yield requirements	647
Change in operating net	448
Changed assumptions of investments and other factors affecting the value	-147
Acquisitions	1
Total	948

CHANGES IN VALUES ON INTEREST RATE DERIVATIVES

The changes in values on financial instruments was SEK -157 million (-75), a consequence of interest rates on longer maturities decreasing in the period.

TAX

The total tax expense for the full year was SEK 424 million (622), of which SEK 0 million (0) is current tax. When applying 20.6 per cent tax, the total tax expense is SEK 424 million, which is also the figure after SEK -5 million of tax for non-deductible interest expenses were compensated by a positive tax effect from property divestments. At year-end, deductible tax deficits totalled SEK 1,907 million (2,113).

NET PROFIT

Net profit was SEK 1,636 million, compared to SEK 2,245 million for the corresponding period of the previous year. The decrease is mainly due to lower changes in value on properties.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MSEK	31 Dec 2020	31 Dec 2019
ASSETS		
Non-current assets		
Intangible assets	12	12
Properties	40,718	38,310
Assets of right of use	828	812
Equipment	3	4
Other long-term receivables	2	2
Total non-current assets	41,564	39,140
Current assets		
Current receivables	281	237
Derivatives	8	-
Cash and bank balances	685	353
Total current assets	974	590
TOTAL ASSETS	42,538	39,730
EQUITY AND LIABILITIES		
Equity	18,500	17,488
Non-current liabilities		
Liabilities to credit institutions	9,013	9,094
Other interest-bearing liabilities	8,346	8,146
Liabilities of right of use	819	804
Derivatives	258	105
Deferred tax liability	2,910	2,488
Provisions	9	3
Total non-current liabilities	21,355	20,640
Current liabilities		
Liabilities to credit institutions	-	-
Other interest-bearing liabilities	1,670	650
Liabilities of right of use	9	8
Other liabilities	1,004	945
Total current liabilities	2,684	1,602
TOTAL EQUITY AND LIABILITIES	42,538	39,730

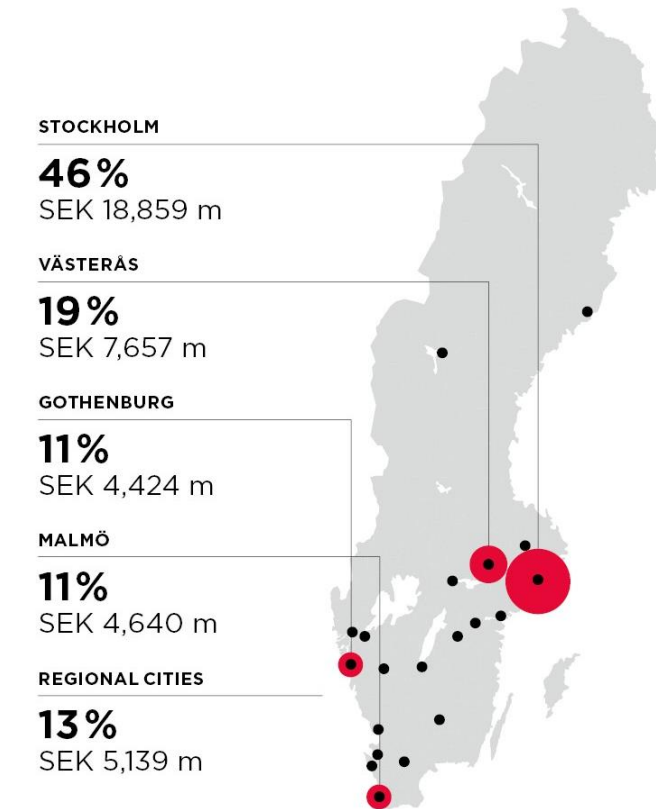
GROUP CHANGES IN EQUITY

MSEK	31 Dec 2020	31 Dec 2019
Equity at beginning of period	17,488	15,767
Repurchase of treasury shares	-57	-
Dividend	-567	-524
Comprehensive income for the period	1,636	2,245
Equity at end of period	18,500	17,488

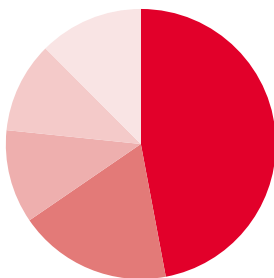
OUR PROPERTIES

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

OUR MARKETS

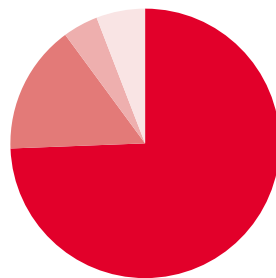


Property value per geography



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

Property value per category



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

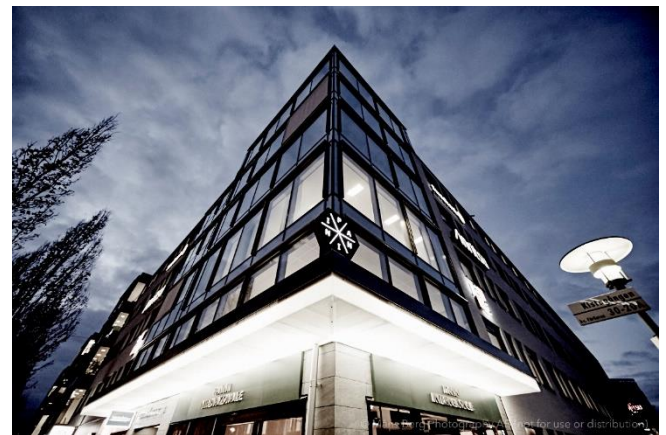
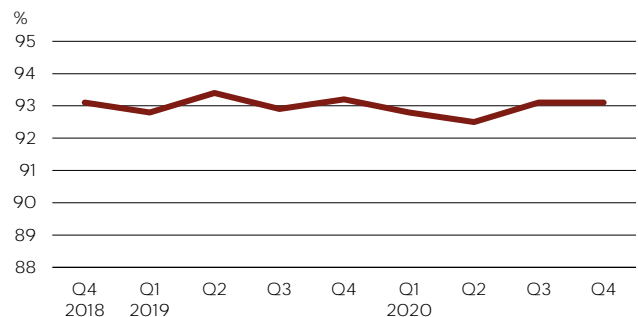
PROPERTY PORTFOLIO

MSEK	No. of properties	Leasable area, 000 sq.m.	Book value	Occupancy rate, %	Rental value
Investment properties	197	1,778	37,715	92.9	2,590
Development properties	14	223	3,003	59.9	170
Total property portfolio	211	2,001	40,718	90.7	2,760

OCCUPANCY RATE

The occupancy rate in our investment properties was 92.9 per cent, compared to 93.1 per cent at the beginning of the quarter. The decrease is explained by factors including a larger move at the beginning of the fourth quarter.

Occupancy rate investment properties by quarter



A winter evening outside the property Kista One, part of our Kista City cluster near Stockholm

Rental revenue, investment properties

SEK per sq.m.	2020 Jan-Dec	2019 Jan-Dec
Office	1,873	1,767
Industrial/Warehouse	930	907
Retail	1,181	1,154
Average	1,506	1,442

Property costs, investment properties

SEK per sq.m.	2020 Jan-Dec			
	Office	Industrial/ Warehouse	Retail	Total
Operation	267	181	180	231
Maintenance	48	33	46	42
Property tax	104	23	76	76
Direct property costs	419	237	302	349
Property administration	71	36	48	58
Total	490	273	350	407

SEK per sq.m.	2019 Jan-Dec			
	Office	Industrial/ Warehouse	Retail	Total
Operation	253	189	170	225
Maintenance	48	32	57	42
Property tax	92	22	72	70
Direct property costs	393	243	299	337
Property administration	66	35	45	55
Total	459	278	344	392

Kungsliden's clusters

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

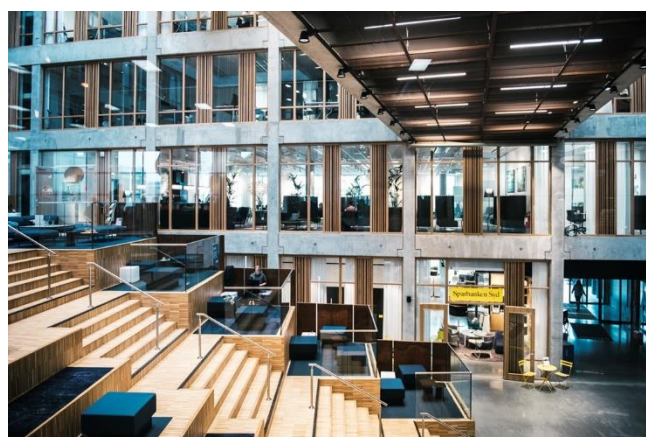
		Leasable area, sq.m.	Book value, BSEK
Stockholm	Kista City	147,000	4.6
	Stockholm City East	85,000	4.3
	Danderyd Office	100,000	3.4
	Stockholm City West	40,000	2.4
	Västberga	38,000	0.5
Gothenburg	Gothenburg South Central	40,000	1.6
	Högsbo	109,000	1.5
Malmö	Hyllie	48,000	1.5
	Fosie	52,000	0.7
Västerås	Västerås City	154,000	4.2
	Finnslätten	237,000	2.3
Rest of Sweden	City of Östersund	82,000	1.4

Progress of the property portfolio Jan-Dec 2020

MSEK	Investment properties	Development properties	Total
Properties at beginning of period	34,862	3,448	38,310
Reclassifications	848	-848	-
Acquisitions, completed	82	0	82
Investments	999	396	1,395
Divestments, completed	-17	0	-17
Unrealised changes in value	941	7	948
Properties at end of period	37,715	3,003	40,718

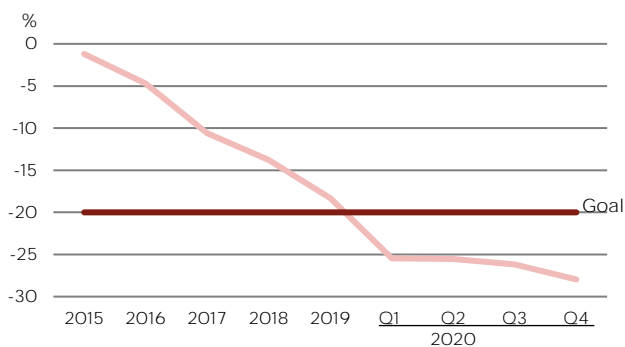
ACQUISITIONS, DIVESTMENTS, ACCESSED PROPERTIES AND CLOSED DIVESTMENTS

Kungsliden signed an agreement to sell the retail property Tändstiftet 2 in Täby in the fourth quarter. The buyer was its tenant Europeiska Motor AB, and Kungsliden exited the property at the beginning of 2021. Kungsliden also completed a swap deal with the Municipality of Gothenburg in 2020, with Kungsliden selling part of Järnbrott 168:1, and purchasing the freeholds of the properties Högsbo 11:5, Tynnered 1:13 and Rud 52:2. Kungsliden also signed an agreement to divest the vacant property Fräsen 1 in Täby at the end of the second quarter, with Kungsliden scheduled to exit this property at the end of the first quarter 2021. In the third quarter, Kungsliden signed an agreement to acquire the property Mimer 6 in Västerås, consisting of a parking lot with 600-plus spaces and building rights for 29,000 sq.m. GTA of offices, plus 12,000 sq.m. GTA of car parking. Kungsliden exited this property at the end of the third quarter.



The inspiring interior of the property Studio in Malmö

ENERGY CONSUMPTION IN LIKE-FOR LIKE PORTFOLIO
Kungsleden's goal was to reduce energy consumption by 3 per cent per year, or by 20 per cent from 2014 to 2020, which it achieved in early-2020. The reduction is mainly because of lower electricity and cooling consumption, partly as a result of focused work on energy efficiency. In the end of 2020 the total reduction was 28 per cent.



LEED CERTIFICATION

Kungsleden's goal is to certify most of its property portfolio before year-end 2025; 42 per cent of property value had been environmentally certified by 31 December 2020.



An autumn morning outside the property Tegeludden 1 in Gärdet, Stockholm

EARNINGS CAPACITY INVESTMENT PROPERTIES

By maintaining a growing share of offices in growth markets and working actively on leasing and renegotiation, Kungsleden maintains healthy earnings capacity in its investment properties. The average rent computed on earnings capacity amounts to SEK 1,518 per sq.m. as per 31 December compared to SEK 1,437 per sq.m. in the beginning of the year. The following tables illustrate the investment properties held at the end of the period, and the associated key indicators. Properties acquired but not accessed are not included, and properties that have been divested but not closed are included. The tables are intended to present a view of investment properties' portion of the current property portfolio's underlying earnings capacity but are not a forecast. Compared to the beginning of the year, earnings capacity in terms of operating net increased by SEK 81 million, from SEK 1,596 million to SEK 1,677 million. The increase is mainly due to increased rental revenues and operating net in like-for like portfolio terms.

Earnings capacity investment properties

By geography	Stockholm	Gothenburg	Malmö	Västerås	Regional cities	Total investment properties	whereof sold not vacated	purchased not accessed ²
No. of properties ¹	51	41	41	18	46	197	5	-
Leasable area, 000 sq.m. ¹	508	258	225	450	338	1,778	-	-
Rental value, MSEK ¹	998	301	284	577	381	2,541	-	-
Rental revenues, MSEK ¹	911	290	261	547	346	2,353	-	-
Operating net, MSEK	662	211	200	367	237	1,677	-	-
Book value, MSEK	17,343	4,300	4,374	7,177	4,520	37,715	-	-
Occupancy rate, %	91.5	96.5	92.5	95.0	91.0	92.9	-	-
Surplus ratio, %	72.2	73.9	70.1	66.3	68.0	70.2	-	-
Property yield, %	3.8	4.9	4.6	5.1	5.2	4.4	-	-
Rental revenue, SEK per sq.m. ¹	2,085	1,179	1,495	1,346	1,197	1,518	-	-

By category	Office	Industrial/Warehouse	Retail	Other	Total investment properties	whereof sold not vacated	purchased not accessed ²
No. of properties ¹	94	64	28	11	197	5	-
Leasable area, 000 sq.m. ¹	1,000	565	131	83	1,778	-	-
Rental value, MSEK ¹	1,776	506	146	112	2,541	-	-
Rental revenues, MSEK ¹	1,634	480	133	107	2,353	-	-
Operating net, MSEK	1,163	325	88	101	1,677	-	-
Book value, MSEK	28,123	5,689	1,708	2,195	37,715	-	-
Occupancy rate, %	92.2	94.9	91.4	96.2	92.9	-	-
Surplus ratio, %	70.8	68.1	66.4	73.3	70.2	-	-
Property yield, %	4.1	5.7	5.2	4.6	4.4	-	-
Rental revenue, SEK per sq.m. ¹	1,889	938	1,171	1,805	1,518	-	-

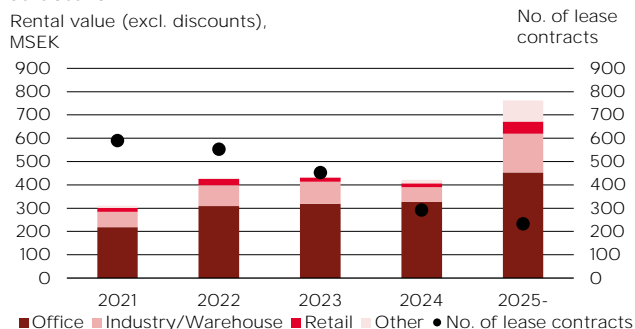
1. As per 31 December
2. Not included in total

OUR CUSTOMERS

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

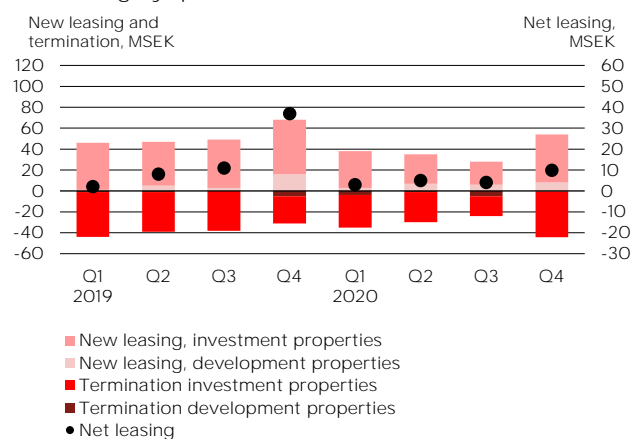
LEASE CONTRACTS, MATURITY STRUCTURE
Kungsliden endeavours to achieve a diversified lease contract maturity structure. Around 10-20 per cent of the contract portfolio matures each year and can be renegotiated. As of 31 December, the average maturity of remaining lease contracts was 4.0 years (4.0). Kungsliden's contract portfolio also includes a broad spectrum of tenants, sizes of customer and sector, reducing the risk of rental losses and vacancies.

Lease contracts investment properties, maturity structure



LEASING
Kungsliden signed lease contracts with a rental value of SEK 156 million (210) in the year. These new lease contracts generally have higher rent per sq.m. than their predecessors. Net leasing for the period was SEK 22 million (58). Of the 288 new contracts signed in the period, 122 were green leases, which involve an undertaking between tenant and landlord on joint actions to maintain or improve the environmental performance of premises.

Net leasing by quarter

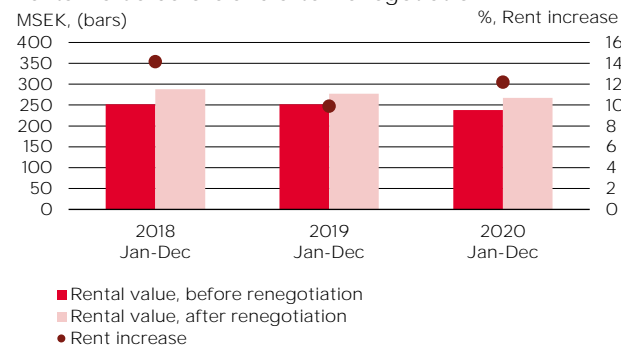


KUNGSLEDEN'S LARGEST TENANTS

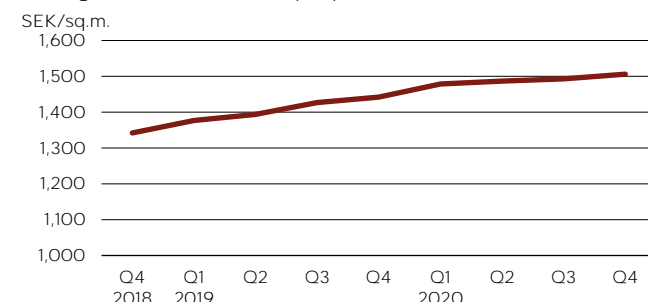
Tenant	Rental value, MSEK	Average duration, years
ABB	211	3.7
The Swedish Social Service Administration	53	4.1
Biz Apartments	42	9.6
Municipality of Västerås	41	4.8
Hitachi ABB Power Grids Sweden	39	3.8
Blique	31	20.0
ICA	30	2.2
Northvolt	28	3.8
Municipality of Stockholm	27	3.5
AFRY	26	4.0
10 largest tenants	528	5.2
Other	1,932	3.8
Total	2,460	4.0

RENEGOTIATION AND AVERAGE RENT
109 contracts with rental value of SEK 238 million were renegotiated in the year, resulting in average rental value increases of 12 per cent (10). Of the renegotiated contracts, 17 per cent resulted in increased leased area. The average rent in the investment property portfolio increased to SEK 1,506 per sq.m. (1,442), a 5 per cent increase on the previous year.

Rental value before and after renegotiation



Average rent, investment properties



PROJECTS AND INVESTMENTS

PROJECTS AND INVESTMENTS

Investments in new production, conversion and extension of the existing portfolio are important components of Kungsliden's business model and make progressive contributions to earnings and profitability. This results in increased cash flow and value growth through reduced vacancies, higher average rents, and in some cases, the addition of leasable area. The target is for these investments to generate a minimum IRR (internal rate of return) of 9 per cent, or a minimum yield on cost of 6 per cent. As of 31 December, six major investment projects were in the construction phase, with total investment volume of SEK 1,316 million. After completion, these projects are expected to contribute annualised rental value of SEK 208 million.

CURRENT MAJOR PROJECTS

Eden by Kungsliden in Hyllie - Malmö

The Eden by Kungsliden project on Hyllie Boulevard in Malmö is a state-of-the-art office project designated a Symbiotic Building, Kungsliden's proprietary concept focusing on health, services, technology and nature. This building will be certified according to LEED and the WELL Building Standard, the first international building standard focusing on people's well-being at work. This project has about 7,900 sq.m. of offices. Production and leasing are progressing as planned. In December 2020, Kungsliden signed a seven-year lease contract with renal services provider Diaverum on 2,100 sq.m., and accordingly, this project is 85 per cent leased. Kungsliden's estimated investment in Eden is SEK 384 million including land acquisition.

Investment programme

MSEK	2017	2018	2019	2020 Jan-Dec	PLAN
					2021-2023
Development projects	312	578	598	594	1,800
Tenant improvements and other value-creating investments	499	596	799	638	2,100
Maintenance investments	114	126	112	163	300
Total investments	925	1,300	1,509	1,395	4,200

Major current projects

Property	Category	Municipality	Completed	Leasable area, sq.m.	Estimated rental value, MSEK	Occupancy rate, %	Book value, MSEK	Estimated investment, MSEK	Whereof completed, MSEK
Eden by Kungsliden ¹	Office	Malmö	2021	7,900	25	85	243	384	228
Finnslätten 1 - part of	Office, Industry	Västerås	2024	21,000	28	13	172	250 ²	69
Stettin 6	Office	Stockholm	2021	25,000	57	80	1,338	230	141
The Rotterdam District	Office	Stockholm	2021	21,300	61	71	1,106	225	138
Taktpinnen 1	Office	Norrköping	2022	16,000	25	100	296	136	65
Oxel - part of Oxelbergen 1:2	Office	Norrköping	2021	6,000	12	27	80	91 ²	55
Total				97,200	208		3,236	1,316	696

1. New development

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

Finnslätten 1 - Västerås

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

Stettin 6 - Stockholm City East

Stettin 6 is an office property in Värtahamnen, offering modern and flexible premises with attractive courtyards and closeness to nature. The project phase involving modernising frontages, entrances, the outdoor environment, courtyards and tenant improvement for restaurant operator Eatery is complete. Tenant improvements for the Swedish Performing Arts Agency, which has signed a 12-year contract on approximately 2,900 sq.m., are ongoing. A further total of approximately 500 sq.m. was leased during the fourth quarter, which means that this project's occupancy rate increased to 80 per cent. Leasing of the remaining premises is ongoing, through discussions with several interested parties. The estimated investment in the property is SEK 230 million.

The Rotterdam District - Stockholm City East

Work on new frontages and entrances to create a modern and harmonious expression is ongoing at the property Rotterdam 1. As part of efforts to develop The Rotterdam District concept, Kungsliden has decided to relocate its head office to the property and has signed a ten-year green lease on 1,400 sq.m. The premises will be improved to create an innovative showroom to inspire customers, investors, employees and visitors. Kungsliden is scheduled to access the premises during the second quarter of 2021. A lease on about 500 sq.m. was signed in the fourth quarter, which means that the occupancy rate increased to 71 per cent. Leasing of remaining vacancies is ongoing, through discussions with several interested parties. The estimated investment in the property is SEK 225 million.

Taktpinnen 1 - Norrköping

This project involves the modernisation of current tenant SMHI's (the Swedish Meteorological & Hydrological Institute) premises. Total estimated investment is SEK 136 million, scheduled for completion in 2022. The project, which is in six phases, is progressing as planned, with the construction of phase 4 just started. The new entrance and surrounding office premises were completed before the summer.

Oxel - Norrköping

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

FORTHCOMING PROJECTS AND BUILDING RIGHTS

Kungsliden estimates its total pipeline of commercial project investments at about SEK 13 billion. Leasing of the property Borgarfjord 5, known as a:place, is ongoing in Kista, Stockholm. This project involves approximately 10,000 sq.m. of offices, to be developed into new, flexible office premises with a roof terrace and services. Major investments in current and forthcoming vacancies are planned at the property Ribban 5 in central Nyköping. Planning for a major forthcoming investment project is ongoing at existing properties Gladan 5-7 at Kungsholmen in Stockholm. A change to the zoning plan is required for the planned conversion and extension. The zoning plan change process is started in the end of 2020. A collaborative project is ongoing in Finnslätten, scheduled for completion in the first quarter of 2021. The new zoning plan work can then begin, enabling the creation of offices, workshops/warehousing, housing and education premises. Kungsliden received land allocation in its Västberga cluster before the summer, which after the zoning plan is complete, will enable a project investment involving 22,000 sq.m. of office/hotel premises. Centrally in the Västerås City cluster Kungsliden accessed the property Mimer 6. This property offers great development potential, and comprises a parking lot with of over 600 spaces, plus building rights on some 29,000 sq.m. GTA, and 12,000 sq.m. GTA of car parking. Kopparlunden in Central Västerås is another major zoning planning project ongoing, involving a range of dialogues regarding future new production.

Long-term processing and planning of future projects are required to enable the execution of the adopted investment programme. As part of this, Kungsliden is preparing new planning applications focused on commercial usage in its existing property portfolio, and through new land allocations. At present, zoning plan processes are ongoing in seven properties, representing total building rights on some 81,500 sq.m. and about 173,000 sq.m. of residential building rights. Current estimated commercial building rights are 100,000 sq.m.

Building rights

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

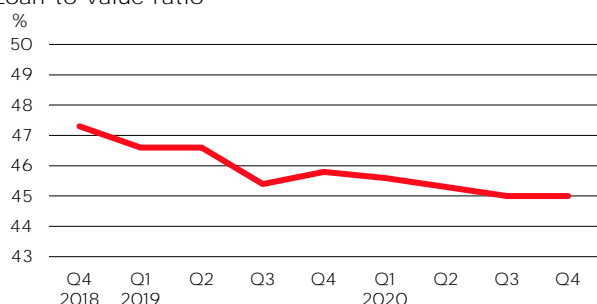
FINANCING

Kungsleden's financial strategy is designed to maintain a good financial position sustainably in the long-term, with a low LTV ratio and healthy liquidity coverage. During the year, we have been active in the capital market and issued a total of SEK 2,600 million, most being green bonds on longer maturities, and at competitive terms.

STRONG FINANCIAL POSITION

Kungsleden has a strong financial position, with a low LTV ratio that continued to decrease in the year. Net debt increased by SEK 807 million, while property value increased by SEK 2,408 million, resulting in the LTV ratio decreasing to 45.0 per cent at year-end, compared to 45.8 per cent at the beginning of the year.

Loan-to-value-ratio



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

LIQUIDITY POSITION AND FUNDING ACTIVITIES

Kungsleden has well-diversified borrowing and an even maturity structure of interest-bearing liabilities, which limits refinancing risk. Its strong financial position and Moody's rating have enabled increased borrowing on the capital markets through issues of unsecured bonds. The share of capital market financing increased in the year from 43 per cent to 47 per cent. Despite a year of global pandemic, Kungsleden maintained high issue activity in the year, issuing a total of SEK 2,600 million during its MTN programme, thus improving already good liquidity coverage. Most of these issues were on maturities of five and six years. In total, Kungsleden repurchased a total nominal amount of SEK 880 million of short-term bonds maturing in 2021 at various points in the year. The issues attracted great interest, and pricing was attractive, even on longer maturities. After the end of the period, Kungsleden issued another green bond on a six-year maturity with total nominal amount of SEK 600 million. Kungsleden simultaneously repurchased short-term bonds maturing in September and October 2021, as well as March 2022, with a total nominal amount of SEK 187 million. Including its most recent issue, Kungsleden has SEK 9,133

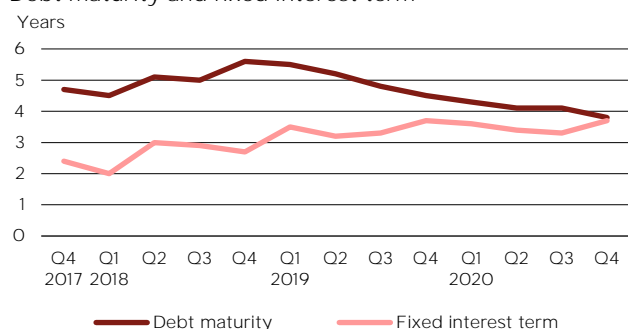
million of outstanding bonds in its SEK 12,000 million MTN programme. Including the most recent repurchases, a total nominal amount of SEK 1,413 million of bond loans mature in 2021. Meanwhile, we have cash and available credit facilities to deal with all remaining maturities throughout 2021, and the majority of maturities in 2022. Kungsleden has a total of SEK 3,386 million of unutilised credit facilities with Swedish banks, including a SEK 250 million credit line, closing cash in hand of SEK 685 million after deduction for outstanding commercial paper. These facilities are fully secured with direct real estate property pledge.

DEBT MATURITY AND FIXED INTEREST TERM

Net financial items are a significant cost item in the Income Statement, primarily affected by changes in underlying market interest rates and lenders' required yields. Kungsleden endeavours to achieve well-considered debt maturity profile and fixed interest term to maintain stable and cost-efficient financial net for the long term. The average financing cost has been reduced in recent years by renegotiating loans on better terms, and by restructuring interest rate duration. In the third quarter, the average interest rate decreased from 1.9 per cent to 1.8 per cent, mainly because 3-month Stibor decreased in the period. The average debt maturity at year-end was 3.8 years. The share of short-term borrowing reduced further in the period through the repurchase of bonds maturing in 2021. Outstanding volume on the commercial paper market were also reduced, amounting to SEK 150 million at the end of the period, which is fully covered by undrawn bank credit facilities.

Kungsleden works actively to adapt the Group's fixed interest term profile in accordance with its adopted business plan. In the year, Kungsleden benefited from interest rates on longer maturities decreasing, and extended forward-starting swaps with a nominal amount of SEK 3 billion with earlier start as of January 2021 and maturity as of January 2028 to new start as of January 2022 and new maturity as of January 2029. In the fourth quarter, Kungsleden arranged a new interest fixing with a nominal amount of SEK 1 billion on an 8-year maturity, and a nominal amount of SEK 1 billion on a 5-year maturity. Kungsleden simultaneously closed short swaps maturing in 2022 with a total nominal amount of SEK 2 billion. Overall, this helped extend the average fixed interest term, which was 3.7 years at year-end, while ongoing interest costs for the coming year reduced somewhat. These extensions help protect the financial net against rising market interest rates in the longer term and counter increased ongoing interest costs during the upcoming year. The interest coverage ratio for the most recent 12-month period remained high at a multiple of 4.5.

Debt maturity and fixed interest term



Share of green financing

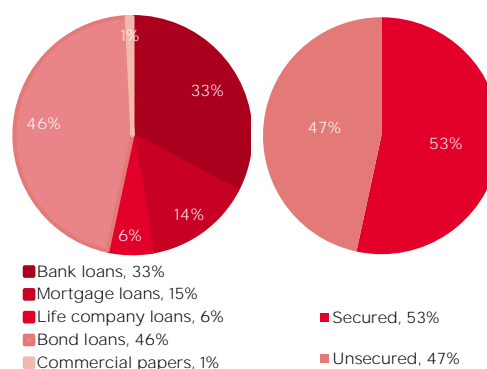


GREEN FINANCING

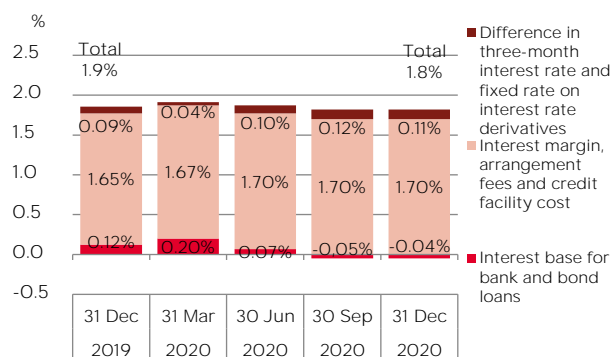
A total of SEK 2,300 million of the bonds issued in the year were green bonds. Including the most recent issue after year-end, the current share of green financing increased to 40 per cent of the total loan portfolio. Kungsliden has a total of SEK 6,820 million of outstanding green bonds and a green bank loan of almost SEK 900 million secured with direct collateral on the LEED Gold-certified property Färöarna 3. Green bonds are issued pursuant to the terms & conditions of Kungsliden's green bond framework. This framework clarifies how the proceeds from green bond loans shall be utilised, more at <https://www.kungsliden.se/en/investors/funding/capital-markets-products/>. These bonds are quoted on Nasdaq Stockholm's Green Bond List, a market segment of green bonds that applies specific standards to bonds quoted on this marketplace.

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

Loan portfolio, secured and unsecured debt as of 31 December 2020



Average interest rate



Maturity structure of loans and interest rate derivatives

As per 31 December 2020 (MSEK)	Bank loans and other borrowings	Bonds	Unutilised credits	Total credit facilities	Interest rate derivatives	Forward starting interest rate derivatives	Ave. interest rate, derivatives, %
2021	150	1,520	250	1,920	-	-	-
2022	-	2,500	-	2,500	-	-	-
2023	1,361	1,350	2,600 ¹	5,311	-	-	-
2024	2,420	1,300	-	3,720	1,450	-	0.6
2025	2,453	1,050	-	3,503	2,500	-	0.4
2026	630	1,000	-	1,630	-850 ³	2,000 ²	0.9
2027	1,594	-	-	1,594	-	-	-
2028	-	-	-	-	1,000	-	0.3
2029	1,701	-	-	1,701	-	3,000 ⁴	0.8
Total	10,309	8,720	2,850	21,879	4,100	5,000	-

1. Whereof SEK 150 million is back-up for issued commercial papers

2. Starts in June and December 2022

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

4. Starts in January 2022

KUNGSLEDEN'S SHARE

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

The price paid for the Kungsleden share at the beginning of the year was SEK 98.40, and SEK 90.10 at the end of the year. The lowest closing price in the interim period was on 18 March at SEK 59.75. The highest closing price was on 19 February at SEK 112.30.

SHARE CAPITAL

Kungsleden has one share class, ordinary shares, and each share carries one vote. Share capital was unchanged in the period, at SEK 91,001,376. There are 218,403,302 ordinary shares. Kungsleden's Board of Directors and management owns a total of 2,791,981 shares, corresponding to 1.3 per cent of the capital.

In November 2020, the Board of Directors decided to exercise the authorisation from the AGM to repurchase treasury shares in order to optimise Kungsleden's capital structure, and thus create increased shareholder value. The repurchased programme started immediately, and covers up to SEK 300 million by the AGM 2021. As of 31 December 2020, SEK 57 million of the repurchase programme had been executed, corresponding to 638,732 shares.

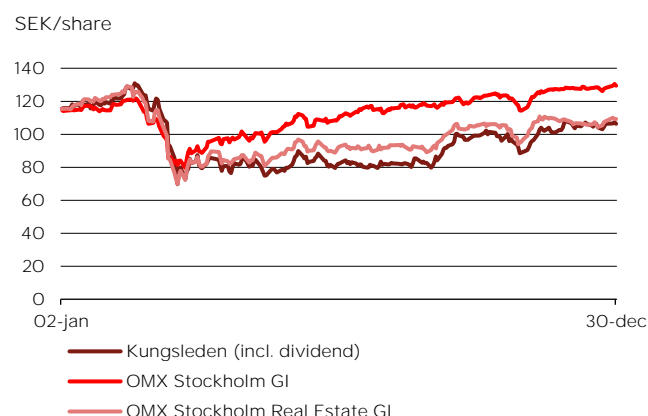
SHARE DIVIDEND

The company's dividend policy for the financial year 2020 stipulates that the dividend should progress consistently with the progress of profit from property management. In 2020 the profit from property management increased by 6 per cent why the Board of Directors is proposing to increase the dividend to 2.80 SEK per share for 2020 compared to SEK 2.60 per share distributed for the financial year 2019.

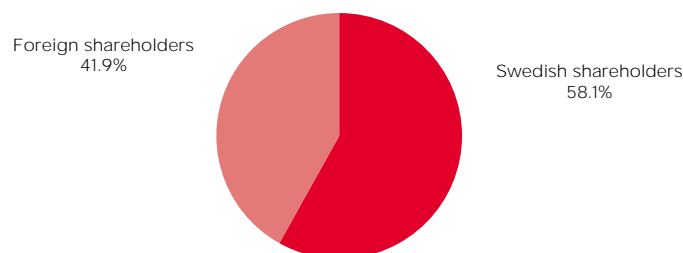
Key ratios per share

Data per share	2020	2019
	Jan-Dec	Jan-Dec
Dividend paid, SEK	1.90	2.35
Total return on share, %	-6.5	60.2
Dividend yield on share, %	3.1	2.6
Profit from property management, SEK	5.76	5.43
Net profit, SEK	7.50	10.28
EPRA EPS, SEK	5.53	5.37
	31 Dec 2020	31 Dec 2019
EPRA NRV, SEK	99.50	91.94
EPRA NTA, SEK	97.13	90.10
EPRA NDV, SEK	84.95	80.07
Equity, SEK	84.95	80.07
Share price, SEK	90.10	98.40

Total return on share,
1 January - 31 December 2020



Ownership structure as per 31 December 2020



Shareholders as per 31 December 2020

Name	No. of shares	Share of capital, %
Gösta Welandson and companies	31,677,781	14.5
Ilja Batljan	15,177,397	6.9
BlackRock	11,043,787	5.1
APG Asset Management	8,242,606	3.8
Olle Florén and companies	6,750,797	3.1
Vanguard	6,306,518	2.9
Norges Bank	5,732,048	2.6
Handelsbanken Investment Funds	5,519,409	2.5
BMO Global Asset Management	5,125,676	2.3
Nordea Investment Funds	3,079,400	1.4
Total 10 largest owners	98,655,419	45.2
Foreign shareholders, other	51,898,748	23.8
Swedish shareholders, other	67,210,403	30.8
Total no. of shares outstanding	217,764,570	99.7
Treasury shares	638,732	0.3
Total no. of registered shares	218,403,302	100.0

GROUP CASH FLOW

MSEK	2020 Jan-Dec	2019 Jan-Dec	2020 Oct-Dec	2019 Oct-Dec
OPERATIONS				
Profit from property management	1,257	1,185	317	296
Adjustments for non-cash items	17	3	7	8
Tax paid	0	-3	0	-3
Cash flow before changes in working capital	1,274	1,186	324	302
Changes in working capital	-148	72	-17	-22
Cash flow after changes in working capital	1,125	1,257	307	280
INVESTING ACTIVITIES				
Investments in current properties	-1,395	-1,509	-376	-514
Acquisition of properties	-82	-1,080	-1	-472
Divestment of properties	32	724	13	14
Other intangible and tangible assets, net	-4	-5	-1	-1
Financial assets, net	-12	0	-12	0
Cash flow from investing activities	-1,460	-1,870	-377	-973
FINANCING ACTIVITIES				
Dividend	-415	-513	-284	-131
Repayment of loans	-1,860	-6,602	-170	-20
New loans	3,000	7,609	301	650
Repurchase of treasury shares	-57	0	-57	0
Cash flow from financing activities	667	495	-211	499
CASH FLOW FOR THE PERIOD				
Cash and cash equivalents at beginning of period	353	471	966	548
Exchange rate difference in cash and cash equivalents	0	0	0	0
Cash and cash equivalents at end of period	685	353	685	353

CASH FLOW AND LOAN-TO-VALUE RATIO

Operating cash flow before changes in working capital was SEK 1,125 million. The change in working capital is the difference between reported earnings and payment flows for the year. Over time, cash flow will reflect reported profit. SEK 1,395 million was invested in existing properties and projects in the period. A swap deal with the Municipality of Gothenburg was completed in the first quarter, with Kungsleden paying SEK 17 million for the acquisition in the transaction, and after deducting transaction costs, receiving proceeds of SEK 17 million for the divestment. In the third quarter, Kungsleden accessed the property Mimer 6 in Västerås, acquired from ABB, paying an initial purchase consideration of SEK 63 million. In the year, Kungsleden also received SEK 14 million of purchase consideration for divestments in previous years. Swaps were cancelled in the year by paying a total of SEK 12 million, and Kungsleden repurchased a total of SEK 57 million of treasury shares. A dividend of SEK 415 million was paid to shareholders, which was the final dividend payment for the financial year 2018, and the first dividend payment for the financial year 2019. Liabilities increased by SEK 1,140 million, and because cash and bank balances increased by SEK 332 million, net debt increased by SEK 807 million. The LTV ratio decreased from 45.8 per cent at the beginning of the year to 45.0 per cent at the end of the year due to unrealised increases in value in the property portfolio. Total liquid funds available were SEK 3,386 million (1,954), including granted and available credit facilities, after deducting for outstanding commercial paper.

Change in net debt January-December 2020



SEGMENT REPORTING

JAN-DEC 2020¹

MSEK	Stockholm	Gothenburg	Malmö	Västerås	Regional cities	Development properties	Unallocated	Total
Revenue	927	288	286	560	361	108	-	2,530
Property costs	-264	-77	-86	-194	-117	-48	-	-787
Operating net	662	211	200	366	243	60	-	1,743
Selling- and administration costs	-	-	-	-	-	-	-102	-102
Net financial items	-	-	-	-	-	-	-384	-384
Profit from property management	662	211	200	366	243	60	-486	1,257
Changes in value								
Properties	416	89	47	334	76	-2	-	960
Interest rate derivatives	-	-	-	-	-	-	-157	-157
Profit before tax	1,078	300	247	700	319	58	-643	2,060
Tax	-	-	-	-	-	-	-424	-424
Net profit	1,078	300	247	700	319	58	-1,067	1,636
Book value properties	17,343	4,300	4,374	7,177	4,520	3,003	-	40,718

JAN-DEC 2019¹

MSEK	Stockholm	Gothenburg	Malmö	Västerås	Regional cities	Development properties	Unallocated	Total
Revenue	852	279	287	536	355	113	-	2,423
Property costs	-244	-78	-83	-193	-124	-51	-	-773
Operating net	608	202	204	343	231	62	-	1,650
Selling- and administration costs	-	-	-	-	-	-	-109	-109
Net financial items	-	-	-	-	-	-	-356	-356
Profit from property management	608	202	204	343	231	62	-465	1,185
Changes in value								
Properties	662	184	103	622	90	101	-5	1,756
Interest rate derivatives	-	-	-	-	-	-	-75	-75
Profit before tax	1,270	386	307	965	321	164	-545	2,867
Tax	-	-	-	-	-	-	-622	-622
Net profit	1,270	386	307	965	321	164	-1,167	2,245
Book value properties	15,385	4,056	4,247	6,736	4,438	3,448	-	38,310

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

KEY RATIOS

	2020 Jan-Dec	2019 Jan-Dec	2020 Oct-Dec	2019 Oct-Dec
Property related				
Property yield, %	4.4	4.5	4.3	4.5
Occupancy rate, %	90.7	91.5	90.7	91.5
Surplus ratio, %	69.7	68.2	69.2	68.4
<i>Actuals, investment properties</i>				
Property yield, investment properties, %	4.6	4.8	4.5	4.6
Occupancy rate, investment properties, %	92.9	93.2	92.9	93.2
EPRA vacancy rate, investment properties, %	7.1	6.8	7.1	6.8
Surplus ratio, investment properties, %	70.1	68.9	69.2	68.8
Surplus ratio, investment properties excluding non-recurring effects, %	70.4	69.0	70.2	69.3
Rental revenue, investment properties, SEK/sq.m. ¹	1,506	1,442	-	-
Property costs, investment properties, SEK/sq.m. ¹	407	392	-	-
Financial				
Return on total assets, %	4.0	4.1	4.0	3.9
Return on equity, %	9.1	13.6	14.6	18.0
Interest coverage ratio, multiple	4.5	4.6	4.7	4.8
Equity ratio, %	43.5	44.0	-	-
LTV (loan-to-value) ratio, %	45.0	45.8	-	-
Data per share				
Dividend paid, SEK	1.90	2.40	-	-
Total return on share, %	-6.5	60.3	-	-
Dividend yield on share, %	3.1	2.6	-	-
Profit from property management, SEK	5.76	5.43	1.45	1.36
Net profit, SEK	7.50	10.28	3.10	3.53
Cash flow before changes in working capital, SEK	5.84	5.43	1.49	1.36
EPRA EPS, SEK	5.53	5.37	1.48	1.30
EPRA NRV, SEK ²	99.50	91.94	-	-
EPRA NTA, SEK ²	97.13	90.10	-	-
EPRA NDV, SEK	84.95	80.07	-	-
Equity, SEK	84.95	80.07	-	-
Outstanding no. of shares at end of period	217,764,570	218,403,302	217,764,570	218,403,302
Average number of shares	218,243,619	218,403,302	218,083,936	218,403,302

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

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

KEY RATIOS BY SEGMENT

	Stockholm	Gothenburg	Malmö	Västerås	Regional cities	Development properties	Unallocated
As per 31 December 2020							
No. of properties	51	41	41	18	46	14	211
Leasable area, 000 sq.m.	508	258	225	450	338	223	2,001
Book value, MSEK	17,343	4,300	4,374	7,177	4,520	3,003	40,718
Occupancy rate, %	91.5	96.5	92.5	95.0	91.0	59.9	90.7
Jan-Dec 2020							
Rental value, MSEK	1005	301	306	582	397	170	2,760
Rental revenue, MSEK	917	285	286	551	359	101	2,501
Operating net, MSEK	662	211	200	366	243	60	1,743
Surplus ratio, %	72.2	73.9	70.1	66.4	67.7	59.3	69.7
Property yield, %	3.9	5.1	4.7	5.3	5.4	2.5	4.4
New leasing, MSEK	50	16	10	19	37	24	156
Net leasing, MSEK	-23	2	-6	9	26	14	22
Investments, MSEK	347	156	80	222	204	387	1,395
Unrealised changes in value – properties, MSEK	416	89	47	315	64	18	948

QUARTERLY SUMMARY

INCOME STATEMENT IN SUMMARY

MSEK	2020				2019			
	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1
Revenue	642	622	627	638	613	618	604	589
Operating net	438	451	427	427	419	424	423	384
Selling- and administration costs	-28	-21	-28	-25	-35	-20	-25	-28
Net financial items	-93	-101	-98	-92	-87	-94	-86	-88
Profit from property management	317	329	301	310	296	310	312	267
Profit (loss) from divestment	9	3	0	-1	0	-2	3	-7
Unrealised changes in value, properties	470	175	60	243	496	418	352	496
Unrealised changes in value, financial instruments	34	-13	-57	-121	200	-65	-118	-91
Profit before tax	829	494	305	432	992	661	549	665
Tax	-152	-107	-71	-94	-222	-140	-121	-139
Net profit	676	387	234	338	770	521	428	526

BALANCE SHEET IN SUMMARY

MSEK	2020				2019			
	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1
ASSETS								
Non-current assets								
Intangible assets	12	12	12	12	12	13	13	12
Properties	40,718	39,872	39,387	38,912	38,310	36,833	36,131	35,418
Assets of right of use	828	828	814	815	812	773	774	776
Equipment	3	3	3	4	4	4	5	5
Other long-term receivables	2	2	2	2	2	4	4	4
Total non-current assets	41,564	40,717	40,219	39,745	39,140	37,628	36,927	36,216
Current assets								
Current receivables	281	316	311	331	237	404	287	302
Derivatives	8	5	-	-	-	-	-	-
Cash and bank balances	685	966	455	489	353	548	542	400
Total current assets	974	1,287	766	820	590	952	829	702
TOTAL ASSETS	42,538	42,004	40,985	40,565	39,730	38,579	37,756	36,918
EQUITY AND LIABILITIES								
Equity	18,500	18,448	18,061	17,826	17,488	16,718	16,197	16,293
Interest-bearing liabilities								
Liabilities to credit institutions	9,013	9,033	9,053	9,373	9,094	9,114	9,287	9,307
Bond loans (unsecured)	8,720	8,420	7,600	7,300	7,000	6,600	6,488	5,988
Other borrowing	1,296	1,445	1,644	1,545	1,796	1,546	1,596	1,596
Total interest-bearing liabilities	19,029	18,898	18,298	18,219	17,889	17,260	17,371	16,891
Non-interest-bearing liabilities								
Provisions	9	3	3	3	3	5	5	5
Deferred tax liabilities	2,910	2,759	2,652	2,581	2,488	2,277	2,139	2,018
Liabilities of right of use	828	828	814	815	812	773	774	776
Derivatives	258	301	283	226	105	305	240	122
Other non-interest-bearing liabilities	1,004	767	874	894	945	1,242	1,030	813
Total non-interest-bearing liabilities	5,010	4,658	4,626	4,520	4,353	4,602	4,188	3,734
TOTAL EQUITY AND LIABILITIES	42,538	42,004	40,985	40,565	39,730	38,579	37,756	36,918

PARENT COMPANY

INCOME STATEMENT IN SUMMARY

MSEK	2020 Jan-Dec	2019 Jan-Dec	2020 Oct-Dec	2019 Oct-Dec
Intra-group revenue	0	0	0	0
Administration costs	-37	-31	-10	-7
Operating profit (loss)	-37	-31	-10	-7
Profit from financial items	937	241	367	482
Profit before tax	901	210	358	475
Tax	30	-5	58	66
Net profit	930	205	415	541

BALANCE SHEET IN SUMMARY

MSEK	31 Dec 2020	31 Dec 2019
ASSETS		
Shares in group companies	3,068	2,572
Receivables from group companies	17,429	15,558
Other receivables	233	204
Cash and cash equivalents	684	350
TOTAL ASSETS	21,414	18,684
EQUITY AND LIABILITIES		
Equity	8,222	7,916
Non-current liabilities	7,460	7,107
Liabilities to group companies	3,731	2,837
Other liabilities	2,001	824
TOTAL EQUITY AND LIABILITIES	21,414	18,684

OTHER INFORMATION

ORGANISATION AND EMPLOYEES

The average number of employees was 132 (112) for the year.

RISKS AND UNCERTAINTIES

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

INFORMATION BASED ON FORECASTS

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

ALTERNATIVE PERFORMANCE MEASURES

Kungsleden applies European Securities and Markets Authority (ESMA) guidelines on alternative performance measures. According to these guidelines, an alternative performance measure is a financial metric of historical or future earnings performance, financial position, financial results or cash flows, which is not defined or stated in applicable rules for financial reporting (IFRS and the Swedish Annual Accounts Act). Kungsleden reports EPRA Vacancy rate, EPRA EPS, EPRA NDV, EPRA NRV and EPRA NTA in accordance with European Public Real Estate Association (EPRA) definitions. For further information see definitions on page 23. EPRA's guidelines have been updated compared to the previous year and the changes will come into effect for accounting periods started 1 January 2020.

ACCOUNTING POLICIES

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

VALUATION OF PROPERTY PORTFOLIO

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

MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

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

Stockholm 11 February 2021

Charlotte Axelsson
Chair of the Board

Ingalill Berglund
Board member

Jonas Bjuggren
Board member

Christer Nilsson
Board member

Jonas Olavi
Board member

Charlotta Wikström
Board member

Fredrik Wirdenius
Board member

Biljana Pehrsson
Chief Executive Officer

This information is mandatory for Kungsleden AB to publish pursuant to the Swedish Securities Markets Act. This information was submitted for publication at 6:55 a.m. CET on 11 February 2021 by the following contacts.

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

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

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

DEFINITIONS

PROPERTY RELATED KEY RATIOS

Average remaining contract length maturity
Remaining contract value divided by contracted annual rent.

Average rent, SEK per sq.m.
Rental revenues in relation to leasable area.

Contracted annual rent
Rent (excl. heating) plus a fixed additional supplement.

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

Leasable area
Leased area and leasable vacant area.

Like-for-like portfolio terms
Refers to properties owned during the entire reporting period and the entire comparison period.

Net leasing
Total rent for the period agreed for new leases with deductions for annual rents terminated for vacancy.

Occupancy rate
Calculated as rental revenue before deductions in relation to rental value.

Other revenue
Revenues which have no direct link to lease agreements.

Property costs, SEK per sq.m.
Property costs in relation to leasable area.

Property yield
The measurement is used to highlight the yield for the operating net in relation to the value of properties.

Outcome
Operating net in relation to average book value of properties. At year-end reporting, returns are converted to a full-year basis. The average book value of properties is calculated as the sum of the opening and closing balances divided by two.

Outcome per segment
The value for the year-end period is calculated as an average property yield for the quarters included.

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

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

Rental value
Rental revenue plus estimated market rent for vacant units.

Surplus ratio
Operating net in relation to rental revenues.

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

FINANCIAL KEY RATIOS

Equity ratio
Equity including minority interests in relation to total assets.

Interest costs
Interest expenses and loan related costs such as arrangement fees etc.

Interest coverage ratio
Profit from property management excluding interest costs, in relation to interest costs.

LTV (loan-to-value) ratio
Interest-bearing liabilities less cash and bank balances, and in relation to the book value of properties.

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

Return on total assets
Operating net, profit from property divestment, selling and administration costs in relation to average assets. At year-end reporting, returns are converted to a full-year basis. Average assets are calculated as the sum of the opening and closing balances divided by two.

SHARE-RELATED KEY RATIOS
Adopted/proposed dividend per share
The Board of Directors' proposed dividend or dividend per share approved by the AGM.

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

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

EPRA EPS (profit from property management after tax) per share
Profit from property management less nominal tax on taxable profit in relation to the average number of shares in the period.

EPRA NRV (long-term net asset value) per share
Reported equity including recognised liability/asset for interest rate derivatives and deferred tax in relation to the number of shares at period end. Corresponds to previous EPRA NAV.

EPRA NTA (current net asset value) per share
Reported equity after adding back reported asset/liability of interest rate derivatives and adjusted for the estimated fair value of deferred tax, in relation to the number of shares at the end of the period.
Replaces previous EPRA NNNAV.

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

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

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

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

Total return on shares
The total of the share price change during the period and dividends paid in the period after redemption in relation to the share price at the end of the period.

GLOSSARY

Average interest rate
The average interest rate is calculated by setting the interest costs from loans and interest rate swaps, the initial direct costs and the costs associated with unutilised credit lines in relation to the outstanding loan volume on the reporting date.

Category
The properties' primary usage by area. The type of area that accounts for the largest share of total area determines how properties are classified. Accordingly, a property with 51 per cent office space is classified as an office property. The categories are Office, Industrial/Warehouse, Retail and Other.

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

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

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

EPRA
The European Public Real Estate Association is a trade organisation for publicly listed real estate companies and investors in Europe which sets standards for the financial reporting.

Investment properties
The total property holding excluding development properties.

Maintenance
Measures to maintain the property and its technical systems. Current and planned actions involving exchanges or renovation of building parts or technical systems. Also includes tenant improvements.

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

Segment
Stockholm means Greater Stockholm, Gothenburg means Greater Gothenburg and Malmö means Greater Malmö.

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

ESMA guidelines

See additional information on page 21.

FINANCIAL CALENDAR, CONTACTS AND INVITATION TO PRESENTATION

CALENDAR 2021

Interim report
Jan-Mar
22 April

AGM
22 April

Interim report
Jan-Jun
7 July

The Annual Report for 2020 will be published on the company's website on 25 March 2021.

Presentation of year-end report
Kungsleden is pleased to invite investors, analysts, and the financial media to its interactive online Capital Markets Update on 11 February 2021 at 10.00. The year-end report will be presented as well as the company's five-year business plan with a focus on growth and new financial goals.

The presentation and the interactive online Capital Markets Update will be held in English and is available on:
https://kungsleden.creo.se/210211/kungsleden_s_capital_markets_update-full_year_report_2020

After the presentation, a recorded version of the webcast will be available at:
<https://www.kungsleden.se/en/investors/reports-and-presentations/>

The report is also available at:
<https://www.kungsleden.se/en/investors/reports-and-presentations/>

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