



Kungsleden AB Interim Report 1 January–30 June 2004

- Profit before tax was SEK 292 (235) m and profit after tax was SEK 280 (174) m, equivalent to SEK 14.80 (9.20) per share.
- Rental revenues and Kungsleden's operating surplus increased by 9 (7) per cent and 14 (3) per cent, to SEK 760 (695) m and SEK 469 (412) m respectively.
- In the interim period, 65 properties were divested for SEK 1,574 m, generating profits of SEK 77 m, while 23 properties were acquired for SEK 1,295 m.
- Kungsleden is reiterating its forecast of profit before tax of SEK 500 m for the financial year 2004.

Acquisitions	Disposals	Property trading
23 properties SEK1,237 m	65 properties SEK 1,574 m	Disposals profitable 46 properties SEK 106 m loss-making 19 properties SEK -19 m sales administration SEK -10 m profit= SEK 77 m
7,6% property yield	7,7% property yield	
↓		
Earnings capacity	31 Dec 2003	30 June 2004
Operating surplus	SEK1,025 m	SEK 958 m
Property yield	8.3%	7.9%
- acquisitions and disposals		-0.1%
- management of properties owned for the full year		-0.3%
Fewer municipalities	110	100
Value per property	SEK 29.1 m	SEK 31.9 m

HIGH ACTIVITY

Major acquisitions and disposals were effected in the first half-year.

By means of acquisitions and disposals, we attempted to reduce the risk of our property holding in the first half-year 2004. We made property acquisitions of SEK 1.3 bn, and divestments of SEK 1.6 bn, primarily divesting offices, with the majority of acquisitions being retirement homes with long-term rental contracts with municipalities. Our longest contract is 25 years.

We retain a negative view of the Stockholm rental market particularly, where we anticipate more downward pressure on rents. The changes to our holding have meant the property yield of our portfolio reducing, albeit offset by reduced risk.


Property market liquidity remains very good, which also enables problem properties to be divested, implying that we can safeguard stable, long-term cash flows, which of course, is our business concept.

As for the office rental market generally, the anticipated economic upturn has been delayed yet again. Businesses are taking a hesitant view of hiring, affecting us adversely—and we do not expect any quick-fire improvement. Accordingly, as in the first half-year, our actions in the second half-year will be fairly defensive.

We will acquire properties with stable cash flows, preferably more retirement properties, and mainly divest office properties, and those in smaller communities.

Considering these circumstances, we are satisfied with our first half-year profits of SEK 292 m. We also enjoy low taxation, mainly through divesting companies instead of properties. With our sizeable loss carry-forwards, we will sustain very low taxation as we proceed, and thereby maintain our robust cash flows.

Going into the autumn, we are in very good shape with a fine-tuned organisation prepared for new deals. Our full-year forecast is profits of SEK 500 m before tax.



Jens Engwall
Chief Executive

Stockholm, Sweden, 18 August 2004

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KUNGSLEDEN'S BUSINESS CONCEPT, VISION AND STRATEGY

Kungsleden owns and manages properties, generating high and stable long-term returns.

Kungsleden's vision is that by means of skilled entrepreneurship and a high level of expertise, Kungsleden will become Sweden's most profitable and successful property company.

We intend to achieve our objectives by:

- Enhancing our skilled and businesslike organisation;
- Pursuing customer satisfaction through the active management and enhancement of our property holding;
- Proceeding from our existing holding, and through acquisitions and disposals, assuring high long-term returns.

Kungsleden pursues the objective of continuously enhancing its portfolio's risk-adjusted returns. The corporation strives to constantly maintain high and stable cash flow from operations. Moreover, Kungsleden minimises operating risk by diversification in terms of property type, geographical market, tenants and by spreading rental contract maturities over time. Kungsleden avoids development projects, because typically, they imply significant cash flow uncertainty. Kungsleden's experience is that property trading can be successful regardless of general economic conditions, and uses this activity to enhance its portfolio's risk-adjusted returns.

PROFIT

Earnings capacity

Our property holding is subject to continuous change so that at any given time, earnings capacity is not reflected optimally by the Income Statement. Instead, earnings capacity indicates the appearance of the Income Statement as if the properties owned as of 30 June 2004 had been owned for the previous 12 months. The intention is to illustrate the impact of changes to the property holding, and to create the most accurate possible impression of the present situation and earnings capacity.

Earnings capacity, SEK m	30 June 2004	SEK sq.m.	31 March 2004	SEK sq.m.
Rental revenues	1,493	781	1,535	794
Operating and maintenance costs	-411	-215	-405	-210
Property tax	-49	-26	-49	-25
Ground rent	-10	-5	-11	-6
Property administration	-65	-34	-65	-35
Operating surplus	958	501	1,005	523
Book value	12,145		12,174	
Property yield, %	7.9		8.3	
Economic occupancy, %	93.8		93.6	
Profit margin, %	64.2		65.4	
Floor-space, 000 sq.m.	1,912		1,948	

Property trading in the interim period exerted a negative impact on earnings capacity. In terms of sales price, divested properties' property yields were 7.7 per cent, while the estimated property yield of acquired properties was 7.6 per cent. However, the divested properties' risk-adjusted returns were lower than, and acquired properties' higher than, portfolio average risk-adjusted returns.

Property management had a negative impact on earnings capacity; the cost increases that featured last year were not repeated in the interim period, although revenues reduced. But this was largely attributable to a small number of properties.

Kungsleden's results

The interim profit was SEK 280 m, a SEK 106 m increase on the previous year. Return on equity was 21 per cent before tax and 20 per cent after tax, which compares favourably to Kungsleden's 15 per cent objective. However, the actual property yield of the holding of 7.7 per cent, and 7.9 per cent in terms of earnings capacity, did not match the 8.5 per cent objective.

The operating surplus increased by SEK 57 m as a consequence of the profit margin growing from 59.3 per cent to 61.7 per cent, and because of a larger holding. Profit from property trading increased by SEK 20 m. Administration costs grew by SEK 9 m, while the net financial position deteriorated by SEK 15 m. Tax costs reduced by SEK 49 m.

The progress of the net financial position can be explained by a larger average property holding and the following circumstances:

Adjusted net financial position, SEK m	2004 Jan–June	2003 Jan–June
Accounted net financial position	-232.2	-216.8
Freedom from interest coincident with property acquisitions	-7.3	0.0
Adjusted net financial position	-239.5	-216.8

Tax costs have been influenced by a revised assessment of temporary differences on shares in subsidiaries. Temporary differences on shares in subsidiaries will be treated as tax-deductible losses, subsequently transferring to temporary differences in income tax. Estimated loss carry-forwards as of year-end 2004 are SEK 2,800 m, less taxable profit. New legislation was introduced in Sweden on 1 July 2003 implying that certain subsidiaries that are limited companies can be divested free of tax. As a consequence of incorporating properties, this has also influenced tax for the year. This type of divestment can be expected to become more common, and accordingly, future tax costs will probably be affected.

THE PROPERTY HOLDING

As of 30 June 2004, the property holding comprised 381 properties with floor-space of 1,912,000 sq.m. and a book value of SEK 12,145 m. The properties were located in 100 municipalities, with the three major city regions of Greater Stockholm, Greater Gothenburg and the Öresund region representing 68.4 per cent of property book value. SEK 1,237 m worth of properties were acquired in the period, while Kungsleden made SEK 58 m of investments in existing properties. In terms

of book value, divestments were SEK 1,487 m, SEK 300 m of which related to a 50 per cent holding in retirement homes business Hemsö Äldreboende AB.

PROPERTY TRADING

During the interim period, 23 properties with floor-space of SEK 176,000 sq.m. were acquired for SEK 1,237 m. These transactions were effected at an estimated property yield of 7.6 per cent. Meanwhile, 65 properties were divested for a total of SEK 1,574 m, with profits of SEK 77 m. These divestments were effected at a property yield estimated in terms of sales value of 7.7 per cent. The prices received were SEK 1 m below internal valuations and SEK 26 m above external valuations. For 29 of these properties, the sales value was below SEK 10 m.

Profit effect of divested properties	Sales, SEK m	Profit, SEK m	No.
Positive	824.4	106.1	46
Zero	363.8	0	5
Negative	386.3	-18.7	14
Sales administration		-10.5	
Total	1,574.5	76.9	65

The reporting period

SEK 1,072 m of property disposals were effected in the second quarter, generating profits of SEK 47 m. Acquisitions were SEK 971 m. The divestments were 23 industrial/warehousing properties, 16 offices, three retail properties and 11 of the 'other' type. The properties were divested at an estimated property yield of 7.7 per cent. The acquisitions were 13 retirement home properties, two retail properties and one office property. Properties were acquired at an estimated property yield of 7.6 per cent.

FUNDING

The funding portfolio totalled SEK 8,833 m, with average interest of 4.95 per cent, against 4.97 per cent as of 1 January. Meanwhile, the interest fixing period changed from 2.58 to 2.63 years.

Interest fixing period as of 30 June 2004

Maturity	Nom. amt., SEK m	Prop., %	Ave. int., %
2004	2,506	28.4	3.80
2005	1,850	20.9	4.42
2006	650	7.4	5.03
2007	475	5.4	6.56
2008	842	9.5	5.96
2009	635	7.2	4.64
2010	1,375	15.6	6.42
2011	400	4.5	5.92
2012	100	1.1	5.05
Total	8,833	100.0	4.95

SHAREHOLDERS' EQUITY

The closing balance of shareholders' equity was SEK 2,862 m or SEK 151 per share, equivalent to an equity ratio of 22.2 per cent; dividends paid in the period were SEK 246.5 m.

THE SHARE AND SHAREHOLDERS

The closing price on 30 June 2004 was SEK 207. Accordingly, compared to the year-end 2003 closing price of SEK 193, the share had risen by 7 per cent. Dividends paid in the period were SEK 13 per share, and accordingly, total yield in the period was 14 per cent.

As of 30 June 2004, the number of shareholders was approximately 13,500, unchanged since year-end.

Shareholder	No. of shares	% of vote and capital
SHB/SPP Funds	815,380	4.3
Mellom AAM Omnibus	560,420	3.0
Olle Florén with companies	454,500	2.4
Swedish Red Cross	300,000	1.6
Crafoord Foundation	281,361	1.5
BQ Generale du Luxembourg	266,168	1.4
SEB Funds	263,700	1.4
Baltic Foundation	260,000	1.4
Fortis Bank	248,144	1.3
Management and Board	246,800	1.2
Total, 10 largest shareholders	3,696,473	19.5
Foreign shareholders, other	3,379,175	17.8
Other shareholders	11,882,972	62.7
Total	18,958,620	100.0

HUMAN RESOURCES

The average number of employees was 84 (76).

PARENT COMPANY

The parent company generated a loss of SEK –42 m; its liquid assets were SEK 0 m as of 30 June 2004.

ACCOUNTING PRINCIPLES

Kungsleden's accounting principles were unchanged compared to the previous year. The company observes RR's (Redovisningsrådet, the Swedish Financial Accounting Standards Council) recommendations and its Emerging Issues Task Force statements.

FORECAST 2004

The Board of Directors estimates that profit before tax will be SEK 500 m.

SIGNIFICANT EVENTS AFTER THE END OF THE INTERIM PERIOD

No significant events have occurred.

Jens Engwall
Chief Executive

Stockholm, Sweden, 18 August 2004

AUDITOR'S STATEMENT

I have performed a summary review of this Interim Report pursuant to the relevant recommendation issued by FAR (the Institute for the Accountancy Profession in Sweden). A summary review is far more limited than a full audit. Nothing has arisen to suggest that this Interim Report does not satisfy the stipulations of the Swedish Annual Accounts Act.

Tomas Thiel
Authorised Public Accountant

Stockholm, Sweden, 18 August 2004

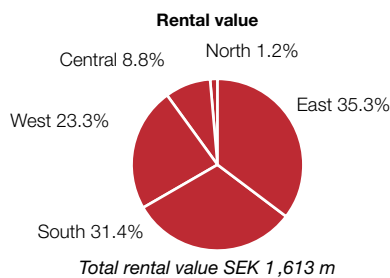
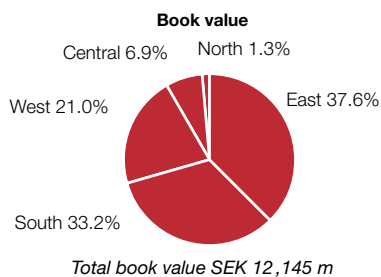
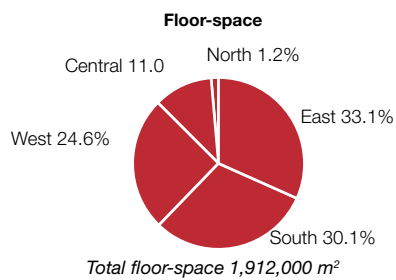
FORTHCOMING REPORTS

- Third-quarter Interim Report 2004, 21 October 2004
- Financial Statement for the financial year 2004, 16 February 2005

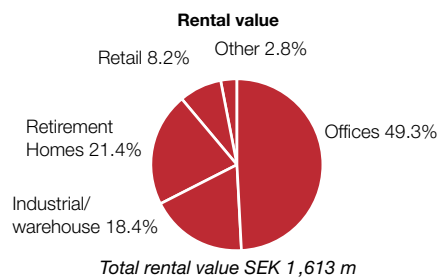
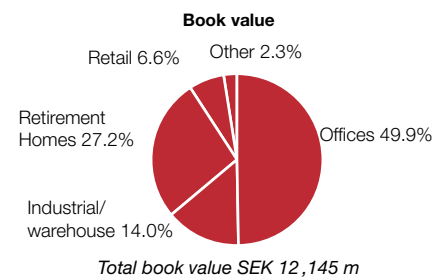
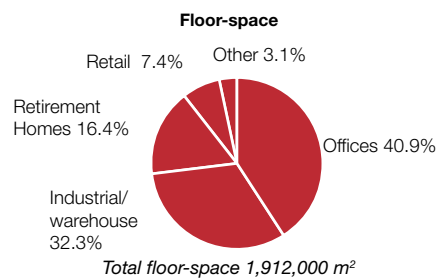
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Kungsleden's geographical presence in Sweden



Kungsleden's property categories



The property holding and earnings capacity in summary

Geographical division	East	South	West	Central	North	Total
Number	92	158	78	45	8	381
Lettable floor-space, 000 sq.m.	632	575	471	211	23	1,912
Book value, SEK m	4,567	4,028	2,546	844	159	12,145
Rental value, SEK m	569	506	377	142	20	1,613
Rental revenues, SEK m	525	464	354	132	19	1,493
Operating surplus, SEK m	343	292	240	71	11	958
Economic occupancy, %	93.5	92.8	95.2	94.8	95.7	93.8
Property yield, %	7.5	7.2	9.4	8.4	7.2	7.9
Profit margin, %	65.4	62.9	67.8	54.0	61.0	64.2

Category	Offices	Industrial/warehouse	Retirement homes	Retail	Other	Total
Number	162	83	77	32	27	381
Lettable floor-space, 000 sq.m.	782	617	313	141	58	1,912
Book value, SEK m	6,054	1,705	3,301	804	280	12,145
Rental value, SEK m	795	297	345	132	45	1,613
Rental revenues, SEK m	719	272	342	121	39	1,493
Operating surplus, SEK m	455	179	241	63	19	958
Economic occupancy, %	91.8	93.2	99.8	93.9	87.9	93.8
Property yield, %	7.5	10.5	7.3	7.8	6.8	7.9
Profit margin, %	63.4	66.1	70.5	51.6	48.8	64.2

INCOME STATEMENT

SEK m	Reporting period		Interim period		12 month	
	2004	2003	2004	2003	2003/2004	2002/2003
	Apr-June	Apr-June	Jan-June	Jan-June	July-June	July-June
Property management						
Rental revenues	376.4	345.8	760.4	695.1	1,441.5	1,335.0
Operating and maintenance costs	-105.1	-102.5	-220.8	-218.4	-406.9	-383.7
Property tax	-13.1	-11.8	-25.8	-24.0	-43.8	-47.8
Ground rent	-2.6	-3.1	-5.5	-6.3	-11.6	-13.1
Property administration	-18.6	-16.3	-39.3	-34.0	-72.3	-60.3
Operating surplus, property management	237.0	212.1	469.0	412.4	906.9	830.1
Property trading						
Sales revenues, properties	1,071.6	242.3	1,574.5	422.2	2,486.6	834.6
Sales administration including costs	-5.0	-5.8	-10.5	-10.8	-24.0	-18.9
Book value of divested properties	-1,019.1	-205.7	-1,487.1	-354.9	-2,290.8	-687.1
Profit, property trading	47.5	30.8	76.9	56.5	171.8	128.6
Gross profit	284.5	242.9	545.9	468.9	1,078.7	958.7
Central administration costs	-10.9	-8.4	-21.7	-17.1	-43.9	-32.6
Value adjustments	0.0	0.0	0.0	0.0	-44.9	-48.5
Operating profit	273.6	234.5	524.2	451.8	989.9	877.6
Profit from financial items						
Interest income, etc.	0.0	0.0	0.1	0.1	1.7	0.0
Interest subsidies	-116.1	-108.1	-234.8	-216.9	-454.6	-452.6
Interest costs, etc.	158.9	125.6	292.0	235.0	541.8	426.3
Profit before tax						
Tax	0.0	0.0	0.0	0.0	-22.8	-0.4
Current tax	-34.8	-31.9	-11.5	-60.7	332.3	-116.7
Deferred tax	124.1	93.7	280.5	174.3	851.3	309.2
Net profit						
	18,958,620	18,958,620	18,958,620	18,958,620	18,958,620	18,958,620
Average number of shares	8.40	6.60	15.40	12.40	28.60	22.50
Profit before tax per share, SEK	6.50	4.90	14.80	9.20	44.90	16.30
Profit after tax per share, SEK						

BALANCE SHEET

SEK m	30 June 2004	30 June 2003	31 Dec 2003	31 Dec 2002
Assets	223.6	36.2	196.1	14.8
Fixed assets	12,144.9	10,417.5	12,336.3	10,129.9
Current property assets	501.5	154.0	372.0	140.1
Other current assets	41.9	84.2	3.8	127.6
Cash and bank balances	12,911.9	10,691.9	12,908.2	10,412.4
Total assets				
Liabilities and shareholders' equity	2,861.8	2,257.0	2,827.9	2,310.2
Shareholders' equity ¹	0.0	196.9	0.0	136.0
Provisions	8,833.4	7,484.8	9,479.6	7,435.2
Interest-bearing liabilities	1,216.7	753.2	600.7	531.0
Non-interest-bearing liabilities	12,911.9	10,691.9	12,908.2	10,412.4
Total liabilities and shareholders' equity				
¹ Change in shareholders' equity	2,827.8	2,310.2	2,310.2	2,187.6
Opening balance	-246.5	-227.5	-227.4	-199.1
Dividends	280.5	174.3	745.1	321.7
Net profit	2,861.8	2,257.0	2,827.9	2,310.2
Closing balance				

CASH FLOW STATEMENT

SEK m	Reporting period		Interim period		12 month	
	2004 Apr–June	2003 Apr–June	2004 Jan–June	2003 Jan–June	2003/2004 July–June	2002/2003 July–June
Ongoing operations						
Operating profit	273.6	234.5	524.1	451.8	989.8	877.6
Net financial position	-114.8	-108.9	-232.3	-216.8	-448.2	-451.3
Value adjustments	0.0	0.0	0.0	0.0	47.5	48.5
Adjustments for items not included in cash flow. etc.	0.6	0.5	1.2	1.1	0.1	1.2
	159.4	126.1	293.0	236.1	589.2	476.0
Tax paid	1.9	0.9	-0.7	0.5	0.2	-0.6
Cash flow before change in working capital	161.3	127.0	292.3	236.6	589.4	475.4
<i>Cash flow from change in working capital</i>						
Increase (-) /decrease (+) in operating receivables	-68.7	-26.0	-38.1	15.6	13.3	30.6
Increase (+) /decrease (-) in operating liabilities	-284.0	-48.6	26.4	-2.0	100.6	-67.1
Cash flow from operations	-191.4	52.4	280.6	250.2	703.3	438.9
Investment activity						
Aquisitions of current property assets	-988.3	-439.0	-1,295.7	-709.8	-3,995.7	-1,741.6
Disposals of current property assets	1,019.2	273.0	1,487.1	422.2	2,223.5	754.4
Net investments in tangible fixed assets	-0.3	-0.1	-1.2	-0.3	-2.2	-2.5
Net investments in financial fixed assets	-15.2	-17.7	-25.9	-22.2	-18.5	-21.6
Cash flow from investment activity	15.4	-183.8	164.3	-310.1	-1,792.9	-1,011.3
Financing activity						
Loans drawn down/amortised	305.1	180.1	-160.3	244.0	1,293.8	746.0
Dividend paid	-246.5	-227.5	-246.5	-227.5	-246.5	-227.5
Cash flow from financing activity	58.6	-47.4	-406.8	16.5	1,047.3	518.5
Cash flow for the period	-117.4	-178.8	38.1	-43.4	-42.3	-53.9
Liquid assets, opening balance	159.3	263.0	3.8	127.6	84.2	138.1
Liquid assets, closing balance	41.9	84.2	41.9	84.2	41.9	84.2

KEY FIGURES

	Reporting period		Interim period		12 month	
	2004 Apr–June	2003 Apr–June	2004 Jan–June	2003 Jan–June	2003/2004 July–June	2002/2003 July–June
Property-related						
<i>Earnings capacity</i>						
Property yield					7.9	8.4
Economic occupancy, %					93.8	93.8
Profit margin					64.2	63.9
<i>Actuals</i>						
Property yield	7.8	8.2	7.7	8.0	8.0	8.3
Economic occupancy, %	93.3	94.7	93.5	94.1	93.3	93.4
Profit margin	63.0	61.3	61.7	59.3	62.9	62.2
Financial						
Return on total capital, %	8.4	8.8	8.2	8.6	8.4	8.5
Return on equity, profit before tax, %	21.6	21.6	20.6	20.6	21.2	19.2
Return on equity, profit after tax, %	16.8	16.0	19.8	15.2	33.3	14.0
Interest cover, multiple	2.4	2.2	2.3	2.1	2.2	1.9
Equity ratio, %					22.2	21.1
Gearing, multiple					3.1	3.3
Mortgage ratio, %					72.7	71.8
Data per share						
Share price, SEK					207.00	139.00
Dividend yield, SEK					13.00	12.00
Total yield, %					57.7	17.0
Dividend yield, %					9.3	9.3
P/E ratio, multiple					3.1	7.9
P/CE ratio, multiple					3.8	5.6
Operating surplus, SEK	12.50	11.20	24.70	21.80	47.80	43.80
Profit, SEK	6.50	4.90	14.80	9.20	44.90	16.30
Cash flow from operations, SEK	-10.10	2.80	14.80	13.20	37.10	23.20
Property book value, SEK					640.60	549.50
Shareholders' equity, SEK					150.90	119.00
Shares outstanding					18,958,620	18,958,620
Average number of shares					18,958,620	18,958,620

DIVESTED PROPERTIES

Name	Municipality	Locality	Address	Year of construction/ conversion	Lettable floor-space, m ²					Total	
					Offices	Industrial/ warehouse	Retirement homes	Retail	Residential		Hotel
Market Area East											
<i>Office properties</i>											
Ritmallen 1	Sollentuna	Rotebro	Kung Hans v 4, 12	1990	3,034	263	1,358	-	-	-	4,655
Centrum 13	Sollentuna	Sollentuna	Alfvar 1, 3	1986	3,610	291	755	-	-	-	4,656
Ekplantan 2	Sollentuna	Sollentuna	Djupdalsv 13 - 15	1988	4,388	8	-	-	-	-	4,396
Nattvakten 10	Sollentuna	Sollentuna	Sjängsv 10, 12	1998	-	801	-	-	-	-	1,626
Nattvakten 3	Sollentuna	Sollentuna	Sjängsv 15-21	1990	4,440	174	430	-	-	-	5,044
Nattvakten 5	Sollentuna	Sollentuna	Sjängsv 9	1988	1,352	-	-	-	-	-	1,352
Nattvakten 6	Sollentuna	Sollentuna	Sjängsv 5-7	1987	2,517	-	-	-	-	-	2,517
Nattvakten 7	Sollentuna	Sollentuna	Sjängsv 1, 3	1985	1,157	-	-	-	-	-	1,157
Nattvakten 8	Sollentuna	Sollentuna	Sjängsv 2, 4	1986	489	468	-	-	-	-	957
Nattvakten 9	Sollentuna	Sollentuna	Sjängsv 6, 8	1986	1,244	-	-	-	-	-	1,244
Träkolet 16	Sollentuna	Sollentuna	Tellusv 13	1982 / 1988	11,637	607	-	-	-	-	12,244
Albano 18	Stockholm	Stockholm	Björnåsv 12	1964	2,000	-	-	-	-	-	2,000
Albano 19	Stockholm	Stockholm	Björnåsv 10	1944 / 1981	402	662	-	-	-	-	1,064
<i>Industrial/warehouse properties</i>											
Ekhagen 4	Botkyrka	Botkyrka	Kumla Gårdsv 9	1989	-	3,428	-	-	-	-	3,428
Kumla Hage 7	Botkyrka	Botkyrka	Segersbyv 5	-	-	1,950	-	-	-	-	1,950
Kumla Ång 2	Botkyrka	Botkyrka	Kumla Gårdsv 31	1988	-	1,420	-	-	-	-	1,420
Gajonen 1	Linköping	Linköping	Gillbergsgatan 30	1975 / 1991	590	-	-	-	-	-	590
Piirten 4	Norrköping	Norrköping	Malmgatan 35	1974 / 1991	5,450	-	-	-	-	-	5,450
Märsta 17:2	Sigtuna	Märsta	Maskingatan 8 A	1974 / 1986	-	3,791	-	-	-	-	3,791
Märsta 24:18	Sigtuna	Sigtuna	Turbing 2	1990	1,895	-	-	-	-	-	1,895
Korsräven 1	Stockholm	Stockholm	Arrendevägen 50	1969 / 1998	-	6,120	-	-	-	-	6,120
Albano 04	Stockholm	Stockholm	Roslagsv 54-56	1959	356	5,125	207	-	-	-	5,688
Mästaren 6	Södertälje	Södertälje	Hantverksvägen 14	1986	-	1,104	-	-	-	-	1,104
<i>Retail properties</i>											
Foibonden 4	Botkyrka	Botkyrka	Fittja Centrum, Fittjav 3	1972	5,059	1,253	4,445	-	-	-	10,757
Reglaget 1	Sollentuna	Sollentuna	Bergkällav 24	1987 / 1990	573	2,549	180	-	-	-	3,302
Market Area South											
<i>Office properties</i>											
Löttorp 1:16	Borgholm	Löttorp	Löttorpsv 57	1957	485	-	275	85	-	-	845
Delinen 17	Helsingborg	Helsingborg	Kullagatan 31	1900 / 1984	6,743	-	-	-	-	-	6,743
Vakteln 3, 23	Malmö	Limhamn	Tegnérgatan 39	1991	1,871	-	-	-	-	-	1,871
Gustav Adolf 12, Malmö	Malmö	Malmö	Gustav Adolf 12	1958	3,157	-	-	-	-	-	3,157
Vakteln 17, Malmö	Malmö	Malmö	Järnvägsgränd 42-46	1930	2,560	-	-	-	-	-	2,560
<i>Industrial/warehouse properties</i>											
Adelmetallen 15	Jönköping	Jönköping	Grossistgatan 14	1988 / 1997	-	5,000	-	-	-	-	5,000
Pumpen 5	Kalmar	Kalmar	Grindängsvägen 2	1969	-	665	-	-	-	-	665
Kupolen 2	Malmö	Limhamn	Krossverksgatan 7-17	1992	-	9,922	-	-	-	-	9,922
Bjurö 11	Malmö	Malmö	Bjurög 35	1970	-	5,836	-	-	-	-	5,836
Eggegrund 7	Malmö	Malmö	Hemsög 12	1968 / 1970	-	14,679	-	-	-	-	14,679
Holkynan 8	Malmö	Malmö	Bronsyxegatan 13	1972 / 2002	-	4,625	-	-	-	-	4,625
Grävören 5	Växjö	Växjö	Verkstadsgränd 8	1969 / 1983	-	2,568	-	-	-	-	2,568
<i>Retail properties</i>											
Vakten 1	Jönköping	Jönköping	Bataljonsg 4	1996	-	-	4,964	-	-	-	4,964
<i>Other</i>											
Bläsinge 5:232	Borgholm	Borgholm	Borgholm	-	-	-	-	-	-	-	-
Gyllebo 1:288	Simrishamn	Simrishamn	Liavångsv 8	-	-	-	-	-	-	-	-
Market Area West											
<i>Office properties</i>											
Advokaten 1	Töreboda	Töreboda	Norra Torgg 7	1985	1,026	-	260	839	-	-	2,125
<i>Industrial/warehouse properties</i>											
Rud 51:14	Göteborg	Västra Frölunda	Klangärgsgatan 6A	1970 / 1990	-	4,463	-	-	-	-	4,463
Kuröd 4:43	Uddevalla	Uddevalla	Brunnemyrsv 1/ Klevåsv 4	1974 / 1999	-	1,600	-	-	-	-	1,600
Svanbergslyckan 4	Uddevalla	Uddevalla	Svensbergsv 4	1988	-	1,989	-	-	-	-	1,989
<i>Retail properties</i>											
Hulebäck 1:520	Härryda	Härryda	Råda Torg 1-2	1970 / 1987	1,367	172	2,231	1,894	-	-	5,664
Gullriset 2 o 3	Trollhättan	Trollhättan	Göteborgsv 31	1955	-	-	1,051	-	-	-	1,051
<i>Other</i>											
Kroken 6	Alingsås	Alingsås	Krang 13	-	-	-	-	-	-	-	-
Tummarp 1:66	Borås	Dalsjöfors	Storg 25	1952	210	-	259	568	-	-	1,037
Fritsla 7:7	Mark	Fritsla	Klevliden 12	-	-	-	-	-	-	-	-
Lerdala 2:23	Skövde	Lerdala	Sjöv 3 a-b, 5 a-b, 9 a-b, 11	1992	-	-	-	1,880	-	-	1,880
Alfhem 11	Tidaholm	Tidaholm	Telefong 4	1960	268	-	192	594	-	-	1,054
Idun 5	Tidaholm	Tidaholm	Norra Kungsv 5	1984	784	-	267	1,402	-	-	2,453
Byggmästaren 5	Töreboda	Töreboda	Norra Torgg 10,12	1990	44	-	270	1,097	-	-	1,411
Plåtslagaren 9	Töreboda	Töreboda	Friggag 5, 7	1947 / 1992	-	-	-	1,849	-	-	1,849
Rönnen 11	Töreboda	Töreboda	St Bergsg 20 a-b	1957	177	40	-	821	-	-	1,038
Sotaren 12	Töreboda	Töreboda	Vadsbog 10 a-b,12 a-b	1990	-	-	-	972	-	-	972
Market Area Central											
<i>Office properties</i>											
Hagfors 2:174	Hagfors	Hagfors	Uddeholmsv, Stationshus	1929 / 1950	826	58	67	-	-	-	950
<i>Industrial/warehouse properties</i>											
Långtradaren 4	Borlänge	Borlänge	Godsvägen 11	1970 / 1990	-	1,599	-	-	-	-	1,599
Market Area North											
<i>Office properties</i>											
Postbrännaren 4	Sandviken	Sandviken	Hyttg 21	1963 / 1988	1,551	-	-	-	-	-	1,551
<i>Industrial/warehouse properties</i>											
Likrikteren 2	Kiruna	Kiruna	Ställverksvägen 7	1990	-	1,053	-	-	-	-	1,053
Skorpionen 8	Luleå	Luleå	Midgårdsvägen 10	1964	-	2,644	-	-	-	-	2,644
Sköns Prästbord 1:65	Sundsvall	Sundsvall	Förmansvägen 20	1978	-	6,555	-	-	-	-	6,555
Spänningen 5	Umeå	Umeå	Förrådsvägen 23	1975	-	1,686	-	-	-	-	1,686
Trucken	Östersund	Östersund	Chaufförvägen 17	1965 / 1977	-	1,860	-	-	-	-	1,860
<i>Retail properties</i>											
Postbrännaren 6	Sandviken	Sandviken	Hyttg 19	1966 / 1988	272	-	1,129	1,010	-	-	2,411

ACQUIRED PROPERTIES

Name	Municipality	Locality	Address	Year of Construction/ conversion	Lettable floor-space, m ²							Total floor-space	Rental revenue	Rental value	Vacancy, %
					Office	Industrial/ warehouse	Retirement homes	Retail	Resi- dential	Hotel	Other				
Market Area East															
Office properties															
Järven 5	Norrköping	Norrköping	Bergslagsgatan 11	2003	3,011	-	-	-	-	-	-	3,011	5,268	5,268	0
Retirement homes															
Betaren 3	Finspång	Finspång	Profilvägen 8	1964 / 1993	-	-	1,991	-	-	-	-	1,991	1,394	1,394	0
Hårstorpsgården	Finspång	Finspång	Hårstorpsvägen 13	1972 / 1990	-	-	2,880	-	-	-	-	2,880	2,980	2,980	0
Storängsgården	Finspång	Finspång	Södra Storängsvägen 50	1950	-	-	8,510	-	-	-	-	8,510	6,983	6,983	0
Tegelbacken	Finspång	Finspång	Östermalmsvägen 55	2002	-	-	3,275	-	-	-	-	3,275	4,563	4,563	0
Brynäs 55:4	Gävle	Gävle	Tredje Tvärgatan 31	1970	-	-	6,490	-	-	-	-	6,490	4,118	4,118	0
Kristinelund 49:1	Gävle	Gävle	Solgårdsgatan 2	-	-	-	9,490	-	-	-	-	9,490	7,607	7,607	0
Kristinelund 49:2	Gävle	Gävle	Järstavägen 20	1980	-	-	6,485	-	-	-	-	6,485	3,664	3,664	0
Stromsbro 4:2	Gävle	Gävle	Sanstorievägen 17	1910 / 2002	-	-	5,841	-	-	-	-	5,841	5,062	5,062	0
Södertull 13:13	Gävle	Gävle	Flemingsgatan 11-17	1999-2001	-	-	9,358	-	-	-	-	9,358	7,950	7,950	0
Södertull 13:14	Gävle	Gävle	Valongatan 3	1970 / 1996	-	-	659	-	-	-	-	659	578	621	7
Vallbacken 24:3	Gävle	Gävle	Vallbacksgatan 8	1970 / 1995	-	-	4,937	-	-	-	-	4,937	3,248	3,248	0
Varva 2:20	Gävle	Gävle	Norra Prästvägen 12 A-B	1970 / 1992	-	-	5,563	-	-	-	-	5,563	3,777	3,777	0
Rösunda 36:41	Nacka	Nacka	Rösundavägen 2	-	-	-	5,078	-	-	-	-	5,078	4,404	4,404	0
Järven 6	Norrköping	Norrköping	Enebygatan 22	2004	-	-	5,408	-	-	-	-	5,408	2,040	2,259	10
Other															
Centrum 13:1	Enköping	Enköping	Kungsg 26/Källg 11	1977/1995	-	674	-	1,608	-	3,820	244	6,346	1,586	2,165	27
Hårstorp 3:110	Finspång	Finspång	Dunderbacksvägen 41	1974/1994-95	-	-	-	-	19,025	-	-	19,025	12,230	14,454	14
Market Area South															
Retirement homes															
Pjäsen 12	Gotland	Visby	Pjäsgatan 12	2004	-	-	6,600	-	-	-	-	6,600	9,337	9,337	0
Market Area West															
Retail properties															
Angered 94:1 & 33:10	Göteborg	Angered	Angered centrum	1978	-	-	-	38,924	-	-	-	38,924	40,459	41,831	3
Backa 171:2 & 866:279	Göteborg	Göteborg	Backavägen 3	1990	-	-	-	7,804	-	-	-	7,804	7,152	8,252	13
Market Area North															
Retirement homes															
Roten 5	Sundsvall	Sundsvall	Tomtegränd 5 A-C	1993	-	-	4,369	-	-	-	-	4,369	4,568	4,568	0
Skörden 2	Sundsvall	Sundsvall	Axvägen 7-9	1975	-	-	8,026	-	-	-	-	8,026	6,041	6,041	0
Sköle 1:117	Sundsvall	Sundsvall	Skölevägen 15	1983	-	-	6,006	-	-	-	-	6,006	5,702	5,702	0

Earnings capacity: properties disposed of as of the balance sheet date are excluded, and properties acquired by no later than the same date are included as if they had been owned for 12 months. Otherwise, the calculation is based on the following assumptions:

- For those properties where 12 months have passed since Kungsleden took possession, actuals for the last 12 months are included;
- For those properties where more than six months but less than 12 months have passed since Kungsleden took possession, actuals are recalculated to 12-month equivalents;
- For properties where less than six months have passed since Kungsleden took possession, data from acquisition calculations are used.

Property terminology

Property yield: the operating surplus for the year in relation to the average book value of properties. However, the property yield for the earnings capacity is calculated as earnings capacity in relation to the book value of properties at year-end.

Operating surplus: rental revenue less operation and maintenance costs, ground rent, property tax and property administration.

Operation costs: costs for electricity, heating, water, property care, cleaning, insurance and ongoing maintenance.

Economic occupancy: rental revenue, rental discounts and rental losses in relation to rental value.

Economic vacancy: assessed market rent for un-occupied floor-space in relation to rental value.

Property type: the properties' primary usage (see "Distribution of floor-space").

Rental revenues: rent invoiced, plus supplementary items such as remuneration for heating, property tax, insurance claims and other revenues, less rental losses and rental discounts.

Rental value: rental revenues plus assessed market rent for un-let floor-space, rental discounts and rental losses, less other revenue.

Accommodation type: floor-space distributed by usage.

Maintenance: measures intended to maintain a property and its technical systems. Relates to planned measures entailing the replacement or renovation of parts of a building or technical systems. Also includes tenant adaptations.

Distribution of floor-space: distribution by accommodation type implies that the floor-space in a property is distributed by usage. There is a division between office, housing, retail, hotel, development, industrial and warehousing. Distribution by property type means the property is defined by that type of floor-space that represents the greatest proportion of total. Accordingly, a property with 51 per cent of its floor-space used as offices is considered an office property.

Area-based occupancy: let floor-space in relation to total lettable floor-space at the end of the period.

Area-based vacancy: vacant floor-space in relation to total lettable floor-space at the end of the period.

Financial terminology

Return on equity: profit in relation to average shareholders' equity. Stated for profit before and after tax. Average shareholders' equity is calculated as the total of opening and closing balances divided by two.

Return on total capital: profit after financial items plus interest costs less interest subsidies in relation to average assets. Average assets are calculated as the total of opening and closing balances divided by two.

Beta value: the share's correlation with the market's average performance. A beta value of less than one implies that a share price has fluctuated less than the SAX (Stockholm All-share Index). Beta value is a key component of the CAPM (Capital Asset Pricing Model) used to calculate the market's required rate of return on the share. The CAPM indicates that a low beta value implies a low required rate of return. Beta values relate to a period of 12 months.

Mortgage ratio: interest-bearing liabilities in relation to property book value at year-end.

Dividend yield: dividends paid in the year in relation to the share price at the beginning of the year.

Shareholders' equity per share: shareholders' equity in relation to the number of shares at year-end.

Book value of property per share: book value of property in relation to the number of shares at year-end.

Cash flow from operations: operating profit less net financial items adjusted for value adjustments and items not included in cash flow from operations, and for changes in working capital and tax paid.

P/E ratio: share price at the end of the period in relation to earnings per share, in accordance with prevailing forecasts. Year-end share prices in relation to the following year's EPS are used for historical values.

P/CE ratio: share prices at the beginning of the year in relation to cash flow from operations.

Earnings per share: profit after tax at year-end divided by the number of shares at year-end.

Interest cover: profit before net financial items in relation to net financial position.

Gearing: interest-bearing liabilities at year-end in relation to shareholders' equity.

Equity ratio: shareholders' equity including minority shares at year-end in relation to total assets.

Total yield: the total of the share's price gains and dividends paid in the year in relation to the closing share price at the beginning of the year.

Profit margin: operating surplus in relation to total rental revenue.



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