

Interim Report January-June 2009

Chief Executive Thomas Erséus

Deputy Chief Executive Johan Risberg

20 August 2009



KUNGSLEDEN

möjligheternas fastighetsbolag

Kungsleden in brief

- Kungsleden owns and manages properties generating high and stable long-term returns
 - Returns more important than property type and location
 - Yield cannot be judged without considering risk levels
- Properties had a book value of SEK 21.2 (28.6) bn as of 30 June
 - Commercial Properties 48% (37)
 - Public properties 39% (54)
 - Modular buildings 7% (5)
 - Retirement homes Germany 6% (4)
- Approx. 25,900 shareholders, nearly half private individuals and nearly one-third foreign
 - Ten largest shareholders control 14.9% of equity and votes

The quarter in figures

From 4 May, half of Public properties is being reported according to the proportional method

- Net sales: SEK 668 (764) m
- Rising operating net in like-for-like terms
- Stable property yield of 7.1 (7.0)%
- Gross profit: SEK 453 (505) m
- Profit before tax: SEK 244 (173) m
- Profit after tax: SEK 304 (198) m
- Earnings per share: SEK 2.20 (1.50)
- Estimate of profit for calculating 635 m (196)
- Estimate of profit for calculating per share 4,70 (1,50)

Profit for calculating dividends

SEK m	2009 Jan-Jun	2008 Jan-Jun
Gross profit	954	952
Sales and administration costs	-152	-180
Net financial position	-475	-468
Sub-total	327	304
<i>Property divestments</i>		
Trading net at divestment	-128	31
Realised value changes, properties	1,177	17
Realised value changes, financial instruments	-158	0
Sub-total	891	48
Tax paid and other items not affecting cash flow	-360	-30
Profit for calculating dividends	858	322

Property transactions in Q2

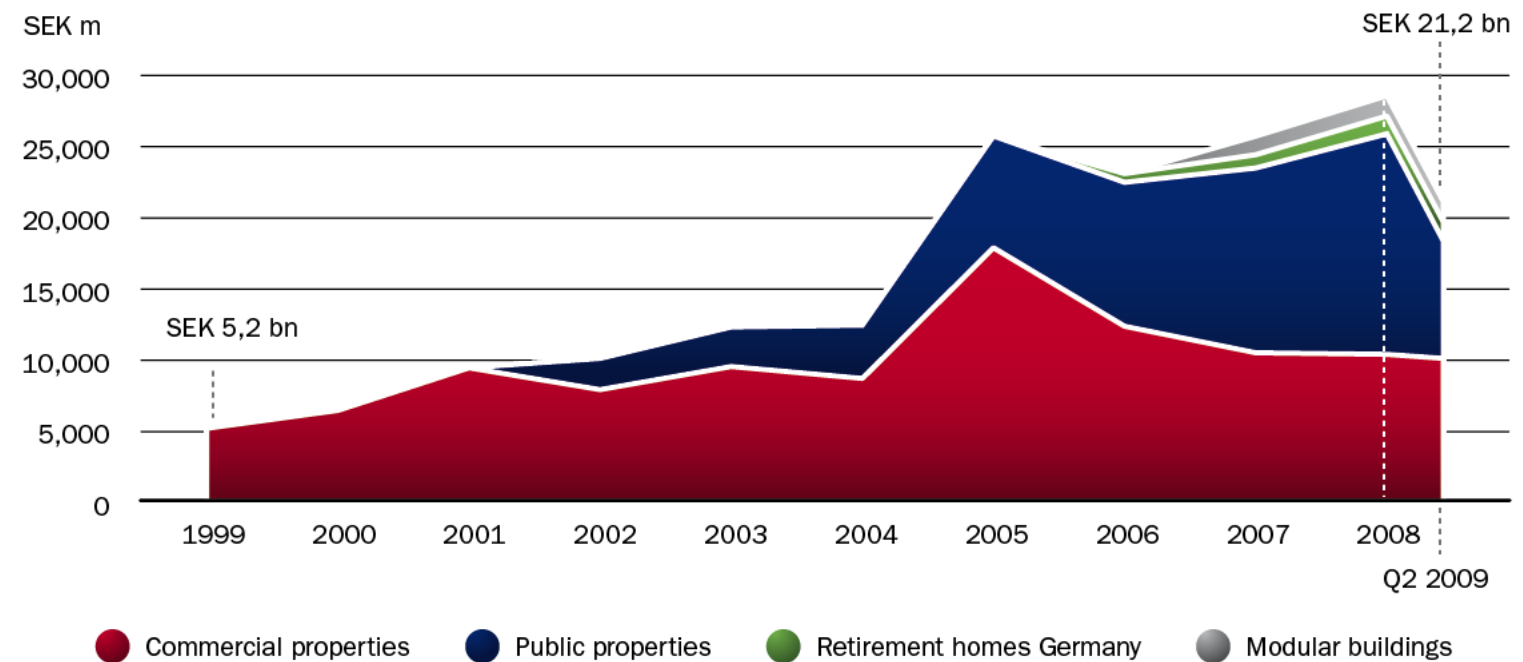
- Completed divestment to AP3 of half of the Public property portfolio of 242 properties. Sales price based on a property value of SEK 14.6 bn.
- Sale of 9 properties for a total of SEK 115 m.

Current market conditions

- Kungsleden's lettings market
 - Lettings remain stable, underlying market progressing positively
 - Falling vacancies in like-for-like terms
 - Greater numbers of insolvencies cannot be ruled out
- Financial market
 - Still hard to secure funding on reasonable terms
 - Tighter access to credit and rising pricing
 - Eventually there will hopefully be new players, more competition and better pricing
- Transaction market
 - Remains difficult with far fewer and smaller transactions
 - Cool interest from foreign property players

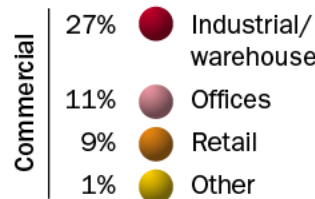
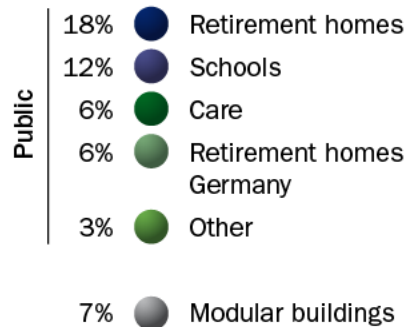
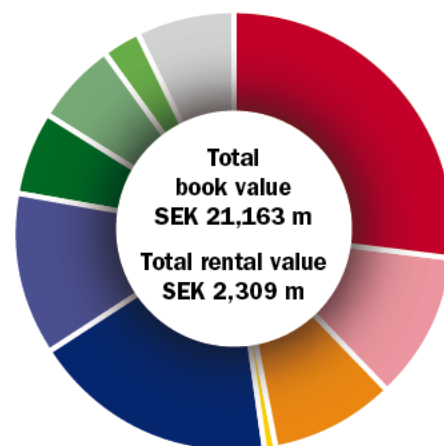
Property portfolio

Property portfolio, 1999 – Q2, 2009

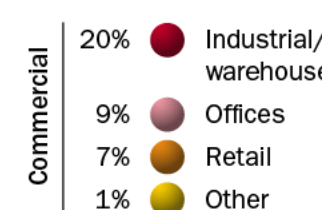
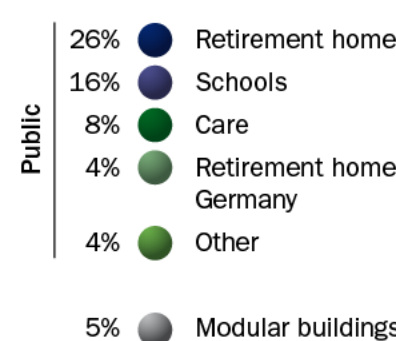
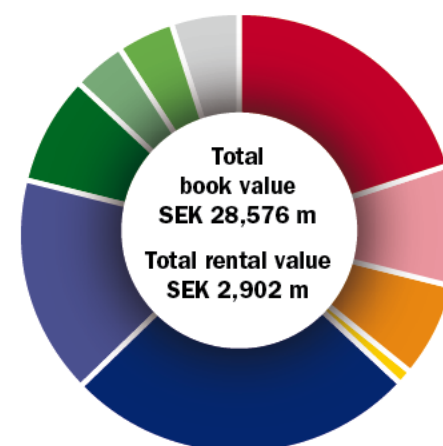


Our properties—by type

Property portfolio by type as of 30 June 2009



Property portfolio by type as of 31 December 2008



Income Statement

SEK m	Jan-Jun 2009	Jan-Jun 2008
Rental revenues	1,300.9	1,312.7
Sales revenues, modular buildings	137.7	197.9
Net sales	1,438.6	1,510.6
Gross profit	954.1	952.4
Trading net	-128.4	30.6
Sales and administration costs	-152.4	-180.2
Net financial position	-474.5	-467.8
Unrealised value changes	-34.4	-49.1
Profit before tax	164.4	285.9
Tax	72.2	-14.2
Profit after tax for the period	236.6	271.7

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- Sustained positive underlying operations

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- Despite 30% sales downturn, Nordic Modular's gross profit was down only 7%

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- A 3% increase in like-for-like terms

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- 9% increase in like-for-like terms

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- Due to transaction costs relating to the sale to AP3

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- Lower transaction volumes, cost-cutting in Germany

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- Higher average interest in 2009 than in 2008

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- Negative change of 1% of book value
- Value increase on financial instruments resulting from rising long yields

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- Net of tax effect of sale to AP3 and provisioning for tax risk after test case rulings

Tax position

- No new developments on the tax question
- Swedish Supreme Administrative Court announced tax rulings in May 2009 for companies other than Kungsleden
- Kungsleden has analysed potential impact on the company and its judgment is that current tax for 2009 may be charged with SEK 325 m as a result of the rulings
- Kungsleden has received a decision from the Swedish Tax Agency regarding transactions conducted resembling the ‘Cyprus ruling’, implying additional SEK 200 m tax claims on Kungsleden
 - The Swedish Supreme Administrative Court has referred the case to the Council for Advance Tax Rulings for consideration
 - Kungsleden has not provisioned for this tax claim in its interim financial statement and considers it erroneous

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Balance Sheet

SEK m	2009	2008	2008
Assets	30 Jun	31 Dec	30 Jun
Properties	21,162.7	28,575.8	28,666.2
Receivables, etc.	2,105.5	1,504.1	1,597.6
Cash and cash equivalents	744.1	641.6	464.0
Total assets	24,012.3	30,721.5	30,727.8
Equity and liabilities			
Equity	7,092.6	7,064.8	8,220.2
Interest-bearing liabilities	13,727.4	20,742.7	20,475.0
Non-interest bearing liabilities	3,192.3	2,914.0	2,032.6
Total liabilities and equity	24,012.3	30,721.5	30,727.8

Fixed-interest terms

As of 30 June 2009

Interest maturity	Loan, SEK m	Proportion, %	Ave. interest, %
2009	4,527	34,0	8,2
2010	0	0.0	0.0
2011	1,100	8.2	4.7
2012	1,487	8.2	4.2
2013	1,600	12.0	4.5
2014	1,500	11.3	4.4
2015	1,800	13.5	4.3
2016	400	3.0	4.4
2017	300	2.3	4.5
2018	1,000	7.5	4.5
Total loans	13,714	100.0	5.7
Market value of loans and derivatives	1,286		
Total	15,000		

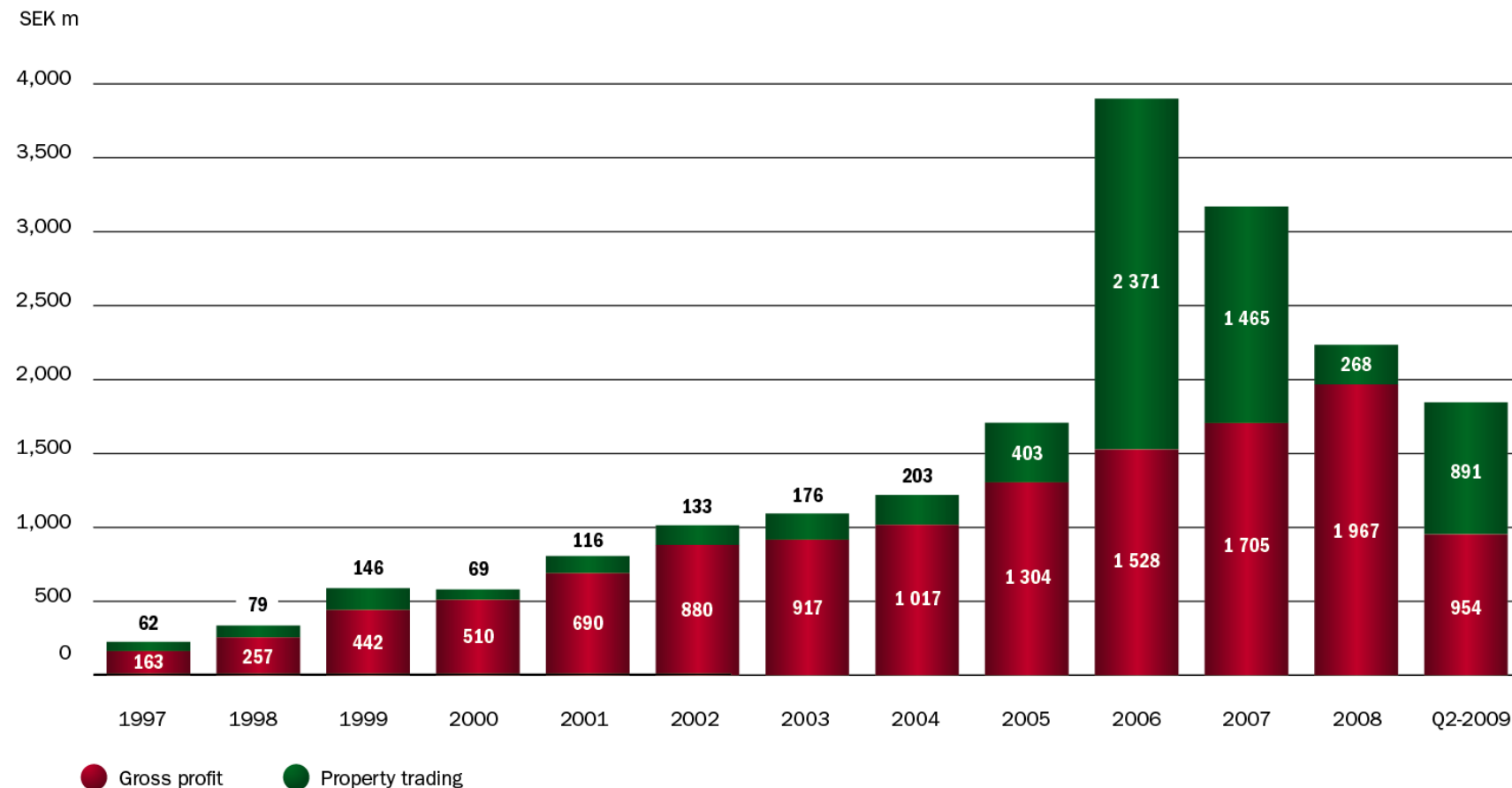
The cancelable derivatives are included in the figures for 2009 and amounts to some SEK 8 bn, have maturities varying between four and eight years and interest rate between 2.9 and 4.1 per cent.

Funding

As of 30 June 2009

Year	Credits, SEK m	Proportion, %	Average conversion term, years
2009	670	3.9	
2010	1,024	6.0	
2011	1,201	7.1	
2012	11,782	69.4	
2013	1,571	9.3	
2014	0	0.0	
2015	0	0.0	
2016	0	0.0	
2017	0	0.0	
2018	726	4.3	
Total credit	16,974	100.0	3.2
Un-utilised credit facilities	-3,260		
Total utilised credit facilities	13,714		
	30 Jun	31 Dec	30 Jun 08
Equity ratio	30%	23%	27%
Mortgage ratio	65	73	71

Underlying profits '97-'09 Q2



10 largest shareholders (% of votes & equity)

■ Swedbank Robur fonder	3.0
■ Florén Olle and companies	2.2
■ SHB fonder	1.7
■ Nordea fonder	1.6
■ Länsförsäkringar fonder	1.2
■ AP2	1.2
■ SEB fonder	1.1
■ AP1	1.0
■ Avanza Pension Försäkring	1.0
■ SEB	0.9

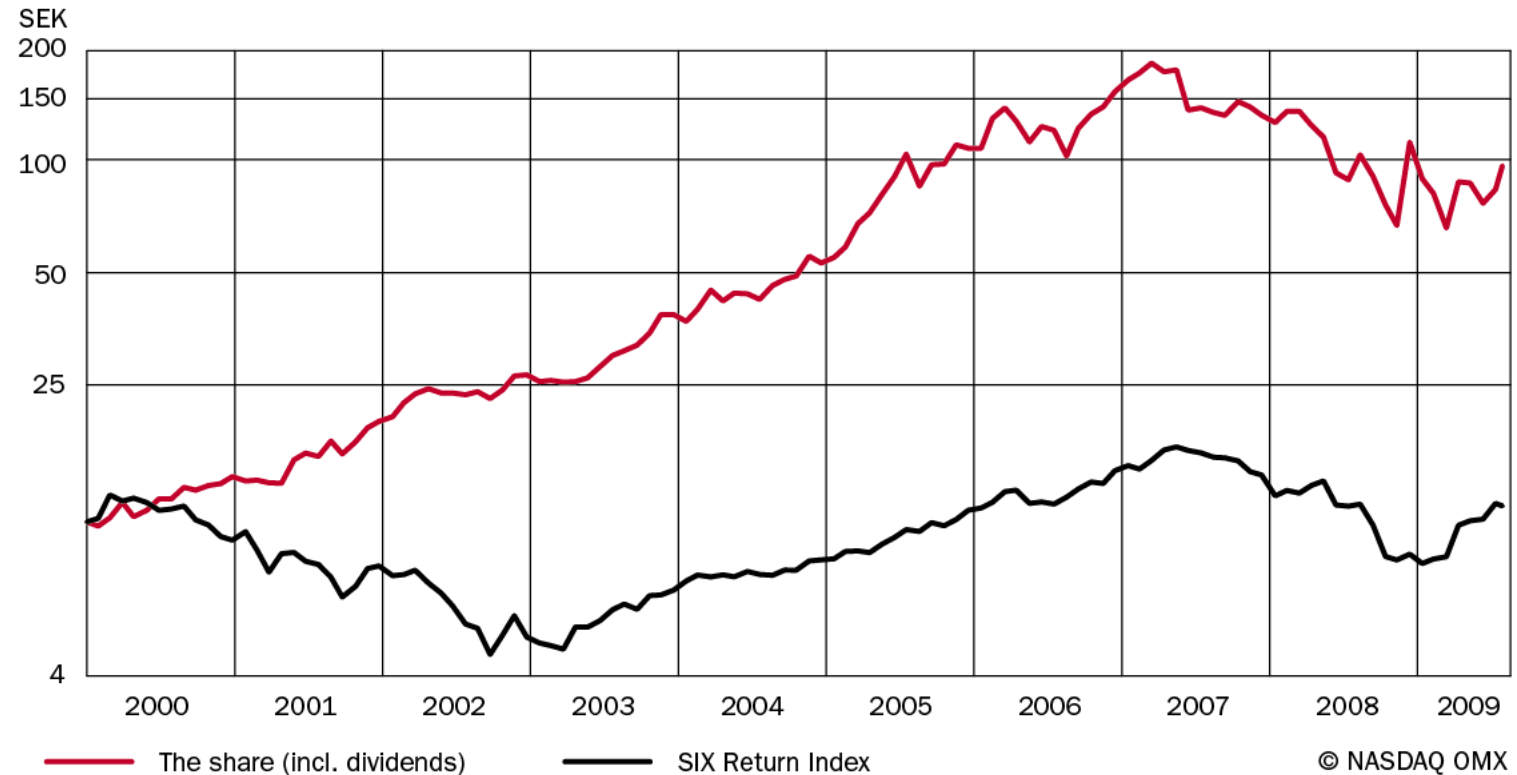
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Outlook for H2 2009

- Sustained focus on cash flow, portfolio composition and long contracts
- Active and close dialogue with customers
- Sharp focus on improved risk-adjusted returns
- Keep looking for good deal opportunities
- Enhance the potential in Public properties alongside AP3
- Estimate of profit for calculating dividends for 2009: SEK 975 m

Total yield to mid-August 2009

Total yield



Any questions?