

KUNGSLEDEN

**Press Release
24 October 2007**

Interim Report, 1 January – 30 September 2007

Upgraded forecast, stronger position in Germany

- Net sales increased by 7 per cent to SEK 1,931 (1,801) m.
- Profit before tax was SEK 1,551 (1,898) m. Profit for the interim period was SEK 1,162 (1,918) m, equivalent to SEK 8.50 (14.10) per share.
- In the interim period, 133 properties were acquired for SEK 5,388 m. Additionally, 122 properties were divested for SEK 3,999 m with profits of SEK 148 m. Divestments affected profit for calculating dividends by SEK 542 m.
- Profit for calculating dividends for the interim period amounted to SEK 1,049 m. For the financial year 2007, the forecast profit for calculating dividends is being upgraded to SEK 1,400 m from the previous SEK 1,200 m.
- A letter of intent has been signed with Orkla Finans regarding the sale of commercial properties for approximately SEK 5 bn. If the transaction is completed, Kungsleden estimates that the trading net from the deal would be about SEK 600 m, with profit for calculating dividends affected by about SEK 900 m. This deal is scheduled for completion in November, and would then be accounted in the fourth quarter.
- After the end of the interim period, seven properties in Germany were acquired for SEK 659 m. Additionally, the Board of Directors has convened an EGM to consider a proposed share redemption corresponding to a SEK 1,570 m payment to shareholders, or SEK 11.50 per share.

Third quarter (July-September)

- Net sales grew by 18 per cent to SEK 655 (556) m.
- Profit before tax amounted to SEK 322 (536) m; net profit was SEK 301 (392) m, equivalent to SEK 2.20 (2.90) per share.

“Kungsleden kept doing good deals in the third quarter, and I’m satisfied with our profits, which mean we can upgrade our forecast profit for calculating dividends for 2007. Recent credit turbulence has increased uncertainty on the property market, but simultaneously, may offer opportunities for attractive deals for a financially strong player like Kungsleden.”

“I’m particularly satisfied that after a number of deals in the autumn, we have succeeded in building a portfolio of contemporary retirement homes in Germany, which including projects in progress, is worth SEK 2 bn.”

“Within Public Properties, we basically acquired all the properties in the Municipality of Härnösand in northern Sweden where municipal operations are conducted, which I view as yet more corroboration of our quality. The share of public properties with stable counterparties and long-term contracts will become increasingly significant, thereby further enhancing the stability of our portfolio.”

“The market for modular properties remains robust, with good capacity utilisation in the production of modular properties for the foreseeable future. In addition, the acquisition of Hyrab further improves our growth prospects in this business area.”

“In conclusion, I’m also delighted that the results of our work will benefit our shareholders as early as this year through the proposed redemption programme at SEK 11.50 per share. After the redemption programme, we will still retain substantial scope for acquisitions of between SEK 10 and 20 bn,” commented Kungsliden’s Chief Executive Thomas Erséus.

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Kungsliden’s strategy is to ensure sustainable high and stable returns proceeding from its existing holding, and through acquisitions and divestments. As of 30 September 2007, the property portfolio comprised 597 properties with a book value of SEK 25.9 bn. The holding was located in a total of 125 municipalities, although concentrated on the Swedish provinces of Götaland and Svealand, and the Öresund region. Kungsliden has been quoted on Nordiska Börsen since 14 April 1999.