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PRESS RELEASE

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Kungsleden announces terms for its rights issue

Kungsleden AB (publ) ("Kungsleden" or the "Company") announced on 2 February 2017 that the Board of Directors had resolved, subject to the approval by an Extraordinary General Meeting on 6 March 2017, to conduct a rights issue of approximately SEK 1,600 million with pre-emptive rights for Kungsleden's shareholders. Kungsleden's Board of Directors today announces the terms for the rights issue.

The rights issue terms in brief

- The subscription ratio has been set at one (1) to five (5), i.e. shareholders in Kungsleden may subscribe for one (1) new ordinary share for every five (5) existing ordinary shares held
- The subscription price is SEK 45 per ordinary share
- The gross proceeds amount to approximately SEK 1,638 million
- The rights issue is subject to approval by an Extraordinary General Meeting that will take place on 6 March 2017
- As previously announced, Gösta Welandson with companies and Olle Florén with companies, who hold 14.2 per cent and 3.0 per cent of the shares in Kungsleden, respectively, have undertaken to subscribe for their respective pro rata shares of the rights issue. In addition, BNP Paribas Investment Partners, who represents 3.7 per cent of the shares in the Company, has undertaken to subscribe for its pro rata shares of the rights issue. Therefore, in total, 20.9 per cent of the rights issue is covered by subscription undertakings. The remaining portion of the rights issue is underwritten by Gösta Welandson with companies, which means that the rights issue is underwritten in its entirety
- Alfred Berg, who represents 1.4 per cent of the shares in Kungsleden has expressed its intention to vote in favour of the rights issue at the Extraordinary General Meeting as well as subscribe for its pro rata share of the issue

Background and reasons

As previously announced, the main purpose of the rights issue is to strengthen Kungsleden's balance sheet and enable further profitable growth with financial

discipline. The proceeds will be used for value-creating investments in the Company's existing property portfolio. Strong new lettings in 2016 enable profitable investments in tenant improvements and modernization. In addition, Kungsleden has a robust yielding pipeline consisting of re-development, extension projects as well as new construction. In total, the planned investments amount to SEK 2-3 billion for 2017-2019, enabling not only primarily higher rental income but also reduced operating costs.

An important feature is that the rights issue enables the Company to reduce its financial risk by increasing the equity ratio and decreasing the loan-to-value ratio. Kungsleden's financial policy targets a loan-to-value ratio in the interval of 50-60 per cent through the cycle, with an average over time of 55 per cent. At this point in the cycle, Kungsleden will be striving for a loan-to-value ratio in the interval of 50-55 per cent.

In conclusion, it is the Board of Director's assessment that the rights issue will improve Kungsleden's ability to create an attractive total return with balanced risk profile for the Company's shareholders.

Terms and conditions for the rights issue

On 2 February 2017, Kungsleden announced the decision of the Board of Directors on a capital increase with pre-emptive rights for the Company's shareholders. The Board of Directors has now set the final terms for the rights issue.

Shareholders will receive one (1) subscription right for each ordinary share held on the record date. Five (5) subscription rights will carry an entitlement to subscribe for one (1) new ordinary share. The record date at Euroclear Sweden AB for the right to receive subscription rights is 8 March 2017. The subscription price is SEK 45 per ordinary share which corresponds to a discount of 11% to the theoretical share price post separation of the subscription rights (so-called TERP – theoretical ex-rights price) based on the closing price of Kungsleden's ordinary shares on Nasdaq Stockholm on 1 March 2017 (SEK 51.65). The new ordinary shares carry full dividend rights from the first record date for dividend that follows the registration of the new ordinary shares at the Swedish Companies Registration Office.

Consequently, the new ordinary shares will entitle to the dividend for the financial year 2016 that Kungsleden's annual general meeting will decide on 25 April 2017.

The subscription period (subscription through payment) will run from 10 March up to and including 24 March 2017 or such later date as decided by the Board of Directors. Trading in subscription rights is expected to take place from 10 March up to and including 22 March 2017.

Kungsleden's shareholders will have preferential rights to subscribe for new ordinary shares in proportion to their holdings. If not all of the new ordinary shares are subscribed for by exercise of subscription rights, the Board of Directors shall, up to the maximum amount of the rights issue, resolve on allotment of ordinary shares subscribed for without the exercise of subscription rights where in such case, allotment shall be made in the following order:

(a) Those who have subscribed for new ordinary shares by the exercise of subscription rights (irrespective of whether or not they were shareholders on the record date) pro rata in relation to the number of new ordinary shares subscribed for by exercise of subscription rights.

(b) Others who have notified the Company of their interest in subscribing for new ordinary shares without the exercise of rights, pro rata in relation to such declared interest.

(c) Those who have made an underwriting commitment regarding subscription for new ordinary shares.

Not more than 36,400,550 new ordinary shares shall be issued. Assuming full subscription, the number of ordinary shares in the Company will increase from 182,002,752 ordinary shares to 218,403,302 ordinary shares and the share capital will increase from SEK 75,834,480.00 to SEK 91,001,375.83, representing an increase of approximately 20.0 per cent. Assuming full subscription, the proceeds amount to approximately SEK 1,638 million before costs related to the rights issue. For existing shareholders who do not participate in the rights issue, a dilution effect arises corresponding to 16.7 per cent of the total number of ordinary shares and votes in the Company after the rights issue. Shareholders who choose not to participate in the rights issue may be able to compensate for this dilution by selling their subscription rights.

The Board of Directors' resolution on the rights issue is subject to the approval by the Extraordinary General Meeting that will be held on 6 March 2017, 11:00, at Kungsleden's premises on Warfvinges väg 31, Stockholm, Sweden. The notice to the EGM is available on Kungsleden's website.

For further details and information on the background to and reasons for the rights issue, reference is made to the Company's press release on 2 February 2017.

The complete terms and conditions for the rights issue, together with other information about the Company, will be presented in the prospectus that is expected to be published on or around 9 March 2017.

Subscription undertakings and underwriting commitments

As previously announced, Gösta Welandson with companies and Olle Florén with companies, who hold 14.2 per cent and 3.0 per cent of the shares in Kungsleden, respectively, have undertaken to subscribe for their respective pro rata shares of the rights issue. In addition, BNP Paribas Investment Partners, who represents 3.7 per cent of the shares in the Company, has undertaken to subscribe for its pro rata shares of the rights issue. Therefore, in total, 20.9 per cent of the rights issue is covered by subscription undertakings.

The remaining portion of the rights issue is underwritten by Gösta Welandson with companies, which means that the rights issue is underwritten in its entirety.

Intent

Alfred Berg, who represents 1.4 per cent of the shares in Kungsleden has expressed its intention to vote in favour of the rights issue at the Extraordinary General Meeting as well as subscribe for its pro rata share of the issue.

Preliminary timetable

6 March	Extraordinary General Meeting for the approval of the Board of Director's resolution on the rights issue
6 March	Last day of trading for Kungsleden's ordinary shares including the right to participate in the rights issue
7 March	First day of trading in Kungsleden's ordinary shares excluding the right to participate in the rights issue
8 March	Record date, i.e. ordinary shareholders registered in the share register on this day will receive subscription rights giving the right to participate in the rights issue
9 March	Publication of the prospectus
10-22 March	Trading in subscription rights
10-24 March	Subscription period
29 March	Publication of the preliminary result of the rights issue
31 March	Publication of the final result of the rights issue
Around 11 April	Start of trading in and delivery of the new shares

Financial and legal advisors

ABG Sundal Collier, Kempen & Co and SEB Corporate Finance are acting as Joint Global Coordinators and Joint Bookrunners in the contemplated rights issue. Mannheimer Swartling Advokatbyrå is legal advisor to Kungsleden.

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Detta pressmeddelande finns tillgängligt på svenska på www.kungsleden.se/pressmeddelanden

This information is information that Kungsleden AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 20.30 on 1 March, 2017.

About Kungsleden

Kungsleden is a long term property-owner that provides attractive, functional premises that enrich people's working days. We create value by owning, managing and developing offices and other commercial properties in Stockholm and Sweden's other growth regions. A large portion of our properties belong to attractively located clusters where we also engage in the development of the whole area. Kungsleden's goal is to deliver an attractive total return on our properties and for our shareholders. Kungsleden is listed on Nasdaq Stockholm Large Cap.

Important information

The information in this press release does not contain or constitute an offer to acquire, subscribe or otherwise trade in shares, subscription rights or other securities in Kungsleden. Any invitation to the persons concerned to subscribe for shares in Kungsleden will only be made through the prospectus that Kungsleden estimates to publish on or around 9 March 2017.

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No subscription rights, BTAs (interim shares) or new shares have or will be registered under the United States Securities Act of 1933 ("Securities Act") or securities legislation in any state or other jurisdiction in the United States and may not be offered, subscribed, used, pledged, sold, resold, allotted, delivered or transferred, directly or indirectly, into or within the United States, other than pursuant to an exemption from, or in a transaction that is not subject to, the registration requirements of the Securities Act and in accordance with securities laws in the relevant state or other jurisdiction in the United States.

This press release may contain forward-looking statements which reflect Kungsleden's current view on future events and financial and operational development. Words such as "intend", "expect", "anticipate", "may", "believe", "plan", "estimate" and other expressions which imply indications or predictions of future development or trends, and which are not based on historical facts, are intended to identify forward-looking statements. Forward-looking statements inherently involve both known and unknown risks and uncertainties as they depend on future events and circumstances. Forward-looking statements do not guarantee future results or development and the actual outcome could differ materially from the forward-looking statements.

