

PRESS RELEASE**25 10 2016**

Kungsleden refinances loans and extends the average maturity on borrowings with a lower funding cost

Kungsleden AB (publ) has refinanced bank loans of SEK 1,340 m by borrowing from Realkredit Danmark, which is a fully owned subsidiary to Danske Bank. Realkredit Danmark issues mortgage- backed bonds with an AAA rating received by Standard & poor's.

Kungsleden receives a credit commitment with a duration of 20 years that is financed by Realkredit Danmark issuing covered bonds. The measure will extend the average maturity on borrowings from 2.9 years to 4 years while reducing the cost of borrowing.

The cost of borrowing consist of Realkredit Danmark's own funding cost for issuing the bond plus a yearly fixed fee. The bond has a coupon of Stibor 90 days + a credit margin of 30 basis points. Since the bond does not have a interest rate floor when Stibor is negative, Kungsleden will in practice receive a reduction on the fixed fee as long as Stibor (today about -0.50 percent) continues to be more negative than the positive size of the credit margin (+0.30 percent). The yearly reduction in funding cost is estimated to SEK 7 million compared to the bank loan being refinanced.

The underlying bond is scheduled to mature as of October 2019 and will then be refinanced at the prevailing market conditions. At that moment Kungsleden can choose to continue to borrow through Realkredit Danmark or buy back outstanding bonds at a price of 100 percent (par).

“Through this transaction Kungsleden receives a long credit commitment and achieves a yearly reduction in the cost of borrowing of about SEK 7 million. Although the funding cost may change when the underlying bond is refinanced, the high creditworthiness of the bonds issued guarantees that this form of borrowing will continue to be an attractive financing alternative long-term”, says Anders Kvist, Deputy CEO and CFO at Kungsleden.

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

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Kungsleden owns, manages and develops office and other commercial properties in Stockholm and Sweden's additional growth markets. We create value by providing attractive and functional premises in the right location at the right price. A significant part of our properties are gathered in clusters, which enrich people's workday. Kungsleden's goal is to deliver attractive total returns on our properties and to our shareholders.