

**Press release****15 August 2014**

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## **Kungsleden announces rights issue of approximately SEK 1.5bn**

- Kungsleden's Board of Directors has resolved to, subject to the approval by an Extraordinary General Meeting, launch a rights issue of approximately SEK 1.5bn with preferential rights for Kungsleden's shareholders. The Extraordinary General Meeting will be held on 16 September 2014.
- The reason for the rights issue is to enhance the financial flexibility and facilitate the company's ability to realise its growth plans and thereby create additional shareholder value.
- Complete terms and conditions of the rights issue, including subscription price, are expected to be announced no later than 12 September 2014. Subject to the approval of the rights issue by an Extraordinary General Meeting on 16 September 2014, the subscription period will run from 23 September up to and including 8 October 2014.

“One and half years have now passed since we launched our new strategy and the implementation of it has so far exceeded expectations. We have refined and concentrated the property portfolio geographically and have significantly increased the share of properties in large city areas. We are now taking the next step and will become an active acquirer again. In order to facilitate for an acquisition pace according to our plan, we have decided to launch a rights issue of approximately SEK 1.5bn”, says Biljana Pehrsson, CEO of Kungsleden.

### **Background and reasons**

In early 2013, Kungsleden launched a new strategy with a focus on active management, development and long term value creation of commercial properties. One part of the new strategy is to create a larger, geographically more concentrated, high quality property portfolio within selected property segments and geographical regions which are characterised by good economic growth and demand for premises. The goal is to generate an attractive total return and the ambition is to grow the property portfolio to a value of approximately SEK 30bn over time.

Throughout 2013 and 2014 a number of large successful property acquisitions have been carried out in accordance with the new strategy, while properties deemed non-strategic have gradually been divested. Examples include the SEK 5.5bn property acquisition from GE Capital Real Estate in December 2013, the sale of Kungsleden's 50 percent stake in Hemsö to the Third Swedish National Pension Fund for SEK 3.3bn with effect from February 2013, and, recently, the sale of 39 properties in northern Sweden to NP3 for SEK 760m with effect from September 2014. The transaction market has so far during 2014 generated high volumes and a number of

large transactions. In an active transaction market environment, acquirers need good financial preparedness. In Kungsliden's view, there are currently a number of potential transaction opportunities that would fit the company's long term strategy. Consequently, the Board of Directors has resolved to, subject to the approval by an Extraordinary General Meeting, launch a rights issue of approximately SEK 1.5bn before issue costs with preferential rights for Kungsliden's shareholders in order to increase Kungsliden's financial flexibility and facilitate the company's ability to realise its growth plans and thereby create additional shareholder value. The aim is to generate a profit before tax of SEK 1.0-1.2bn no later than 2017.

### **Terms and conditions for the rights issue**

Shareholders in Kungsliden will have preferential rights to subscribe for new shares in proportion to their holdings. In the event that all shares are not subscribed for with subscription rights, the Board of Directors shall decide on allotment of shares subscribed for without the exercise of subscription rights up to the maximum amount of the rights issue, and such shares will be allocated to those who have also subscribed for shares by exercising subscription rights and applied for subscription of additional shares, irrespective of whether they were shareholders on the record date or not, pro rata to the number of subscription rights used for subscription of shares. To the extent allotment according to the above cannot be made pro rata, allotment shall be made by drawing of lots.

The amount by which the share capital will be increased, the number of shares to be issued and the subscription price for the new shares are expected to be announced no later than 12 September 2014.

The record date at Euroclear Sweden AB for participation in the rights issue with preferential rights is 19 September 2014. The subscription period (subscription through payment) will run from 23 September up to and including 8 October 2014, or such later date as decided by the Board of Directors. Trading in subscription rights is expected to take place from 23 September up to and including 3 October 2014. The decision to launch the rights issue is subject to approval by an Extraordinary General Meeting that will take place on Tuesday 16 September 2014 at 2:00 p.m. CET at Summit, Grev Turegatan 30, Stockholm. For more information, please see the notice for the Extraordinary General Meeting in a separate press release.

### **Shareholder support**

Shareholders representing approximately 17 percent of the shares in Kungsliden, comprising Gösta Welandson (and related company) and Olle Florén (and related company), both represented on the Board of Directors, as well as the Second Swedish National Pension Fund have indicated that they are positive towards the rights issue and have expressed their intention to vote in favour of it at the Extraordinary General Meeting as well as subscribe for their pro rata shares of the issue.

## **Indicative timetable for the rights issue**

12 September 2014	Announcement of complete terms and conditions, including subscription price and subscription ratio
16 September 2014	Extraordinary General Meeting to decide on the rights issue resolved by the Board of Directors
16 September 2014	Last day of trading in the shares including right to participate in the rights issue
17 September 2014	First day of trading in the shares excluding right to participate in the rights issue
19 September 2014	Record date for participation in the rights issue, i.e. shareholders who are registered in the share register as of this day will receive subscription rights for participation in the rights issue
19 September 2014	Estimated date for the publication of the prospectus
23 September – 3 October 2014	Trading in subscription rights
23 September – 8 October 2014	Subscription period
13 October 2014	Announcement of preliminary results of the rights issue

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Kungsleden's business concept is to own, manage and improve commercial properties in growth regions in Sweden and to deliver attractive total returns. Kungsleden's strategies to create value are based on meeting the premises requirements of customers by managing, improving and developing properties and planning consents and by optimising the company's property portfolio. Kungsleden has been quoted on NASDAQ OMX Stockholm since 1999.

**Important information**

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