

PRESS RELEASE

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Kungsleden extends the fixed interest term of its borrowings and terminates old interest swaps

To secure future cash flows and profits from property management, Kungsleden has increased the fixed interest term of its borrowings by entering into new interest rate swaps. In parallel, Kungsleden has terminated old and expensive interest rate swaps with a high fixed interest rate.

Kungsleden AB (publ) has, at current interest rates, entered into new interest rate swaps with a notional amount of SEK 6.6 bn with the aim to extend the fixed interest term of its borrowings. At the same time, old interest rate swaps with a notional amount of SEK 1 bn have been terminated and other old swaps have been extended. With the new interest rate swap portfolio, 70 per cent of total borrowings will have a fixed interest term of more than one year. The average fixed interest term for borrowings and interest rate swaps is estimated to be approximately 3.8 years by December 31st, 2015.

Due to the hedging measures, Kungsleden's interest rate risk has decreased. If STIBOR 90 days were to increase by 1 percentage point on all maturities, the anticipated impact on net financial items would currently be approximately SEK 5 million over the next 12 months.

After the hedging operations and the debt raised to finance the recent property acquisitions in Gärdet/Frihamnen, Kungsleden's average interest rate (the cost for loans and interest swaps in relation to the loan volume) is expected to decrease from 3.0 per cent as of September 30th to 2.8 per cent pro forma as of December 31st, 2015

After having paid SEK 1.3 billion in tax in relation to the tax verdicts made public on December 16th and the termination of old interest rate swaps for a cash amount of SEK 282 million, Kungsleden will have cash and unutilized credit facilities of SEK 1 bn.

MATURITY STRUCTURE FOR LOANS AND INTEREST RATE SWAPS

As of 31 December 2015, SEK m pro forma	Utilised credits	Unutilised credits	Total credits	Interest rate swaps, SEK m¹	Fixed coupon on interest rate swaps, %	Average remaining fixed-interest term, years
2016	1 167	250	1 417			
2017	1 375	366	1 741	910	0.0	
2018	3 700		3 700	1 000	0.2	
2019	4 265	100	4 365	1 000	0.5	
2020	5 119		5 119	2 770	0.6	
2021	1 832		1 832	1 800	0.8	
2022				3 500	1.4	
2023						
2024				1 050	4.6	
Total	17 458	716	18 175	12 030		3.8
Average maturity, years	3.5		3.4			

1. Kungsleden has entered into 1 year interest rate floor contracts maturing in June 2016 for a nominal amount of SEK 3 880 m with a strike of 0%.

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

Kungsleden AB (publ) discloses the information in this press release according to the Swedish Securities Markets Act and/or the Swedish Financial Trading Act. The information was provided for public release on 22 December 2015 at 12:00 p.m.

Kungsleden's business concept is to own, actively manage, improve and develop 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 Stockholm since 1999.