



KUNGSLEDEN YEAR-END REPORT 2021

kungsleden

YEAR-END REPORT

JANUARY-DECEMBER 2021

Kungsleden AB's year-end report 2021 has been prepared for the purpose of complying with the terms of Kungsleden AB's (publ) bond and loan agreements. On 2 August 2021, Castellum AB (publ) announced a public offer to the shareholders of Kungsleden AB (publ). In November 2021, the offer was declared unconditional, after which Kungsleden's shares were delisted from Nasdaq Stockholm in December 2021. Kungsleden is a subsidiary of Castellum since 15 November 2021. As of 31 December 2021, we owned 208 properties with a leasable area of some 2 million sq.m. and a total value of SEK 47,258 million.

THE YEAR IN BRIEF

- Profit from property management increased by 5 per cent to SEK 1,322 million (1,257). The increase is mainly due to higher rental revenue, lower selling and administration costs and improved net financial items.
- After investments of SEK 1,307 million (1,395) and positive unrealised changes in value of SEK 5,441 million (948), which corresponds to 13.4 per cent, property value at the end of the year was SEK 47,258 million compared to SEK 40,718 million at the beginning of the year.

SIGNIFICANT EVENTS DURING AND AFTER THE FOURTH QUARTER

- In the quarter Kungsleden AB has applied for de-listing from Nasdaq Stockholm following that Castellum AB announced a public offer on 2 August 2021. 3 December 2021 was the last day of trading shares in Kungsleden AB on Nasdaq Stockholm.
- On 8 December 2021, the Board of Kungsleden appointed Ylva Sarby Westman as new CEO of Kungsleden AB.
- At Kungsleden's Extraordinary General Meeting (EGM) on 10 December 2021, the meeting elected Rutger Arnhult as new Chairman of the Board and Jakob Mörndal, Mariette Hilmersson and Kristina Månesköld as new Board members. This is a result of the completed bid from Castellum.
- The CEO of Kungsleden AB, Ylva Sarby Westman, has decided to leave her position as deputy CEO and CFO of Castellum and as CEO of Kungsleden AB and will leave her position in the spring when a new CEO has been appointed.

Key ratios	2021	2020	2021	2020
	Jan-Dec	Jan-Dec	Oct-Dec	Oct-Dec
Book value properties, MSEK	47,258	40,718	47,258	40,718
Property yield investment properties, %	4.3	4.6	4.1	4.5
Occupancy rate investment properties, %	92.9	92.9	92.9	92.9
Surplus ratio investment properties, %	70.6	70.1	68.4	69.2
Return on equity, %	27.0	9.1	61.6	14.6
LTV (loan-to-value) ratio, %	40.6	45.0	-	-
Interest coverage ratio, multiple	4.9	4.5	4.9	4.7

CONSOLIDATED INCOME STATEMENT

MSEK	2021 Jan-Dec	2020 Jan-Dec	2021 Oct-Dec	2020 Oct-Dec
Revenue				
Rental revenue	2,563	2,501	650	633
Other revenue	30	29	11	9
Total revenue	2,593	2,530	661	642
Property costs				
Operations	-466	-445	-123	-115
Maintenance	-83	-80	-31	-23
Property tax	-140	-150	-36	-41
Property administration	-114	-112	-32	-26
Total property costs	-803	-787	-222	-204
OPERATING NET	1,790	1,743	439	438
Selling and administration costs	-95	-102	-32	-28
Financial revenues and financial costs	-340	-355	-81	-86
Costs of right of use	-33	-29	-9	-8
Net financial items	-373	-384	-90	-93
PROFIT FROM PROPERTY MANAGEMENT	1,322	1,257	318	317
Changes in value				
Properties	5,458	960	3,747	478
Interest derivatives	239	-157	57	34
Total changes in value	5,698	803	3,804	512
PROFIT BEFORE TAX	7,019	2,060	4,122	829
Tax	-1,389	-424	-793	-152
NET PROFIT	5,630	1,636	3,329	676

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	2021 Jan-Dec	2020 Jan-Dec	2021 Oct-Dec	2020 Oct-Dec
Net profit	5,630	1,636	3,329	676
<i>Other comprehensive income</i>				
Translation gains/losses for the year, on consolidation of foreign operations	0	0	0	0
Net profit	5,630	1,636	3,329	676

COMMENTS ON RESULTS FOR THE FOURTH QUARTER

Profit from property management for the fourth quarter were in line with previous year and was SEK 318 million (317). Profit for the quarter were SEK 3,329 million, compared to SEK 676 million for the corresponding period of the previous year. The increase is due to greater positive changes in value of properties.

PERFORMANCE ANALYSIS

JANUARY-DECEMBER 2021

REVENUE

Total revenue increased by SEK 63 million to SEK 2,593 million (2,530) in the year. In a like-for-like portfolio of investment properties, total revenue increased by SEK 75 million. The gains are explained by continued strong net leasing, successful renegotiation, and indexation. Kungsleden has had 13 consecutive quarters with positive net leasing. Adjusted for items affecting comparability from early cancellation, the revenue increase in like-for-like portfolio terms of investment properties was 4 per cent.

MSEK	2021	2020
	Jan-Dec	Jan-Dec
Stockholm	919	917
Gothenburg	302	285
Malmö	281	286
Västerås	588	549
Regional cities	349	327
Development properties	124	136
Total rental revenue	2,563	2,501
Other revenue	30	29
Total revenue	2,593	2,530

RENTAL REVENUE

Rental revenue per sq.m. on investment properties continued to increase during the fourth quarter, and on a rolling 12-month basis, was SEK 1,558 per sq.m., a 4 per cent increase during the previous year. This increase is the outcome of successful new leasing and renegotiation work.

PROGRESS OF RENTAL REVENUE

MSEK	2021	2020
	Jan-Dec	Jan-Dec
Like-for-like portfolio terms (investment properties)	2,435	2,360
Development properties	124	136
Acquired properties	4	1
Divested properties	0	4
Total rental revenue	2,563	2,501

AVERAGE RENT, INVESTMENT PROPERTIES

SEK per sq.m.	Jan-Dec 2021	Jan-Dec 2020
Office	1,963	1,873
Industrial/ Warehouse	973	930
Retail	1,207	1,181
Average	1,558	1,506

PROPERTY COSTS

Total property costs decreased with SEK 16 million to SEK 803 million (787). In like-for-like portfolio terms of investment properties the increase was SEK 13 million, which is due to an increased cost of utilities.

PROGRESS OF PROPERTY COSTS

MSEK	2021	2020
	Jan-Dec	Jan-Dec
Like-for-like portfolio terms (investment properties)	738	725
Development properties	62	61
Acquired properties	2	0
Divested properties	1	1
Total property costs	803	787

PROPERTY COSTS, INVESTMENT PROPERTIES JAN- DEC 2021

SEK per sq.m.	Office	Industrial/ Warehouse	Retail	Total
Operation	272	205	188	242
Maintenance	51	33	52	44
Property tax	99	22	76	73
Direct property costs	421	260	316	358
Property administration	74	37	46	59
Total	495	297	362	418
<i>Property costs Jan-Dec 2020</i>	<i>490</i>	<i>273</i>	<i>350</i>	<i>407</i>

OPERATING NET

Operating net increased by SEK 47 million to SEK 1,790 million (1,743) in the year. In like-for-like portfolio terms of investment properties, operating net increased by SEK 61 million. After adjusting for items affecting comparability, the operating net increase in like-for-like portfolio terms was 3 per cent.

SELLING AND ADMINISTRATION COSTS

Selling and administration costs was SEK 95 million (102). The decrease is due to lower personnel costs.

NET FINANCIAL ITEMS

Net financial items were SEK -373 million (-384), the decrease is due to a lower average interest rate on borrowing, 3-month Stibor being lower than in the corresponding period of the previous year, and interest costs related to projects of SEK 12 million being capitalized in the period. The loan portfolio was larger in 2021 than in the corresponding period of 2020, which reduces the decrease of net financial items.

MSEK	2021	
	Jan-Dec	2020 Jan-Dec
Financial revenue	1	1
Interest expenses	-316	-322
One-off items related to repurchases of bonds	-5	-7
Other financial costs	-31	-27
Capitalized borrowing costs	12	-
Costs of right of use	-33	-29
Net financial items	-373	-384

CHANGES IN VALUE ON PROPERTIES

The trend of high demand for offices, warehouse, industrial and logistics continued in 2021. The unrealised increase in value on the property portfolio was SEK 5,441 million (948), which corresponds to 13.4 per cent. This increase in value is due both to a downturn in the average required yield of 43 basis points, increased operating nets, profits from completed projects and increased values on building rights. By the end of the period, the average required yield was 4.7 per cent, compared to 5.1 per cent at the beginning of the period. The realised changes in value amounted to SEK 18 million (11) and are relatable to divestments of generation permits in Finnslätten and from transactions from previous year.

UNREALISED CHANGES IN VALUE ON PROPERTIES

MSEK	2021
	Jan-Dec
Change in yield requirements	3,441
Change in operating net	1,468
Changed assumptions of investments and other factors affecting the value	532
Total	5,441

CHANGES IN VALUE ON INTEREST RATE DERIVATIVES

The changes in value on financial instruments was positive of SEK 239 million (-157), a consequence of interest rates on longer maturities increasing in the period.

TAX

The total tax expense in the year was SEK 1,389 million (424) of which SEK 2 million (0) is current tax. When applying 20.6 per cent tax, the total tax expense is SEK 1,446 million, a difference of SEK 57 million. The difference is due to SEK 28 million deferred tax assets regarding value changes on properties and SEK 14 million as a positive tax effect from property divestments.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MSEK	31 Dec 2021	31 Dec 2020
ASSETS		
Non-current assets		
Intangible assets	11	12
Properties	47,258	40,718
Assets of right of use ¹	625	828
Equipment	3	3
Other long-term receivables	2	2
Total non-current assets	47,898	41,564
Current assets		
Current receivables	373	281
Derivatives	110	8
Cash and bank balances	474	685
Total current assets	956	974
TOTAL ASSETS	48,854	42,538
EQUITY AND LIABILITIES		
Equity	23,287	18,500
Non-current liabilities		
Liabilities to credit institutions	9,276	9,013
Other interest-bearing liabilities	6,006	8,346
Liabilities of right of use ¹	618	819
Derivatives	53	258
Deferred tax liability	4,288	2,910
Provisions	3	9
Total non-current liabilities	20,245	21,355
Current liabilities		
Liabilities to credit institutions	-	-
Other interest-bearing liabilities	4,359	1,670
Liabilities of right of use ¹	7	9
Other liabilities	957	1,004
Total current liabilities	5,323	2,684
TOTAL EQUITY AND LIABILITIES	48,854	42,538

1. Revised assessment for measuring lease liabilities for site leasehold rights is made as of Q2 2021. Further information on page 13.

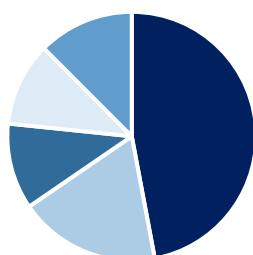
GROUP CHANGES IN EQUITY

MSEK	31 Dec 2021	31 Dec 2020
Equity at beginning of period	18,500	17,488
Repurchase of treasury shares	-241	-57
Dividend	-602	-567
Comprehensive income for the period	5,630	1,636
Equity at end of period	23,287	18,500

OUR PROPERTIES

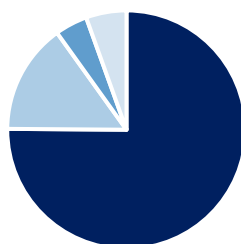
Kungsliden wants to make it possible for people to have an inspiring working life in sustainable places. With our high-reaching sustainability ambitions, we develop and manage attractive and functional properties and clusters in desirable locations in selected Swedish growth locations, with Stockholm representing the main market.

PROPERTY VALUE
BY GEOGRAPHY



- Stockholm, 45%
- Västerås, 11%
- Malmö, 12%
- Gothenburg, 19%
- Regional cities, 13%

PROPERTY VALUE
BY CATEGORY



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

PROGRESS OF PROPERTY PORTFOLIO
JAN-DEC 2021

MSEK	Investment properties	Development properties	Total
Properties at beginning of period	37,715	3,003	40,718
Reclassifications ¹	-221	221	-
Acquisitions, completed	0	4	4
Investments	879	428	1,307
Divestments, completed	-196	-16	-212
Unrealised changes in value	4,964	477	5,441
Properties at end of period	43,141	4,117	47,258

1. Investment property reclassified to development property

ACQUISITIONS, DIVESTMENTS, ACCESSED PROPERTIES AND CLOSED DIVESTMENTS

In the quarter, Kungsliden closed the divestments of the properties Mölnådal Stiernhielm 16 and Norrköping Oxelbergen 1:5 and accessed the property Västerås Effekten 13.

KEY RATIOS BY GEOGRAPHY

As of 31 December 2021	INVESTMENT PROPERTIES					Regional cities	Total	Development properties	Total Kungsliden
	Stockholm	Gothenburg	Malmö	Västerås					
No. of properties	49	41	41	16	45	192	16	208	
Leasable area, 000 sq.m.	504	258	225	450	320	1,756	242	1,999	
Book value, MSEK	19,685	4,959	4,987	8,166	5,345	43,141	4,117	47,258	
Occupancy rate, %	90.8	95.5	91.7	95.3	93.6	92.9	61.6	90.4	
Property yield, %	3.7	4.7	4.3	5.0	5.0	4.3	1.9	4.1	
2021						Regional cities	Development properties	Total Kungsliden	
Jan-Dec	Stockholm	Gothenburg	Malmö	Västerås	Regional cities	Total	Development properties	Total Kungsliden	
Rental value, MSEK	1,022	317	307	619	374	2,639	212	2,851	
Rental revenue, MSEK	919	302	281	588	349	2,439	124	2,563	
Operating net, MSEK	678	218	199	386	241	1,722	68	1,790	
Surplus ratio, %	73.8	72.1	70.8	65.6	69.0	70.6	55.1	69.8	

KEY RATIOS BY CATEGORY

As of 31 December 2021	INVESTMENT PROPERTIES					Regional cities	Total	Development properties	Total Kungsliden
	Office	Industrial/Warehouse	Retail	Other					
No. of properties	92	62	28	10	10	192	16	208	
Leasable area, 000 sq.m.	979	565	131	81	81	1,756	242	1,999	
Book value, MSEK	31,446	7,030	2,114	2,552	43,141	4,117	47,258		
Occupancy rate, %	92.0	95.8	93.8	93.1	92.9	92.9	61.6	90.4	
Property yield, %	4.0	5.4	4.9	3.9	4.3	4.3	1.9	4.1	
2021						Regional cities	Development properties	Total Kungsliden	
Jan-Dec	Office	Industrial/Warehouse	Retail	Other	Regional cities	Total	Development properties	Total Kungsliden	
Rental value, MSEK	1,820	530	152	137	374	2,639	212	2,851	
Rental revenue, MSEK	1,667	503	141	128	349	2,439	124	2,563	
Operating net, MSEK	1,194	341	93	93	241	1,722	68	1,790	
Surplus ratio, %	71.6	67.9	66.3	72.9	69.0	70.6	55.1	69.8	

FINANCING

Kungsleden has a strong financial position and a loan-to-value ratio that is still decreasing and has a high interest coverage ratio.

FUNDING ACTIVITIES

A SEK 944 million bond loan was repaid on maturity in the fourth quarter. At the end of the year, Kungsleden had SEK 7,920 million of outstanding bonds in its MTN program, which has a framework of SEK 15 billion. Bond loans with a total nominal amount of SEK 3.1 billion mature in the first quarter of 2022 whereof SEK 840 million are repayments referring to the change of control of Kungsleden. After deducting for outstanding commercial paper of SEK 1,299 million, Kungsleden has a total of SEK 2,325 million in unused credit facilities with Swedish banks, including a SEK 250 million credit line, and closing cash in hand of SEK 474 million. These facilities are fully secured with direct real estate collateral.

DEBT MATURITY AND FIXED INTEREST TERM

Net financial items are a significant cost item in the income Statement, primarily affected by changes in the underlying market interest rate and lenders' required yields. Kungsleden endeavours to achieve a well-balanced debt maturity profile and fixed interest term to maintain stable and cost-efficient financial net for the long term.

KEY RATIOS INTEREST-BEARING FINANCING

	31 Dec 2021	31 Dec 2020
Interest-bearing liabilities, MSEK	19,641	19,029
Outstanding bonds, MSEK	7,920	8,720
Outstanding commercial papers, MSEK	1,299	150
Bank credits, MSEK	10,422	10,159
Cash and bank balances, MSEK	474	685
Unutilised credits, MSEK	2,900	2,600
Unsecured debts, %	32	33
Secured debt/property value, %	22	25
Secured debt/total assets, %	21	24
LTV (loan-to-value) ratio, %	40.6	45.0
Interest coverage ratio, multiple	4.5	4.5
Net liability/EBITDA, multiple	11.7	11.7
Debt maturity, years	3.4	3.8
Fixed interest term, years	3.0	3.7
Average interest rate, %	1.7	1.8
Market value interest rate derivatives, MSEK	56	-250
Credit rating ¹	Baa3	Baa3

1. After Castellum's acquisition of Kungsleden the public rating of Kungsleden is ended. Castellum remains with their rating of Baa2 with stable outlook.

MATURITY STRUCTURE OF LOANS AND INTEREST RATE DERIVATIVES

As of 31 December 2021 (MSEK)	Bank loans and other borrowings	Bonds	Unutilised credits	Total credit facilities	Interest rate derivatives	Forward starting interest rate derivatives	Ave. interest rate, derivatives, %
2022	1,299	3,060	250	4,609	-	-	-
2023	1,347	1,350	-	2,697	-	-	-
2024	2,378	1,300	-	3,678	-	-	-
2025	2,428	1,050	2,900 ¹	6,378	1,500	-	0.1
2026	630	450	-	1,080	600 ³	2,000 ²	0.6
2027	516	600	-	1,116	-	-	-
2028	-	110	-	110	1,600 ⁴	-	0.2
2029	1,701	-	-	1,701	-	3,000 ⁵	0.8
2030	-	-	-	-	-	-	-
2031	1,423	-	-	1,423	-	-	-
Total	11,721	7,920	3,150	22,791	3,700	5,000	-

1. Whereof SEK 1,299 million is back-up for issued commercial papers

2. Starts in December 2022 and June 2023

3. Whereof SEK -850 million is receiver swaps which transfers bonds with fixed interest rate to floating interest rate

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

5. Starts in January 2023

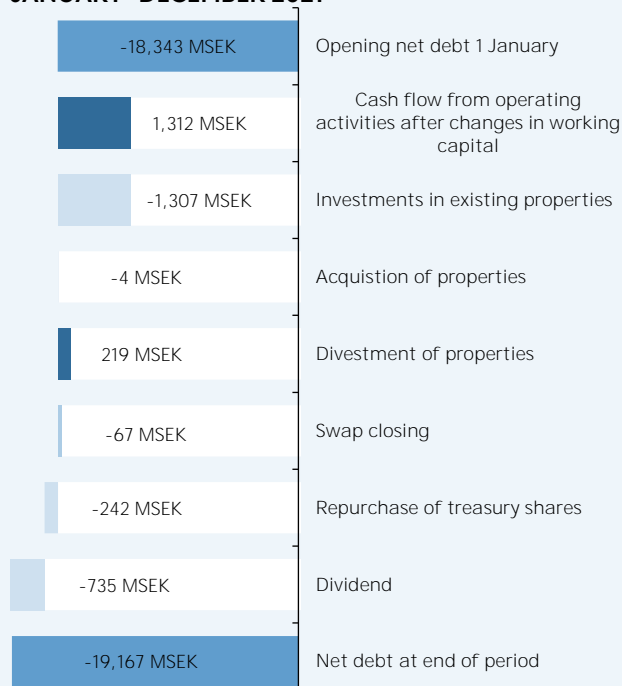
GROUP CASH FLOW

MSEK	2021 Jan-Dec	2020 Jan-Dec	2021 Oct-Dec	2020 Oct-Dec
OPERATIONS				
Profit from property management	1,322	1,257	318	317
Adjustments for non-cash items	-16	17	-7	7
Tax paid	0	0	0	0
Cash flow before changes in working capital	1,306	1,274	310	324
Changes in working capital	6	-148	-71	-17
Cash flow after changes in working capital	1,312	1,125	239	307
INVESTING ACTIVITIES				
Investments in current properties	-1,307	-1,395	-439	-376
Acquisition of properties	-4	-82	-4	-1
Divestment of properties	219	32	111	13
Other intangible and tangible assets, net	-1	-4	0	-1
Financial assets, net	-67	-12	0	-12
Cash flow from investing activities	-1,160	-1,460	-331	-377
FINANCING ACTIVITIES				
Dividend	-735	-415	-151	-284
Repayment of loans	-3,109	-1,860	-964	-170
New loans	3,721	3,000	599	301
Repurchase of treasury shares	-242	-57	0	-57
Cash flow from financing activities	-364	667	-515	-211
CASH FLOW FOR THE PERIOD	-212	332	-607	-280
Cash and cash equivalents at beginning of period	685	353	1 081	966
Exchange rate difference in cash and cash equivalents	0	0	0	0
Cash and cash equivalents at end of period	474	685	474	685

CASH FLOW AND LOAN-TO-VALUE RATIO

Operating cash flow after changes in working capital was SEK 1,312 million. SEK 1,307 million was invested in existing properties and projects. In the fourth quarter the property Effekten 13 in Västerås was acquired and accessed. The purchase consideration was SEK 4 million. In the year Kungsleden vacated the properties Tändstiftet 2 and Fräsen 1 in Täby, near Stockholm, and also completed the sale of generation permits in Finnslätten, Västerås. Total purchase consideration for the closings was SEK 219 million. In the second quarter forward starting swaps of a total of SEK 67 million was closed. Kungsleden repurchased a total of SEK 242 million of treasury shares. A dividend of SEK 735 million was paid to shareholders, which was the second dividend payment for the financial year 2019 and three dividends for the financial year 2020. Liabilities increased by SEK 613 million, and because cash and bank balances decreased by SEK 212 million, net debt increased by SEK 824 million. The LTV (loan-to-value) ratio decreased from 45.0 per cent at the beginning of the year to 40.6 per cent at the end of the year due to unrealised increases in value in the property portfolio. Total liquid funds available were SEK 2,325 million (3,386), including granted and available credit facilities, after deducting for back-up for outstanding commercial paper.

CHANGE IN NET DEBT JANUARY–DECEMBER 2021



SEGMENT REPORTING

JAN-DEC 2021¹

MSEK	Stockholm	Gothenburg	Malmö	Västerås	Regional cities	Development properties	Unallocated	Total
Revenue	925	304	285	598	350	131	-	2,593
Property costs	-247	-86	-86	-212	-109	-63	-	-803
Operating net	678	218	199	386	241	68	-	1,790
Selling and administration costs	-	-	-	-	-	-	-95	-95
Net financial items	-	-	-	-	-	-	-373	-373
Profit from property management	678	218	199	386	241	68	-468	1,322
Changes in value								
Properties	2,004	552	558	797	1,070	477	-	5,458
Interest rate derivatives	-	-	-	-	-	-	239	239
Profit before tax	2,682	770	757	1,183	1,311	545	-229	7,019
Tax	-	-	-	-	-	-	-1,387	-1,387
Net profit	2,682	770	757	1,183	1,311	545	-1,616	5,632
Book value properties	19,685	4,959	4,987	8,166	5,345	4,117	-	47,258

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

1.1. Which properties are included in the category project properties varies over time (see page 14 for definitions).

KEY RATIOS

	2021	2020	2021	2020
	Jan-Dec	Jan-Dec	Oct-Dec	Oct-Dec
Property related key ratios				
Property yield, %	4.1	4.4	3.9	4.3
Occupancy rate, %	90.4	90.7	90.4	90.7
Surplus ratio, %	69.8	69.7	67.5	69.2
Actuals investment properties				
Property yield investment properties, %	4.3	4.6	4.1	4.5
Occupancy rate investment properties, %	92.9	92.9	92.9	92.9
Vacancy rate investment properties, %	7.1	7.1	7.1	7.1
Surplus ratio investment properties, %	70.6	70.1	68.4	69.2
Average rent investment properties, SEK/sq.m. ¹	1,558	1,506	-	-
Property costs investment properties, SEK/sq.m. ¹	418	407	-	-
Financial key ratios				
Return on total assets, %	3.7	4.0	3.5	4.0
Return on equity, %	27.0	9.1	61.6	14.6
Interest coverage ratio, multiple	4.9	4.5	4.9	4.7
Equity ratio, %	47.7	43.5	-	-
LTV (loan-to-value) ratio, %	40.6	45.0	-	-

1. Average rent and property costs SEK per sq.m. are based on 12-months rolling

PARENT COMPANY

INCOME STATEMENT IN SUMMARY

MSEK	2021 Jan-Dec	2020 Jan-Dec	2021 Oct-Dec	2020 Oct-Dec
Intra-group revenue	0	0	0	0
Administration costs	-38	-37	-13	-10
Operating profit (loss)	-38	-37	-13	-10
Profit from financial items	3,225	937	1,961	367
Profit before tax	3,187	901	1,949	358
Tax	-70	30	40	58
Net profit	3,117	930	1,989	415

BALANCE SHEET IN SUMMARY

MSEK	31 Dec 2021	31 Dec 2021
ASSETS		
Shares in group companies	4,622	3,068
Receivables from group companies	17,718	17,429
Other receivables	181	233
Cash and cash equivalents	472	684
TOTAL ASSETS	22,993	21,414
EQUITY AND LIABILITIES		
Equity	10,495	8,222
Non-current liabilities	4,915	7,460
Liabilities to group companies	3,021	3,731
Other liabilities	4,562	2,001
TOTAL EQUITY AND LIABILITIES	22,993	21,414

OTHER INFORMATION

RISKS AND UNCERTAINTIES

Kungsleden's operations, results of operations and financial position are affected by a number of risk factors. These relate mainly to properties, tax and financing. More information on Kungsleden's risks and risk management is on pages 82-86 of the Annual Report for 2020.

INFORMATION BASED ON FORECASTS

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

ALTERNATIVE PERFORMANCE MEASURES

Kungsleden applies European Securities and Markets Authority (ESMA) guidelines on alternative performance measures. According to these guidelines, an alternative performance measure is a financial metric of historical or future earnings performance, financial position, financial results or cash flows, which is not defined or stated in applicable rules for financial reporting (IFRS and the Swedish Annual Accounts Act).

EVENTS AFTER REPORTING DATE

No significant events have occurred after the reporting date.

ACCOUNTING POLICIES

Kungsleden's consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and interpretation statements from the International Financial Reporting Interpretations Committee (IFRIC) as endorsed by the EU. This Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting, and for the parent company in accordance with Chapter 9 of the Swedish Annual Accounts Act. Relevant provisions of the Swedish Annual Accounts Act and the Swedish Securities Markets Act have also been applied. The same accounting policies and measurement methods have been applied for the Group and parent company as in the most recent annual accounts. Apart from the accounting policies stated in the annual accounts for 2020. Apart from the financial statements and their associated notes, disclosures pursuant to IAS 34.16A have been made in other sections of this Interim Report. Preparation of this Interim Report requires management to make judgements and estimates, and to make assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, revenue and expenses. Actual outcomes may differ from these estimates and judgements. The critical estimates made and sources of uncertainty in estimates are the same as in the most recent annual accounts.

VALUATION OF PROPERTY PORTFOLIO

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

VALUATION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities recognised at amortised cost are measured initially at fair value with a supplement for transaction expenses. Accounts receivable and lease receivables are initially recognised at invoiced value. After first-time recognition, assets are measured according to the effective interest method.

Stockholm 16 February 2022

Rutger Arnhult
Chair of the Board

Jakob Mörndal
Board member

Mariette Hilmersson
Board member

Kristina Månesköld
Board member

Ylva Sarby Westman
Chief Executive Officer

This information is information that Kungsleden AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, at 7:55 a.m. CET on 16 February 2022.

Ylva Sarby Westman, CEO Kungsleden, tel: +46 (0)8-503 052 27

This Report has not been subject to review by the company's auditors. This document is a translation of a Swedish language original Report. In case of any discrepancy between the two versions, the original shall take the precedence.

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.

REVISED ASSESSMENT FOR MEASURING LEASE LIABILITIES FOR SITE-LEASEHOLD RIGHTS

Since the adoption of IFRS 16, Kungsleden has judged that a ground rent interest rate of 3.25 per cent should apply as a general discount rate for all site-leasehold rights for measuring the lease liability. An individual assessment of the discount rate for each site-leasehold right has been made for Q2 2021. Individual assessments are based on required yields at the acquisition date, adjusted for major changes during the holding period. This revised assessment in Q2 means the lease liability and assets with right of use decrease by SEK 390 million.

AMENDED ACCOUNTING POLICIES

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

DEFINITIONS

PROPERTY RELATED KEY RATIOS

AVERAGE RENT, SEK PER SQ.M.

Rental revenues in relation to leasable area.

CONTRACTED ANNUAL RENT

Rent (excl. heating) plus a fixed additional supplement.

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.

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

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.

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

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.

EQUITY RATIO

Equity including minority interests in relation to total assets.

INTEREST COSTS

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

INTEREST COVERAGE RATIO

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

LTV (LOAN-TO-VALUE) RATIO

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

RETURN ON EQUITY

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

RETURN ON TOTAL ASSETS

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

GLOSSARY

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.

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.

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 12.

FINANCIAL CALENDAR

AGM

30 June 2022

INTERIM REPORT JAN-JUN

15 July 2022

The Annual Report for 2021 will be published on the company's website on 1 June 2022.

The report is also available at:

<https://www.kungsleden.se/en/investors/reports-and-presentations/>

CONTACT**HEAD OFFICE**

Hangövägen 20
Box 704 14
107 25 Stockholm
+46 (0)8-503 052 00

KUNGSLEDEN AB (PUBL)

Corp ID No. 556545-1217
Reg office Stockholm

YLVA SARBY WESTMAN

CEO
+46 (0)8-503 052 27

KUNGSLEDEN.SE/EN/

For more information visit our website. Read and subscribe to press releases.

Also follow us on:



kungsleden