

Year-End Report for January-December 2014

# Q4:2014

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“It has been an eventful year for Kungsleden and today we are a completely different company. With positive annual results, we are ready to take the next step.”

BILJANA PEHRSSON, CEO



## FOURTH QUARTER

# 524

Rental income increased by 14 per cent to SEK 524 (460) million and net operating income rose to SEK 338 (316) million.

# 154

Profits from property management improved by 19 per cent and were SEK 154 (129) million, which corresponds to SEK 0.90 (1.09) per share.

# 3

Net leasing was SEK 3 (12) million.

## FULL-YEAR PERIOD

# 2,193

Rental income increased by 31 per cent to SEK 2,193 (1,669) million and net operating income rose to SEK 1,491 (1,131) million.

# 730

Profits from property management improved by 66 per cent and were SEK 730 (441) million, which corresponds to SEK 5.02 (4.02) per share.

# 6

Net leasing was SEK 6 (26) million.

THE FIGURES IN THIS REPORT ARE EXCLUDING NORDIC MODULAR, UNLESS OTHERWISE SPECIFIED.

## COMMENTS ON EVENTS DURING AND AFTER THE QUARTER

- During the quarter, an important strategic acquisition of the Kista holdings was completed. A total of 74,000 square metres of modern office space has been added to our existing office complex at Kista with the flagship Kista One. The acquisition means that Kungsleden is now a leading player at one of the country's largest workplaces - Kista Science City. During and after the quarter strategic properties were acquired totalling SEK 2.4 billion. The streamlining of the property holdings continued with the sale of non-strategic properties for SEK 300 million at a profit of SEK 11 million.
- Year-end valuation of all properties was conducted and the result was an increase in value of almost SEK 600 million, or just over 3 per cent. The largest positive value adjustment took place in the office segment in Stockholm and Västerås due to improved net operating income, investments made and lower yield requirements in the market.
- Net operating income and profits from property management increased by 7 per cent to SEK 338 (316) million and by 19 per cent to SEK 154 (129) million due to larger property holdings and lower property and financing costs.
- 65 per cent of the subsidiary Nordic Modular Group was sold to Inter IKEA Investments with the closing in January 2015.
- The Board proposes a dividend of SEK 1.50 (1.25) per share.

KEY FIGURES <sup>1</sup>	2014 Oct-Dec	2013 Oct-Dec	2014 Jan-Dec	2013 Jan-Dec
<b>FINANCIAL</b>				
Profit/loss from property management, SEK per share <sup>2</sup>	0.90	1.09	5.02	4.02
Profit/loss for the period from continuing operations, SEK per share <sup>2</sup>	2.91	1.20	-4.53	5.52
Profit/loss for the period from continuing and discontinued operations, SEK per share <sup>2</sup>	2.16	1.31	-5.18	6.31
Equity, SEK per share <sup>2</sup>	50.01	61.93	50.01	61.93
Return on equity, %	18.2	8.6	Neg.	10.7
Net operating income - properties, SEK m	338	316	1,491	1,131
Interest coverage ratio <sup>3</sup>	2.2	1.9	2.2	1.9
<b>PROPERTY RELATED</b>				
Financial occupancy rate, %	89.2	90.5	90.2	90.9
Average rent, SEK per sq.m.	231	206	921	790
Operating and maintenance costs, SEK per sq.m.	70	59	256	228

1. Kungsleden's policy regarding key figures is that previously published figures apply.

2. Before and after dilutive effect. The average number of shares is 145,352,883 (136,502,064) for the full year 2014, and 171,616,725 (136,502,064) for the fourth quarter.

3. The definition of interest coverage ratio has changed. See kungsleden.se for current definitions.

# COMMENTS FROM BILJANA PEHRSSON, CEO

2014 was a positive and very eventful year for Kungsleden. Extensive efforts have been made in the ongoing restructuring of our property holdings. During the year we bought and sold properties at a value of over SEK 5 billion. This is an impressive achievement by the organisation and it is gratifying to note that all sales were made at a profit. A unifying theme in the ongoing restructuring process for our holdings is a gradual concentration into clusters in our targeted regions and locations. This year, we have witnessed the strength of our strategy. One example is the office property, Danderyd Kontor, where the vacancy rate dropped from 10 to 5 per cent in one year.

## THE KISTA ACQUISITION IS AN IMPORTANT PART OF OUR STRATEGY

During the fourth quarter, Kungsleden completed an important strategic acquisition in Kista worth SEK 2 billion. We will thereby be creating a cluster at one of Sweden's most important work sites, Kista Science City. Additionally during the quarter, we acquired a modern office building complex that is under construction in Hyllie, Malmö. Through the purchases and sales over the course of the year, we have achieved our goal of concentrating more than 50 per cent of our holdings in the major cities Stockholm, Gothenburg and Malmö, of which the lion's share is in Stockholm. It is worth remembering that this is a major change for Kungsleden, which, just a year ago, had 25 per cent of its holdings in the metropolitan regions. During the quarter, we also continued to streamline our operations through the sale of Kungsleden's last property abroad, and we sold a majority stake in Nordic Modular Group.

## INCREASED VALUE OF THE HOLDINGS

All of our properties were valued at the end of the year. The increase in value during the quarter was almost SEK 600 million, which corresponds to just over 3 per cent. It is worth noting that the value has increased the most for our office holdings in Stockholm and Västerås. On a full year basis, the overall increase in value was over SEK 1 billion of which SEK 186 million is realised gains from sales. At the end of the year, the value of the property holdings was SEK 19.6 billion. With the new rights issue completed during the quarter, we have the financial flexibility to grow our property holdings to SEK 25 billion as an initial sub-goal. The long-term ambition is to grow the value of the holdings to SEK 30 billion.

## A STRONG QUARTER

Operations continued with a positive trend during the fourth quarter. Net operating income was SEK 338 million, an increase of 7 per cent compared to the same period last year. In a comparable set of holdings, the net operating income rose by 3.6 per cent. Profits from property management grew by 19 per cent from the previous year and totalled SEK 154 million. The trend for interest costs remained satisfactory with an average interest rate of 5 per cent, compared to 5.8 per cent at the beginning of the year. During the quarter, new leases were signed for a total of approximately 50,000 sq.m. The financial occupancy rate was 89 per cent. Profit before tax rose by 204 per cent to SEK 642 million.



**“Profits from property management rose by 19 per cent to SEK 154 (129) million”**

## POSITIVE OUTLOOK

In 2015, I believe we will continue to see this positive development at Kungsleden in at least three ways. Firstly, we must ensure the potential to grow net operating income by continuing to be close to our customers and actively work on property development and profiling. Secondly, we want to grow through property acquisitions according to our strategy. Thirdly, we will see continued improvements in Kungsleden's financing costs. During 2015, we also expect to be able to put an end to Kungsleden's tax litigation. Whatever the outcome, we expect to benefit by being able to soon direct our full attention to business operations instead of these tax issues.

On account of this good performance, the Board proposes a dividend of SEK 1.50 (1.25) per share for 2014.

With the positive annual results, we have confidence in Kungsleden's new strategy. We look forward with confidence to 2015.

Stockholm, 17 February 2015  
**Biljana Pehrsson, CEO**

**Kungsleden's long-term business concept is to own, actively manage and develop commercial properties in growth regions in Sweden and generate attractive total returns.**

# PROFIT/LOSS

## PROFIT/LOSS FOR THE FOURTH QUARTER (OCTOBER–DECEMBER)

**Rental income** during the fourth quarter was SEK 524 (460) million. Net operating income improved to SEK 338 (316) million, which is an increase attributable to larger property holdings and lower property costs.

**Profits from property management** increased by SEK 25 million to SEK 154 (129) million. Net operating income increased without a corresponding increase in administration and financing costs. Because of this, profits from property management increased by 19 per cent.

**Profit before tax** increased by SEK 431 million to SEK 642 (211) million. Following the annual valuation of properties, unrealised changes in value for the portfolio rose by SEK 524 million to SEK 595 (71) million. Unrealised changes in value for financial instruments totalled SEK –107 million, of which SEK 172 million relates to lower outcomes in interest rates with longer maturities, which to some extent are offset by ongoing interest payments of SEK 65 million.

The entire shareholding in Nordic Modular Group at the year-end is valued at the price agreed for the sale of 65 per cent of the shares to Inter IKEA Investments, which was finalised in January 2015. As a result, there was an impairment loss of SEK 157 million.

**Profit/loss for the period** increased by SEK 192 million to SEK 371 (179) million.

## PROFIT/LOSS FOR THE FULL-YEAR PERIOD (JANUARY–DECEMBER)

**Rental income** during the period was SEK 2,193 (1,669) million. Net operating income improved to SEK 1,491 (1,131) million, which is an increase attributable to larger property holdings and lower property costs.

**Profits from property management** increased by SEK 289 million to SEK 730 (441) million. Net operating income increased without a corresponding increase in financing costs due to refinancing with lower borrowing costs, restructuring of the interest rate swap portfolio and lower Stibor. At the same time, administrative costs dropped, causing profits from property management to rise by 66 per cent.

**Profit before tax** increased by SEK 384 million to SEK 1,306 (922) million. The increase is primarily due to improved profits from property management and value changes in investment properties after the internal annual valuation totalled SEK 1,003 million compared to SEK 56 million for the same period last year. Unrealised changes in value in financial instruments were SEK –427 million compared to SEK 425 million for the previous year.

**Profit/loss for the period** was SEK –753 (862) million. The decline in earnings is primarily explained by a provision made during the second quarter for tax rulings of SEK –1,640 million.

## PROFIT/LOSS FOR NORDIC MODULAR

In this year-end report, Nordic Modular is reported as “held for sale” which means that it is reported on a separate line, Discontinued operations, at the end of the income statement. As Kungslöden has owned Nordic Modular throughout 2014, the information reported covers 100 per cent of Nordic Modular’s results.

During the period, rental income for modular buildings was SEK 275 (262) million, with a net operating income of SEK 152 (145) million. Sales of modular buildings dropped to SEK 291 (293) million. Gross profit was SEK 180 (170) million.

More information about Nordic Modular is available in the table Operating segments on page 16.

# INCOME STATEMENT<sup>1</sup>

SEK m	Quarter		Full Year	
	2014 Oct-Dec	2013 Oct-Dec	2014 Jan-Dec	2013 Jan-Dec
Rental income	524	460	2,193	1,669
Property costs	-185	-144	-703	-538
<b>Net operating income</b>	<b>338</b>	<b>316</b>	<b>1,491</b>	<b>1,131</b>
Selling and administration costs	-33	-32	-101	-115
Net financial items	-151	-155	-660	-575
<b>Profits from property management, for continuing operations</b>	<b>154</b>	<b>129</b>	<b>730</b>	<b>441</b>
Changes in value of investment properties				
Profit/loss on property sales	0	4	73	8
Unrealised changes in value	595	71	930	48
Unrealised changes in value of financial instruments	-107	8	-427	425
<b>Profit/loss before tax</b>	<b>642</b>	<b>211</b>	<b>1,306</b>	<b>922</b>
Tax	-144	-47	-1,965	-169
<b>Profit/loss from continuing operations</b>	<b>499</b>	<b>164</b>	<b>-659</b>	<b>754</b>
<b>Discontinued operations</b>				
Profit/loss from Nordic Modular, net after tax	29	16	63	108 <sup>2</sup>
Impairment loss on Nordic Modular	-157	-	-157	-
<b>Profit/loss for the period from continuing and discontinued operations</b>	<b>371</b>	<b>179</b>	<b>-753</b>	<b>862</b>
<b>Profits from property management, Group<sup>3</sup></b>	<b>193</b>	<b>149</b>	<b>849</b>	<b>549</b>

1. The presentation of the income statement has changed due to the fact that Nordic Modular is being reported as an asset “held for sale” on a separate line.

2. Profit includes the profit from the Hemsö holding of SEK 24 million during Jan-Mar 2013.

3. The Group’s total profit from property management includes the total profit from property management in Nordic Modular.



# EARNINGS CAPACITY

As of 31 December 2014, Kungsleden's property holdings consisted of 305 (366) properties, grouped into the following four geographic areas: Stockholm, Mälardalen and North, Gothenburg and Malmö. The earnings capacity for each region is presented below.

Earnings capacity shows what profit would have been if the properties that were owned as of 31 December 2014 had been owned for the last twelve months. Two properties that were not

vacated are included in the amounts as of 31 December. These properties have a book value of SEK 99 million. Four properties have been acquired at Kista for a purchase price of just over SEK 2 billion, and a property has been acquired in Malmö for the purchase price of SEK 165 million. These five properties are not included in the amounts as of December 31.

## REGION STOCKHOLM



Lustgården 11, Stockholm Kungsholmen

A total of 104 new leases were signed for the full year, with a total area of 46,682 sq.m. and a rental value of SEK 54 million.

### EARNINGS CAPACITY<sup>1</sup> AS OF 31 DECEMBER 2014

Number of properties	71
Leasable area, 000 sq.m.	566
Book value, SEK m	6,225
Rental value, SEK m	655
Rental income, SEK m	587
Net operating income, SEK m <sup>2</sup>	420
Financial occupancy rate, %	89.5
Property yield, % <sup>2</sup>	6.8
Operating surplus margin, % <sup>2</sup>	71.6

## REGION MÄLARDALEN AND NORTH



Värblomman 11, Eskilstuna

A total of 67 new leases were signed for the full year, with a total area of 36,189 sq.m. and a rental value of SEK 43 million.

### EARNINGS CAPACITY<sup>1</sup> AS OF 31 DECEMBER 2014

Number of properties	62
Leasable area, 000 sq.m.	869
Book value, SEK m	5,868
Rental value, SEK m	776
Rental income, SEK m	718
Net operating income, SEK m <sup>2</sup>	493
Financial occupancy rate, %	92.5
Property yield, % <sup>2</sup>	8.4
Operating surplus margin, % <sup>2</sup>	68.6

## REGION GOTHENBURG



Gårda 19:10, Gothenburg

A total of 63 new leases were signed for the full year, with a total area of 29,488 sq.m. and a rental value of SEK 27 million.

### EARNINGS CAPACITY<sup>1</sup> AS OF 31 DECEMBER 2014

Number of properties	106
Leasable area, 000 sq.m.	655
Book value, SEK m	3,973
Rental value, SEK m	490
Rental income, SEK m	433
Net operating income, SEK m <sup>2</sup>	318
Financial occupancy rate, %	88.4
Property yield, % <sup>2</sup>	8.0
Operating surplus margin, % <sup>2</sup>	73.5

## REGION MALMÖ



Lindblad 10, Karlskrona

A total of 61 new leases were signed for the full year, with a total area of 21,064 sq.m. and a rental value of SEK 15 million.

### EARNINGS CAPACITY<sup>1</sup> AS OF 31 DECEMBER 2014

Number of properties	66
Leasable area, 000 sq.m.	502
Book value, SEK m	3,546
Rental value, SEK m	386
Rental income, SEK m	332
Net operating income, SEK m <sup>2</sup>	252
Financial occupancy rate, %	85.9
Property yield, % <sup>2</sup>	7.1
Operating surplus margin, % <sup>2</sup>	76.0

1. Earnings capacity shows how the profit/loss would have looked if properties as of 31 December 2014 had been owned for the last 12 months.

2. In the income statement, the Group's net operating income also includes property administration costs, but this is not included in each specific property's net operating income in the earnings capacity. During the last twelve months, property administration costs were SEK 82 million for investment properties.

EARNINGS CAPACITY <sup>1,2</sup> PER SEGMENT	Office	Industrial/ Warehouse	Retail	Other	Total properties	Modular buildings	Total
Number of properties	112	121	55	17	305	-	305 <sup>4</sup>
Leasable area, 000 sq.m.	984	1,257	310	41	2,592	235	2,827
Book value, SEK m	10,715	6,186	2,351	360	19,612	1,561	21,173
Rental value, SEK m	1,165	812	283	47	2,307	349	2,656
Rental income, SEK m	1,044	730	252	44	2,070	274	2,344
Net operating income, SEK million <sup>3</sup>	719	566	168	30	1,483	165	1,648
Financial occupancy rate, %	89.5	89.9	89.0	93.0	89.7	78.7	88.2
Property yield, % <sup>3</sup>	6.7	9.1	7.1	8.4	7.6	10.6	7.8
Operating surplus margin, % <sup>3</sup>	69.0	77.5	66.8	67.7	71.7	60.2	70.3

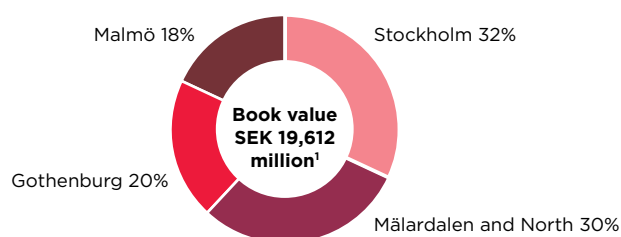
1. Earnings capacity shows what profit would have been if properties as of 31 December 2014 had been owned for the last 12 months.

2. Not including operating properties.

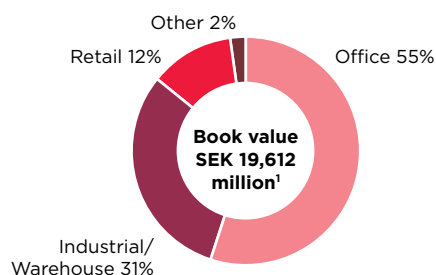
3. In the income statement, the Group's net operating income also includes property administration costs, but this is not included in each specific property's net operating income in the earning capacity. During the last twelve months, property administration costs were SEK 82 million for investment properties and SEK 21 million for modular buildings.

4. A reallocation has taken place during the year.

### PROPERTY VALUE BY REGION



### PROPERTY VALUE BY SEGMENT



1. Excluding operating properties and modular buildings

## ONGOING PROPERTY DEVELOPMENT PROJECT

The ability to develop, refine or change the properties' intended use or layout and develop undeveloped land and development rights are key features of Kungsleden's value creation.

Property developments for Kungsleden are conducted in three stages – *Project Development*, *Project Letting* and *Project Implementation* and this is achieved in close cooperation with project managers, property managers, project implementers, and external consultants. An important prerequisite is understanding and showing respect for the needs and desires of the local community. The work aims to highlight the full potential and value of the properties.

An important aspect of the development work is to attract long-term tenants at an early stage in order to, among other things, ensure that the premises in the properties are reconfigured based on the specific needs of our customers. In this way, our tenants

enjoy efficient and well-functioning premises in line with their preferences, while Kungsleden benefits from satisfied tenants and lowers the risk involved in development work and the implementation of the project.

During the last quarter, five of seven of Kungsleden projects in the implementation stage have been completed. Meanwhile, our project list has grown and as of 31 December 2014, five projects are ongoing in the development and letting stage. The estimated investment volume in the current situation for the priority projects is SEK 700–1,000 million in 2–3 years. In addition there are some 20 projects in early stages or in the detailed development plan process.

To the right is a visualisation of several of the projects throughout Sweden which are in their early stages or are under the development project's three phases.

Project development



Project letting



Project implementation







A selection of Kungsleden's development projects

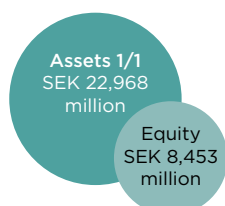
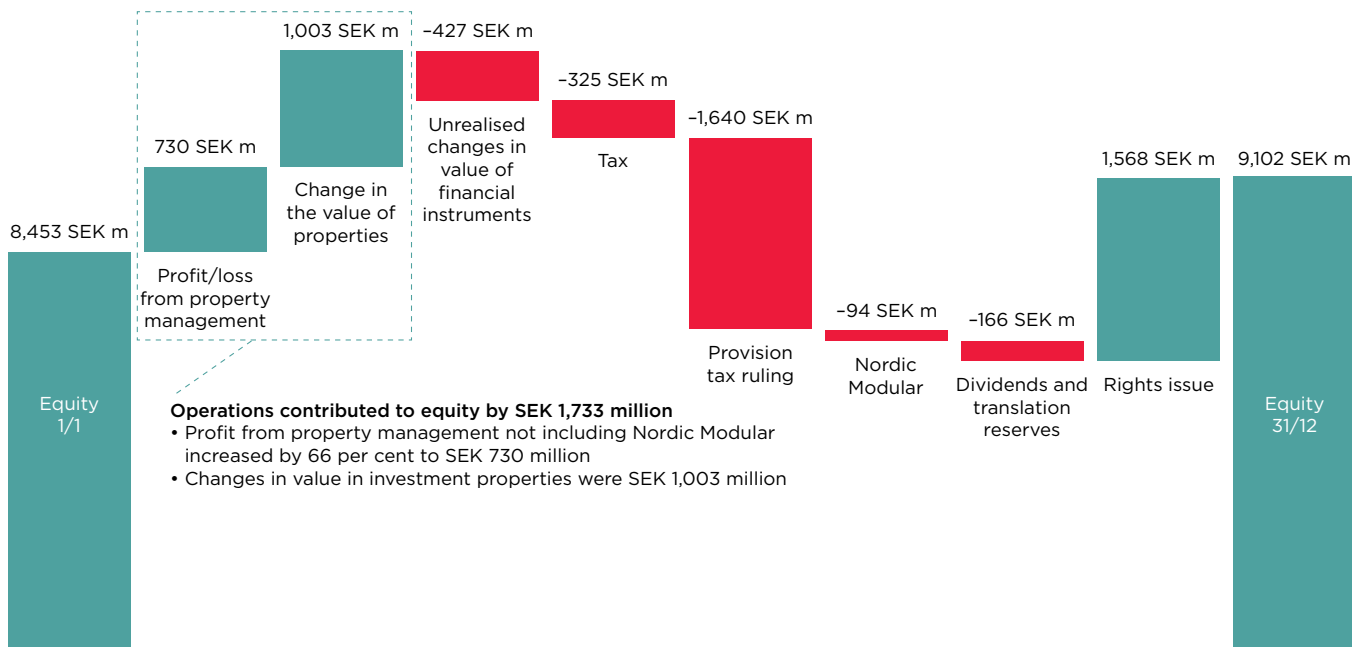


# ASSETS AND LIABILITIES

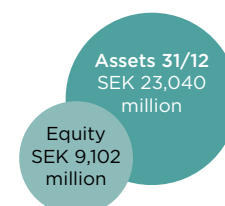
## EQUITY AND FINANCIAL POSITION

Shareholders' equity at end of period was SEK 9,102 (8,453) million or SEK 50 (62) per share, after the rights issue in the autumn of 2014, which increased the number of shares by 33 per cent. This corresponds to an equity/assets ratio of 40 per cent (37). The equity/assets ratio target is > 30 per cent.

### YEAR 2014



Equity/assets ratio 37%



Equity/assets ratio 40%

## PROPERTY HOLDINGS

As of 31 December 2014, property holdings excluding modular buildings consisted of 305 (366) properties. The total area amounted to 2,592 (2,820) thousand sq.m., which was distributed across the property segments, Office, Industrial/Warehouse, Retail and Other. Property holdings are grouped into the following four geographic areas: Stockholm, Mälardalen and North, Gothenburg and Malmö. Region Stockholm is the largest in terms of property value.

The book value of properties was SEK 19,612 (20,338) million. The decline during the year is primarily due to the sales that were made. Closed acquisitions of SEK 386 million along with investments in existing properties of SEK 334 (212) million and unrealised changes in value have increased the book value.

The remaining average contract term for the property holdings was 3.9 (4.0) years.

### Valuation of property holdings

Prior to year-end closing, all properties have been valued. The valuations are based on a cash flow statement where the future earnings capacity of an individual property and the market's yield requirement is assessed. During the year, the value of property holdings grew by more than SEK 1,000 million, of which SEK 595 million is assigned to the fourth quarter. The increase in value is due to improved net operating income and cash flows, investments made and a lower yield requirements in strong growth markets with good local demand.

The average yield requirement that has been used in the valuations has been adjusted downwards from 7.8 per cent to 7.4 per cent in 2014. Kungsliden's valuation process has been assessed by an external valuer. The external valuations are well in line with Kungsliden's valuations.

DEVELOPMENT OF PROPERTY HOLDING SEK m	2014 Oct-Dec	2014 Jan-Dec
Properties at beginning of the period	18,982	20,338
Purchases <sup>1</sup>	320	386
Investments in owned properties	65	334
Book value of sold properties	-351	-2,379
Exchange rate fluctuations	1	3
Unrealised changes in value	595	930
<b>Properties at end of the period</b>	<b>19,612</b>	<b>19,612</b>

1. During the full-year period, Jan-Dec, acquisitions totalling SEK 2,666 million were made, of which SEK 2,280 million have not yet closed.



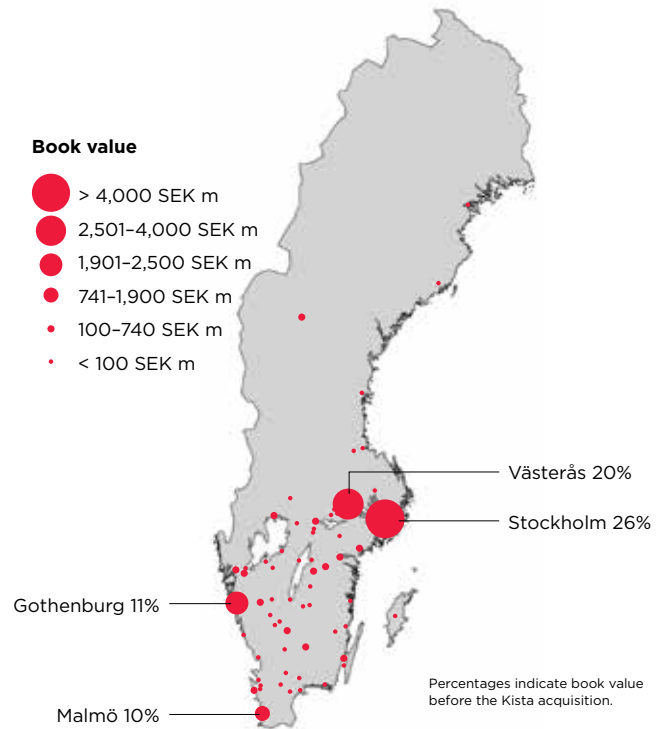
## PROPERTY TRANSACTIONS

Activity on the transaction market has continued at a rapid pace with an exceptionally strong fourth quarter when SEK 69 billion was traded. Thanks to the strong finish to the year, 2014 was one of the best years in property transactions ever with sales reaching SEK 160 billion.

For Kungsleden's part, eight properties have been vacated during the quarter worth SEK 361 million and two properties have been accessed for a value of SEK 320 million. In total during the year, 66 properties were vacated with a corresponding value of SEK 2,529 million and four properties were taken over at a value of SEK 386 million.

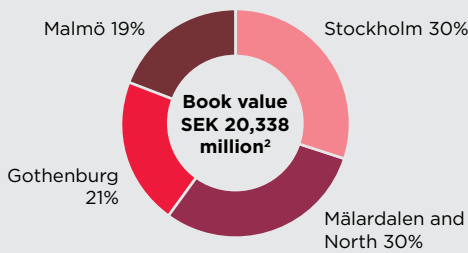
Five properties were acquired during the fourth quarter at a value of SEK 2,215 million: four properties in Kista with closing at the end of the first quarter of 2015 and one property in Malmö with closing in January 2016. Two properties have been sold but not yet vacated at a value of SEK 104 million. In total during the year, properties were acquired at a value of SEK 2,666 million and sold for SEK 2,601 million.

## CONTINUED GEOGRAPHIC CONCENTRATION - FROM 141 TO 91 MUNICIPALITIES

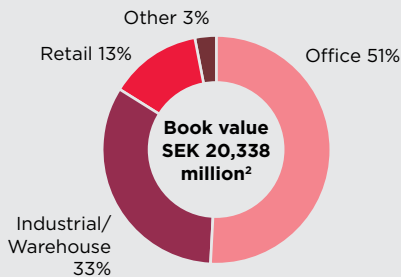


## DEVELOPMENT OF PROPERTY HOLDINGS

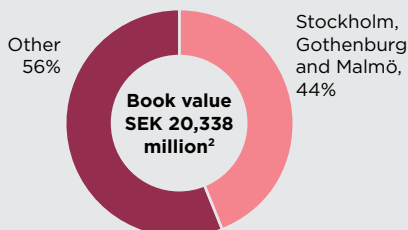
By region,  
as of 31 December 2013



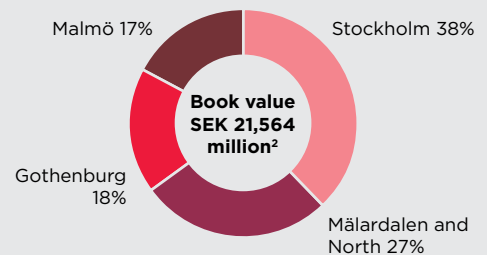
By segment,  
as of 31 December 2013



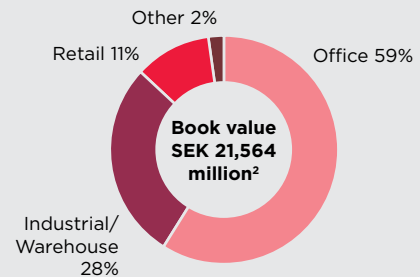
Urban concentration,  
as of 31 December 2013



By region, pro forma,  
as of 31 December, 2014<sup>1</sup>



By segment, pro forma,  
as of 31 December 2014<sup>1</sup>



Urban concentration, pro forma,  
as of December 31, 2014<sup>1</sup>



1. Pro forma (acquired four properties in Kista and sold two properties in region Gothenburg)  
2. Excluding property used in business operations and modular buildings

## BORROWING AND CASH FLOW

Kungsliden's liquidity position improved over the fourth quarter, primarily as a result of net property sales and proceeds from the rights issue of SEK 1,568 million. Kungsliden's borrowings at the end of the fourth quarter totalled SEK 11,675 million compared to SEK 12,254 million at the start of the quarter. The good liquidity position made it possible to amortize loans for SEK 579 million during the quarter in order to reduce the Group's interest costs. SEK 506 million of this was related to maturing loans that will not be refinanced unless otherwise stipulated. The remaining SEK 73 million relates to loan repayments on sales and contractual amortisation. Furthermore, tax in the amount of SEK 423 million was paid related to the tax ruling that was reserved in the second quarter of 2014.

Cash and cash equivalents at the end of the quarter amounted to SEK 1,437 million compared with SEK 918 million at its beginning. The sale of 65 per cent of Nordic Modular Group, which was completed in early 2015, led to liquidity of approximately another SEK 700 million net becoming available after the end of the full-year period. In addition to cash and cash equivalents, Kungsliden has unutilised credit facilities of SEK 1,793 million. Kungsliden always maintains available liquidity in the form of cash or unutilised credit facilities so that it can meet any tax obligations over the next 12 months and for the liquidity needs for the business. The maximum liquidity effect of residual tax litigation is estimated to be SEK 1,325 million.

After the fourth quarter, an additional SEK 147 million was amortised due to property sales and investment credits for SEK 362 million were repaid when Kungsliden relinquished direct ownership in Nordic Modular Group in January 2015.

### Refinancing and new borrowing

The major financing operation for Kungsliden in 2014 was refinancing and the expansion of the Group's major syndicated loans. Through the new loan agreement, Kungsliden secured financing totalling SEK 6.5 billion broken down as SEK 4.5 billion in credit until June 2019, and credit facilities intended for property acquisitions of SEK 2 billion with a maturity of three years. The annual cost of borrowing drops by almost SEK 22 million at the current utilisation rate despite the fact that the average term of the new loan agreement is longer and the credit facility has been extended by SEK 2 billion.

### Financing costs

Net financial items for the full year 2014 amount to SEK -660 (-575) million. Interest costs rose because the loan volume, on average, was higher during 2014 than it was over the previous year due to new borrowing for major property acquisitions at the end of 2013.

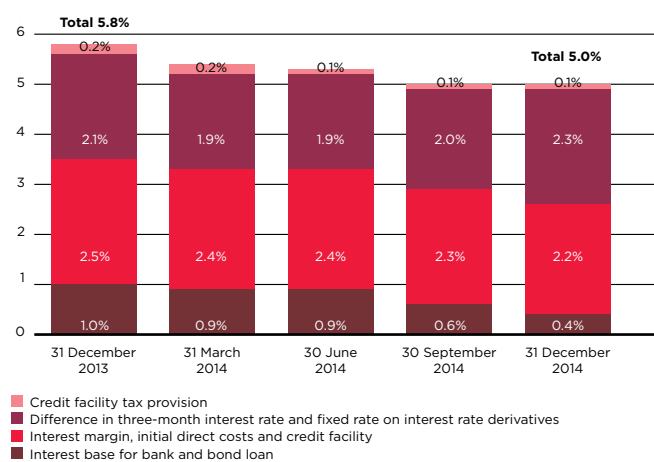
However, the trend for financing costs is positive. Net financial income in the fourth quarter totalled SEK -151 million compared

with SEK -155 million for the corresponding quarter last year. This improvement is the result of refinancing and the amortisation of loans at lower borrowing costs, restructuring of the interest rate swap portfolio and lower Stibor.

These measures have reduced Kungsliden's average borrowing cost (average interest rate) which at the end of the quarter was 5.0 per cent compared with 5.8 per cent at the start of the year. The loan repayments that were recently made in connection with property sales and loan maturity have meant that the average interest rate downward trend was temporarily arrested in the fourth quarter despite borrowing costs declining. This is a purely mathematical effect of the interest expense on interest rate swaps being distributed over a smaller outstanding loan volume. Of the interest average rate, 2.3 percentage points refer to the cost of the existing interest rate swaps, expressed as the difference between the current Stibor 90-day interest rate and fixed-rate swaps.

Excluding swaps, Kungsliden's average interest rate dropped from 3.7 per cent at the beginning of the year to 2.7 per cent at its end.

### AVERAGE INTEREST<sup>1</sup>



The average interest rate is calculated by setting the interest costs for loans and interest rate swaps, initial direct costs and the costs associated with unused credit lines in relation to the outstanding loan volume at the end of the reporting period.

As Kungsliden refinances existing loans, finances property acquisitions with new loans and as existing swaps expire or are extended at current and lower interest rates, the effect will be that the average interest rate will fall further, given the current market conditions.

Since the beginning of the year, the weighted, average remaining fixed interest term for loans and interest rate swaps has fallen to 2.8 (3.1) years, which is the net effect of a lower loan volume and that time has passed.

## MATURITY STRUCTURE AND INTEREST RATE DERIVATIVES<sup>1</sup>

As of 31 December 2014, SEK m	Utilised credits	Unutilised credits	Total credits	Interest rate derivatives, SEK m <sup>2</sup>	Average interest rate for derivatives, %	Average remaining fixed-interest term, years
2015	2,512	250	2,762	1,400	4.2	
2016	3,323	100	3,423	500	3.9	
2017		338	338	200	3.5	
2018	2,639		2,639	700	3.8	
2019	3,201	1,105	4,306	600	3.4	
2020				800	3.7	
2021				725	4.5	
2022				1,900	4.8	
<b>Total</b>	<b>11,675</b>	<b>1,793</b>	<b>13,468</b>	<b>6,825</b>		<b>2.8</b>
<b>Average conversion time, years</b>	<b>2.6</b>		<b>2.7</b>			

1. Including Nordic Modular Group

2. Kungsliden's interest rate derivatives enable the company to obtain variable interest rates and pay fixed interest over longer periods of time.

1. Including Nordic Modular Group

Kungsleden has made commitments in relation to its creditors regarding the interest coverage ratio and the LTV ratio. As of 31 December 2014, all such commitments had been fulfilled. The interest coverage ratio has increased to 2.2 (1.9) times on a rolling 12-month basis. For loans, for which collateral has been pledged, i.e. all loans except bond loans, the LTV ratio at the Group level was 49 (48) per cent.

#### Interest rate swap portfolio

At the end of the year, the nominal amount of the swap portfolio was SEK 6,825 (9,350) million. The nominal amount decreased over the year following the restructuring of the portfolio that was undertaken in the first quarter, and SEK 800 million in interest rate swaps maturing during the year.

The negative market value (undervalue) of interest rate swaps increased over the quarter to SEK –1,134 million as of 31 December, compared to SEK –707 million at the beginning of the year. Of the value change of SEK –427 million, SEK –683 million is an effect of the decline in long-term market interest rates, which, to a certain extent, was counterbalanced by the regular interest payments on the swaps, which lowered the negative market value (undervalue) by SEK 256 million during the period.

## OTHER INFORMATION

#### ORGANISATION AND EMPLOYEES

Kungsleden is organised as property management regions and Nordic Modular. The average number of employees was 92 (82) in 2014 for property management and Group-wide functions and 181 (171) at Nordic Modular.

#### PARENT COMPANY

The parent company reported a loss for the period of SEK –782 (349) million. The negative result was primarily due to reserves that were made for the Group's interest rate swap contracts, for which the undervalue had increased, since interest rates with longer maturities fell during the period, and due to a write-down of shares in subsidiaries.

At the end of the period, assets primarily consisted of participations in Group companies for SEK 6,596 (7,806) million. Financing was primarily via equity, which was SEK 6,758 (6,143) million at the end of the period, with a corresponding equity/assets ratio of 38 (39) per cent.

#### RISKS AND UNCERTAINTIES

Kungsleden's operations, earnings and financial position are all impacted by a number of risk factors. These are primarily related to properties, taxation and financing.

For more information on Kungsleden's risks and risk management practices, please see pages 26–30 and 51–52 of the Annual Report for 2013.

#### FUTURE EXPECTATIONS

Some of the reported figures in the year-end report are future-oriented and the actual outcome could be considerably different. Besides the factors that have been commented on specifically, other factors could significantly impact the actual outcome, such as economic growth, interest rates, financing terms, the rate of return on property assets and political decisions.

#### OUTSTANDING TAX ISSUES

Since most of Kungsleden's tax cases were decided last year, what remains is tax litigation pertaining to a situation from 2006 that has to do with the sale of properties via a foreign subsidiary.

In June 2014, the Administrative Court ruled against Kungsleden's Group companies on these litigation processes. The Court's ruling stated that two of the Group's Swedish companies had been the selling parties for a transaction in 2006 that was conducted by two Group companies in the Netherlands. The Court thereby resolved that the resulting capital gain from the transaction is taxable in Sweden. Kungsleden has appealed the Administrative Court's rulings to the Administrative Court of Appeal. Should there be a final negative judgement, the estimated maximum effect on earnings based on the Administrative Court's rulings amounts to SEK 1,360 million, and with a maximum effect on liquidity of SEK 1,325 million.

The Swedish Tax Agency has also submitted alternative claims, which means that there will be a review procedure based on the Tax Evasion Act. These claims have been put on hold and may well be taken up again if the Swedish Tax Agency is not successful in the processes that are already underway. For a negative outcome in a process that instead concerns tax evasion, the estimated maximum negative impact on earnings and liquidity is approximately SEK 500 million lower than the amounts stated above. As Kungsleden does not anticipate a negative outcome in the future cases, no provision has been made for either of the two alternative processes. For the tax litigation processes already concluded, SEK 19 million still remains to be paid.

#### DIVIDENDS PROPOSAL

The Board proposes dividends of SEK 1.50 (1.25) per share for the 2014 financial year.

#### ANNUAL REPORT AND AGM

Kungsleden's annual report in English will be published on [www.kungsleden.se](http://www.kungsleden.se) on 2 April. We would also like to wish our shareholders a warm welcome to the Annual General Meeting to be held in Stockholm on 23 April. The Board intends to propose to the AGM that it should create preference shares as a new type of share and authorise the Board to decide on issuance of preference shares.

THE FIGURES IN THIS REPORT ARE EXCLUSIVE TO NORDIC MODULAR, UNLESS OTHERWISE SPECIFIED.



# FINANCIAL REPORT

## 1 JANUARY–31 DECEMBER 2014

### INCOME STATEMENT<sup>1</sup>

SEK m	Quarter		Full Year	
	2014 Oct-Dec	2013 Oct-Dec	2014 Jan-Dec	2013 Jan-Dec
Rental income	524	460	2,193	1,669
Property costs	-185	-144	-703	-538
<b>Net operating income</b>	<b>338</b>	<b>316</b>	<b>1,491</b>	<b>1,131</b>
<b>Selling and administration costs</b>	<b>-33</b>	<b>-32</b>	<b>-101</b>	<b>-115</b>
Financial income	6	6	11	18
Interest expenses	-148	-150	-630	-554
Other financial expenses	-9	-11	-41	-40
<b>Net financial items</b>	<b>-151</b>	<b>-155</b>	<b>-660</b>	<b>-575</b>
<b>Profits from property management, excl. Nordic Modular</b>	<b>154</b>	<b>129</b>	<b>730</b>	<b>441</b>
<b>Changes in value of investment properties</b>				
Profit/loss on property sales	0	4	73	8
Unrealised changes in value	595	71	930	48
	<b>595</b>	<b>74</b>	<b>1,003</b>	<b>56</b>
<b>Unrealised changes in value of financial instruments</b>	<b>-107</b>	<b>8</b>	<b>-427</b>	<b>425</b>
<b>Profit/loss before tax</b>	<b>642</b>	<b>211</b>	<b>1,306</b>	<b>922</b>
<b>Tax</b>	<b>-144</b>	<b>-47</b>	<b>-1,965</b>	<b>-169</b>
<b>Profits/loss, from continuing operations</b>	<b>499</b>	<b>164</b>	<b>-659</b>	<b>754</b>
<b>Discontinued operations</b>				
Profit/loss from Nordic Modular, net after tax	29	16	63	108 <sup>2</sup>
Write-down Nordic Modular	-157	-	-157	-
<b>Profit/loss for the period from continuing operations and discontinued operations<sup>3</sup></b>	<b>371</b>	<b>179</b>	<b>-753</b>	<b>862</b>
<b>Profits from property management, Group<sup>2</sup></b>	<b>193</b>	<b>149</b>	<b>849</b>	<b>549</b>
<b>Earnings per share, from continuing operations<sup>4</sup></b>	<b>2.91</b>	<b>1.20</b>	<b>-4.53</b>	<b>5.52</b>
<b>Earnings per share, from continuing operations and discontinued operations<sup>4</sup></b>	<b>2.16</b>	<b>1.31</b>	<b>-5.18</b>	<b>6.31</b>

### STATEMENT OF COMPREHENSIVE INCOME

SEK m	Quarter		Full Year	
	2014 Oct-Dec	2013 Oct-Dec	2014 Jan-Dec	2013 Jan-Dec
Profit/loss for the period, from continuing operations and discontinued operations	371	179	-753	862
Other comprehensive income				
Translation gains/losses transferred to profit/loss for the period	-	-	-	-
Translation gains/losses for the period, on consolidation of foreign operations	2	1	4	1
<b>Comprehensive income for the period<sup>5</sup></b>	<b>373</b>	<b>180</b>	<b>-749</b>	<b>863</b>

1. The presentation of the income statement has changed due to the fact that Nordic Modular is being reported as an asset "held for sale" on a separate line at the end of the income statement.

2. Profit includes the profit from the Hemsö holding of SEK 24 million during Jan-March 2013.

3. All of the profit is attributable the Parent Company's shareholders.

4. Before and after dilutive effect. The average number of shares as of December 2014 for the full year is 145,352,883 (136,502,064), while for the quarter the average is 171,616,725 (136,502,064).

5. All of comprehensive income for the period is attributable to the Parent Company's shareholders.

## STATEMENT OF FINANCIAL POSITION<sup>1</sup>

SEK m	2014-12-31	2013-12-31
<b>ASSETS</b>		
Goodwill	-	201
Properties – properties	19,612	20,338
Properties – modular buildings	-	1,509
Property used in business operations	-	22
Machinery and equipment	8	15
Deferred tax receivable	31	35
Other non-current receivables	9	239
<b>Total assets</b>	<b>19,661</b>	<b>22,359</b>
Inventories	-	15
Current receivables	141	272
Assets held for sale – modular buildings and property used in business operations	1,428	-
Assets held for sale – other	372	-
Cash and bank	1,437	323
<b>Total current assets</b>	<b>3,379</b>	<b>610</b>
<b>TOTAL ASSETS</b>	<b>23,040</b>	<b>22,968</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders equity</b>	<b>9,102</b>	<b>8,453</b>
<b>Interest-bearing liabilities</b>		
Liabilities to credit institutions	9,613	10,579
Bond loans (unsecured)	1,699	2,299
Liabilities related to assets held for sale	362	-
<b>Total interest-bearing liabilities</b>	<b>11,675</b>	<b>12,879</b>
<b>Non interest-bearing liabilities</b>		
Provisions	5	60
Derivatives <sup>2</sup>	1,134	708
Income tax liability	13	-
Other non interest-bearing liabilities	645	869
Liabilities related to assets held for sale	467	-
<b>Total non interest-bearing liabilities</b>	<b>2,264</b>	<b>1,637</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>23,040</b>	<b>22,968</b>

## STATEMENT OF CHANGES IN EQUITY

SEK m	2014-12-31	2013-12-31
At the beginning of the period	8,453	7,726
Dividend	-171	-137
Share issue	1,568	-
Comprehensive income for the period	-749	863
<b>At the end of the period</b>	<b>9,102</b>	<b>8,453</b>

1. Nordic Modular is reported in accordance with IFRS 5 as assets held for sale, which means that assets and liabilities are recognised on separate lines.

2. There are several OTC derivatives that are used to hedge interest rate risks, primarily interest rate swaps. At the beginning of the year, there was also a share swap. These financial instruments are valued at fair value in the statement of financial position on the line "derivatives" and the change in value of these instruments is reported in the income statement. Derivatives are valued using valuation techniques where the input is observable market data (level 2).

## STATEMENT OF CASH FLOWS

SEK m	Quarter		Full Year	
	2014 <sup>1</sup> Oct-Dec	2013 Oct-Dec	2014 <sup>1</sup> Jan-Dec	2013 Jan-Dec
<b>OPERATIONS</b>				
Profit/loss before tax	642	211	1,306	922
Profit/loss on property sales	0	-4	-73	-8
Unrealised changes in value	-488	-78	-504	-473
Cash flow relating to Nordic Modular and Hemsö	14	20	94	132
Other adjustments not included in cash flow from operations	-9	29	-1	31
Tax paid	-458	-124	-1,483	-124
<b>Cash flow from operations</b>	<b>-300</b>	<b>54</b>	<b>-660</b>	<b>480</b>
Changes in working capital	-137	-4,869	727	-5,128
<b>Cash flow from operating activities after change in working capital</b>	<b>-437</b>	<b>-4,815</b>	<b>67</b>	<b>-4,648</b>
<b>Cash flow from investing activities</b>	<b>-34</b>	<b>-784</b>	<b>852</b>	<b>1,961</b>
<b>Cash flow from financing activities</b>	<b>989</b>	<b>5,623</b>	<b>194</b>	<b>2,288</b>
<b>Cash flow for the period</b>	<b>518</b>	<b>25</b>	<b>1,112</b>	<b>-400</b>
Cash equivalents at the beginning of the period	918	299	323	721
Exchange rate differences on cash equivalents	1	-1	3	1
<b>Cash equivalents at the end of the period</b>	<b>1,437</b>	<b>323</b>	<b>1,437</b>	<b>323</b>

1. Cash flow from Nordic Modular is reported on a separate row.

## KEY FIGURES<sup>1</sup>

	Quarter		Full Year	
	2014 Oct-Dec	2013 Oct-Dec	2014 Jan-Dec	2013 Jan-Dec
<b>Property related</b>				
<i>Earnings capacity</i>				
Property yield, %			7.6	7.8
Financial occupancy rate, %			89.7	88.9
Operating surplus margin, %			71.7	67.6
<i>Outcome</i>				
Property yield, % <sup>2</sup>	7.0	7.3	7.5	7.5
Financial occupancy rate, %	89.2	90.5	90.2	90.9
Operating surplus margin, %	64.6	66.0	68.0	66.1
<b>Financial</b>				
Return on total assets, %	5.9	6.3	6.6	5.4
Return on shareholders equity, %	18.2	8.6	Neg.	10.7
Interest coverage ratio, times <sup>2</sup>	2.2	1.9	2.2	1.9
Equity/assets ratio, %			39.5	36.8
Debt/equity ratio, times			1.3	1.5
LTV (loan-to-value), %			57.7	58.9
<b>Per share information<sup>3</sup></b>				
Dividend, SEK			1.25	1.00
Total return on shares, %			33.7	24.9
Property yield on shares, %			2.2	2.3
Profits from property management, SEK	0.90	1.09	5.02	4.02
Profit/loss for the period, from continuing operations, SEK	2.91	1.20	-4.53	5.52
Profit/loss for the period, from continuing operations and discontinued operations, SEK	2.16	1.31	-5.18	6.31
Equity, SEK			50.01	61.93
EPRA NAV, (net worth), SEK <sup>4</sup>			56.07	66.86
Cash flow from operating activities, SEK	-1.75	0.39	-4.54	3.51
Outstanding shares at the end of the period	182,002,752	136,502,064	182,002,752	136,502,064
Average number of shares	171,616,725	136,502,064	145,352,883	136,502,064

1. Kungsliden's policy regarding key figures is that previously published figures apply. The Nordic Modular Group subsidiary is therefore included in this year's key figures that are reported separately.

2. The definitions for yield and interest coverage ratio have changed. See kungsliden.se for current definitions.

3. Before and after dilutive effect. The average number of shares as of December 2014 for the full year is 145,352,883 (136,502,064), while for the quarter the average is 171,616,725 (136,502,064).

4. The definition for EPRA NAV (net worth) is equity, after adding back derivatives and deferred tax, in relation to the number of shares at the end of the period.



## OPERATING SEGMENTS

SEK m	Properties		Nordic Modular		Other/ Group-wide		Total Kungsleden	
	2014 Jan-Dec	2013 Jan-Dec	2014 Jan-Dec	2013 Jan-Dec	2014 Jan-Dec	2013 Jan-Dec	2014 Jan-Dec	2013 Jan-Dec
Rental income	2,193	1,669	275	262			2,467	1,931
Sales income, modular			291	293			291	293
<b>Net sales</b>	<b>2,193</b>	<b>1,669</b>	<b>565</b>	<b>555</b>			<b>2,758</b>	<b>2,224</b>
Property costs	-703	-538	-123	-117			-825	-655
Production costs, modules			-262	-268			-262	-268
<b>Gross profit/loss</b>	<b>1,491</b>	<b>1,131</b>	<b>180</b>	<b>170</b>			<b>1,671</b>	<b>1,301</b>
Selling and administration costs	-101	-115	-45	-42			-146	-157
Net financial items	-660	-575	-16	-21			-676	-596
<b>Profits from property management</b>	<b>730</b>	<b>441</b>	<b>119</b>	<b>108</b>			<b>849</b>	<b>549</b>
<b>Changes in value of investment properties</b>								
Profit/loss on property sales	73	8	-	-			73	8
Unrealised changes in value	930	48	-	-			930	48
Unrealised changes in value of financial instruments	-427	425	-	-			-427	425
<b>Profit/loss before tax</b>	<b>1,306</b>	<b>922</b>	<b>119</b>	<b>108</b>			<b>1,426</b>	<b>1,030</b>
Tax	-325	-203	-57	-24	-1,640	34	-2,022	-192
<b>Profit/loss</b>	<b>981</b>	<b>720</b>	<b>63</b>	<b>84</b>	<b>-1,640</b>	<b>34</b>	<b>-596</b>	<b>838</b>
Profit/loss from Hemsö						24		24
Write-down Nordic Modular					-157		-157	
<b>Profit/loss for the period</b>	<b>981</b>	<b>720</b>	<b>63</b>	<b>84</b>	<b>-1,797</b>	<b>58</b>	<b>-753</b>	<b>862</b>
Properties	19,612	20,338	1,585	1,531			21,197	21,869

## INCOME STATEMENT, PARENT COMPANY

SEK m	Quarter		Full Year	
	2014 Oct-Dec	2013 Oct-Dec	2014 Jan-Dec	2013 Jan-Dec
Intra-Group income	6	7	28	39
Administration costs	-7	-12	-30	-45
<b>Operating profit/loss</b>	<b>-1</b>	<b>-5</b>	<b>-2</b>	<b>-6</b>
Profit/loss from financial items	-138	-45	-1,027	220
Appropriations	151	223	151	223
<b>Profit/loss before tax</b>	<b>12</b>	<b>174</b>	<b>-878</b>	<b>437</b>
Tax on net profit/loss for the period	2	-31	96	-89
<b>Profit/loss for the period</b>	<b>14</b>	<b>143</b>	<b>-782</b>	<b>349</b>

## BALANCE SHEET, PARENT COMPANY

SEK m	2014-12-31	2013-12-31
<b>ASSETS</b>		
Participations in Group companies	6,596	7,806
Receivables from Group companies	9,387	7,146
Other receivables	398	538
Cash and cash equivalents	1,257	152
<b>TOTAL ASSETS</b>	<b>17,638</b>	<b>15,641</b>
<b>EQUITY AND LIABILITIES</b>		
Shareholders equity	6,758 <sup>1</sup>	6,143
Non-current liabilities	1,702	1,701
Liabilities to Group companies	8,018	6,435
Other liabilities	1,160	1,362
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>17,638</b>	<b>15,641</b>

1. Dividends have reduced equity by SEK 171 million.

## ACCOUNTING POLICIES

This Year-end Report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and Chapter 9 of the Swedish Annual Accounts Act.

In addition, the report was prepared in accordance with the Annual Accounts Act (1995:1554) and the Swedish Securities Market Act (2007:528), where applicable. For the Group and the Parent Company, the company has applied the same accounting policies and bases of calculation as in the most recent Annual Report, with the exception of the revised accounting policies, which came into force on 1 January 2014 and are described below.

*IFRS 10 Consolidated financial statements* are applied by the Group as of 1 January 2014. Because of this, the principle for assessing whether a controlling interest exists for investments has changed. The model in IFRS for assessing whether there is a controlling interest is based on (i)

power over the investee, (ii), exposure, or rights, to variable returns from its involvement with the investee and (iii) the ability to use its power over the investee to affect the amount of the investor's returns.

*IFRS 11 Joint arrangements* apply since 1 January 2014.

Changes to *IAS 32 Financial Instruments: Classification*. This change provides clarification on the rules for when financial assets and financial liabilities can be offset. The change applies to financial years that begin on 1 January 2014 or later, with retrospective application.

*IFRIC 12 Levies* specify that government charges, which relate to property taxes when it comes to Kungsleden, will be expensed in full when the obligation arises.

The implementation of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IAS 32 Financial Instruments has not resulted in any changes.

## Estimates and judgements

In order to prepare interim financial statements, it is necessary for the company's management team to make assessments and estimates, as well as assumptions that affect how the accounting policies are applied and the reported amounts for assets, liabilities, income and expenses. The actual results may deviate from these estimates and assessments. The critical judgements that have been made and sources of uncertainty that exist are the same as the ones described in the most recent annual report.

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## STOCKHOLM, 16 FEBRUARY 2015

Göran Larsson  
*Chairman*

Charlotte Axelsson  
*Board member*

Joachim Gahm  
*Board member*

Liselotte Hjorth  
*Board member*

Lars Holmgren  
*Board member*

Kia Orback Pettersson  
*Board member*

Charlotta Wikström  
*Board member*

Biljana Pehrsson  
*CEO*

Kungsleden has made the information in this year-end report public in accordance with the Swedish Securities Market Act (2007:528) and/or the Financial Instruments Trading Act. The information was made public on 17 February 2015 at 07.00.

The Company's auditors have not examined this report.

# QUARTERLY SUMMARY

## SUMMARY INCOME STATEMENTS

SEK m	2014				2013			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	524	552	551	567	460	419	409	382
Net operating income	338	404	383	366	316	310	266	240
Selling and administration costs	-33	-23	-23	-22	-32	-18	-23	-42
Net financial items	-151	-164	-168	-176	-155	-143	-143	-135
<b>Profits from property management, from continuing operations</b>	<b>154</b>	<b>217</b>	<b>191</b>	<b>168</b>	<b>129</b>	<b>149</b>	<b>100</b>	<b>63</b>
Profit/loss on property sales	0	7	86	-21	4	0	5	0
Unrealised gains/losses on property	595	169	126	41	71	-4	-2	-16
Unrealised changes in value of financial instruments	-107	-70	-125	-124	8	57	196	164
<b>Profit/loss before tax</b>	<b>642</b>	<b>322</b>	<b>278</b>	<b>64</b>	<b>211</b>	<b>202</b>	<b>299</b>	<b>211</b>
Tax	-144	-72	-1,732	-17	-47	-11	-64	-47
<b>Profit/loss for the period, from continuing operations</b>	<b>499</b>	<b>250</b>	<b>-1,454</b>	<b>46</b>	<b>164</b>	<b>191</b>	<b>235</b>	<b>164</b>
Profit/loss from Nordic Modular and Hemsö holdings, net after tax	-128	23	-11	21	16	23	25	44
<b>Profit/loss for the period from continuing operations and discontinued operations</b>	<b>371</b>	<b>274</b>	<b>-1,465</b>	<b>68</b>	<b>179</b>	<b>214</b>	<b>261</b>	<b>208</b>

## FINANCIAL POSITION, IN SUMMARY<sup>1</sup>

SEK m	2014				2013			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>ASSETS</b>								
Goodwill	-	-	172	201	201	201	201	201
Investment properties - properties	19,612	18,982	19,971	20,410	20,338	14,480	14,315	14,296
Investment properties - modular buildings	-	-	1,512	1,509	1,509	1,515	1,519	1,509
Property used in business operations	-	-	24	24	22	21	21	17
Equipment	8	9	14	15	15	13	13	14
Deferred tax receivable	31	147	-	-	35	65	82	162
Other non-current receivables	9	10	11	11	239	234	229	220
<b>Total assets</b>	<b>19,661</b>	<b>19,148</b>	<b>21,704</b>	<b>22,170</b>	<b>22,359</b>	<b>16,529</b>	<b>16,380</b>	<b>16,420</b>
Inventories	-	-	14	17	15	16	14	15
Current receivables	141	124	213	286	272	179	200	228
Assets held for sale - modular buildings and property used in business operations	1,428	1,528	-	-	-	-	93	-
Assets held for sale - other assets	372	381	-	-	-	-	-	-
Cash and bank	1,437	896	433	400	323	298	427	331
<b>Total current assets</b>	<b>3,379</b>	<b>2,929</b>	<b>660</b>	<b>703</b>	<b>610</b>	<b>493</b>	<b>734</b>	<b>574</b>
<b>Total assets</b>	<b>23,040</b>	<b>22,077</b>	<b>22,364</b>	<b>22,873</b>	<b>22,968</b>	<b>17,022</b>	<b>17,114</b>	<b>16,994</b>
<b>EQUITY AND LIABILITIES</b>								
<b>Shareholders equity</b>	<b>9,102</b>	<b>7,161</b>	<b>6,888</b>	<b>8,521</b>	<b>8,453</b>	<b>8,273</b>	<b>8,061</b>	<b>7,929</b>
<b>Interest-bearing liabilities</b>								
Liabilities to credit institutions	9,613	10,182	11,279	10,857	10,579	5,656	5,919	5,785
Bond loans (unsecured)	1,699	1,699	1,699	1,699	2,299	1,599	1,599	1,599
Liabilities related to assets held for sale	362	373	-	-	-	-	-	-
<b>Interest-bearing liabilities</b>	<b>11,675</b>	<b>12,254</b>	<b>12,978</b>	<b>12,556</b>	<b>12,879</b>	<b>7,255</b>	<b>7,518</b>	<b>7,384</b>
<b>Non interest-bearing liabilities</b>								
Provisions	5	5	14	15	60	59	59	59
Deferred tax liability	-	-	114	2	-	-	-	-
Derivatives	1,134	1,026	956	833	708	707	764	960
Income tax liability	13	410	-	-	-	-	-	-
Other non interest-bearing liabilities	645	710	1,414	946	869	728	712	662
Liabilities related to assets held for sale	467	469	-	-	-	-	-	-
<b>Non interest-bearing liabilities</b>	<b>2,264</b>	<b>2,662</b>	<b>2,498</b>	<b>1,796</b>	<b>1,637</b>	<b>1,494</b>	<b>1,535</b>	<b>1,681</b>
<b>Total shareholders equity and liabilities</b>	<b>23,040</b>	<b>22,077</b>	<b>22,364</b>	<b>22,873</b>	<b>22,968</b>	<b>17,022</b>	<b>17,114</b>	<b>16,994</b>

1. As of Q3, Nordic Modular is reported in accordance with IFRS 5 as assets held for sale, which means that assets and liabilities are recognised on separate lines.



## KEY FIGURES<sup>1</sup>

SEK m	2014				2013			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Outcome</b>								
Property yield, % <sup>2</sup>	7.0	8.6	8.6	7.3	7.3	8.7	7.7	7.0
Financial occupancy rate, %	89.2	87.5	88.0	91.2	90.5	90.0	90.6	90.5
Operating surplus margin, %	64.6	70.5	68.0	63.7	66.0	71.9	64.1	62.0
<b>Financial</b>								
Return on total assets, %	5.9	7.4	8.4	6.2	6.3	7.6	6.7	5.3
Return on shareholders equity, %	18.2	15.6	Neg.	3.2	8.6	10.5	13.0	10.6
Interest coverage ratio, times <sup>2</sup>	2.2	2.5	2.7	1.9	1.9	2.2	1.9	1.7
Equity/assets ratio, %	39.5	32.4	30.8	37.3	36.8	48.6	47.1	46.7
LTV (loan-to-value), %	57.7	59.7	60.3	57.2	58.9	45.3	47.1	46.7
<b>Per share information<sup>3</sup></b>								
Profits from property management, SEK	0.90	1.81	1.58	1.43	1.09	1.31	0.98	0.60
Profit/loss for the period, from continuing operations, SEK	2.91	1.83	-10.65	0.34	1.20	1.40	1.72	1.20
Profit/loss for the period, from continuing operations and discontinued operations, SEK	2.16	2.00	-10.73	0.50	1.31	1.57	1.91	1.50
Dividend, SEK	-	-	1.25	-	-	-	1.00	-

1. Kungsleden's policy regarding key figures is that previously published figures apply. The Nordic Modular Group subsidiary is therefore included in this year's key figures that are reported separately.

2. The definitions for yield and interest coverage ratio have changed. See [kungsleden.se](http://kungsleden.se) for current definitions.

3. Before and after dilutive effect. The average number of shares as of December 2014 for the full year is 145,352,883 (136,502,064), while for the quarter the average is 171,616,725 (136,502,064).

For all definitions, see the Annual Report for 2013 as well as [www.kungsleden.se](http://www.kungsleden.se)



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