



# This is Kungsleden

## BUSINESS MODEL

Kungsleden owns and manages properties. It views a property's returns as more important than its type or geographical location. Its business model focuses on continually enhancing the composition and quality of the property portfolio, with the objective of improving portfolio risk-adjusted returns. In practice, this involves multiple acquisitions and divestments. Simultaneously, Kungsleden prioritises being a good and efficient landlord through the active management and enhancement of properties.

Kungsleden's ambition is to always maintain high and stable cash flow from operating activities. Operating risk is minimised, and revenues are stabilised, by diversifying property type and geographical location, through different types of tenants, and rental contract maturities. About half of the total property holding is let to the public sector or to tenants whose operations are publicly financed.

## ORGANISATIONAL RESOURCES

Operations are organised into four divisions, with each division responsible for the management and letting of its property holding. Commercial Properties concentrates mainly on the Office, Industrial/warehouse and Retail property types. Public Properties are divided between the Retirement Home, School and Care types. The acquisition and

management of retirement homes on the German market are managed in the Retirement Homes Germany division. The fourth division, Nordic Modular, primarily conducts lettings, but also the production and sale, of modular buildings.

Kungsleden has flexible organisational resources with strong local links and substantial expertise in property transactions. Its head office is in Stockholm, and the company has offices in another 10 or so locations in Sweden, as well as Munich, Germany.

## NEW INITIATIVES

In 2006, Kungsleden started geographical expansion into Germany. Its intention is to accumulate a retirement homes property portfolio in Germany. Kungsleden regards the German retirement homes market as attractive because of its substantial size, and because of favourable demographics. The customer base for retirement homes is forecast to more than double by 2040.

Kungsleden also started a modular buildings initiative in 2006. Renting flexible and cost-efficient premises in modular buildings, for schools, day care centres and offices, for example, offers a range of benefits for customers with slightly shorter-term or varying needs. Modular buildings are a strong complement to Kungsleden's offering in Public Properties, and the company expects the demand for this type of premises to keep rising.

## VISION

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.

## BUSINESS CONCEPT

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

## FINANCIAL TARGETS

- A minimum return on equity of 15 per cent.
- A minimum interest coverage multiple of 2.

## DIVIDEND POLICY

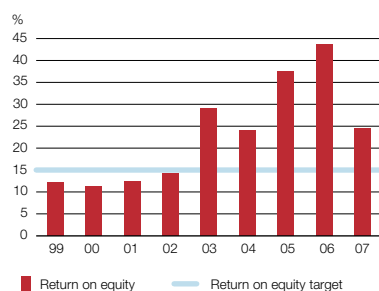
The Board's ambition is for Kungsleden to maintain stable dividends and a high pay-out ratio, which means that Kungsleden will pay out at least 50 per cent of profit for calculating dividends. This profit measure corresponds to the cash flow statement item cash flow from operating activities.

## THE SHARE

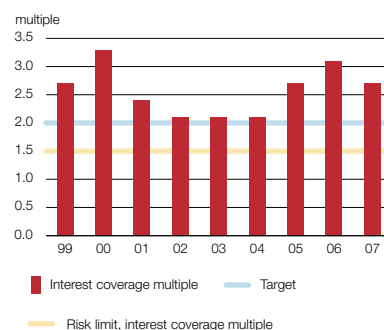
Kungsleden's stock was floated on the Stockholm Stock Exchange in 1999. Since 2006, the share has been a constituent of the OMX Nordic Exchange list of large companies.

## REALISING OBJECTIVES 1999–2007

### Return on equity



### Interest coverage multiple



# 1 January – 31 March 2008

- Net sales increased by 15 per cent to SEK 714 (620) m.
- Profit before tax was SEK 113 (266) m. Net profit was SEK 73 (176) m in the interim period, equivalent to SEK 0.50 (1.30) per share.
- As of 31 March 2008, the property holding comprises 590 (575) properties with a book value of SEK 27,223 (25,737) m.
- In the interim period, 16 (16) properties were acquired for SEK 1,337 (925) m; 1 (9) property was also divested for SEK 10 (1,053) m, generating a profit of SEK 0 (–34) m. These divestments changed profit for calculating dividends by SEK –2 (–125) m.
- Profit for calculating dividends for the interim period was SEK 126 (9) m. The forecast for full-year 2008 profit for calculating dividends is SEK 900 m (unchanged).
- Two properties were acquired after the end of the interim period for SEK 130 m.

## CHIEF EXECUTIVE'S STATEMENT

The start of the year was positive for Kungsleden. Despite credit market unrest, we succeeded in doing a series of good acquisitions. These included us signing a letter of intent with the City of Västerås, west of Stockholm, for acquisitions of over SEK 1 billion. Most of the properties involved have 20-year rental agreements. We acquired public properties for almost another SEK 1 billion from GE Real Estate Nordic. We also signed a six-year rental agreement with the Swedish Social Insurance Office with a total rental value of SEK 54 m. The tenants in these acquisitions are municipalities, schools, central government bodies and other authorities, which ensures stable cash flows.

I'm satisfied with the acquisitions we did in the period, which are consistent with our endeavour to increase the share of long rental contracts with stable tenants, in our public and commercial portfolios. Simultaneously, this conscious re-allocation has also resulted in our operating surplus margin increasing during the last twelve months, making us less sensitive to cost variations.

Yield levels were stable in the period despite the differences between different types and some geographical regions continuing to widen. Rent levels were also stable. With a property holding spanning over 130 municipalities right across Sweden, variations in rent levels in more economically active regions exert a more limited impact on our portfolio.

Kungsleden's tried and tested business model is a strength in times of market uncertainty. We will consistently pursue the strategy we have set, because we have good reason to believe that it will work regardless of market conditions. Looking ahead, we will maintain our focus on improving risk-adjusted returns. Meanwhile, we think that the current market conditions may provide attractive deal opportunities.



Thomas Erséus  
Chief Executive

## EARNINGS CAPACITY

The high transaction rate in Kungsleden's operations means that its Income Statement does not offer the best impression of the group's future earnings capacity. Earnings capacity indicates the situation as if the

property holding as of 31 March 2008 had been held for the previous 12 months, and thus offers a more accurate reflection of the property holding and its earnings capacity.

Property trading in the interim period exerted a positive impact on earnings capacity. In terms of sales price, divested properties' property yields were 5.5 per cent, while the estimated property yield of acquired properties was 7.0 per cent. At the end of the period, the average property yield was 6.4 per cent.

Transactions in the period, and progress of the existing holding resulted in the operating net increasing by 6 per cent from SEK 1,653 m to SEK 1,755 m.

### Earnings capacity

	31 Mar 2008	31 Dec 2007
No. of properties	590	575
Lettable floor-space, '000 sq.m.	3,188	3,052
Book value, Properties, SEK m	27,223	25,737
Rental value, SEK m	2,671	2,509
Rental revenues, SEK m	2,509	2,366
Operating net, SEK m	1,755	1,653
Economic occupancy, %	94.3	94.4
Property yield, %	6.4	6.4
Operating surplus margin, %	69.4	69.9

### KUNGSLEDEN'S BUSINESS MODEL

Kungsleden is a listed Swedish property company that views a property's returns as more important than its type and geographical location. The business model focuses on continually enhancing the composition and quality of its property portfolio, with the objective of improving portfolio risk-adjusted returns. In practice, this involves multiple property transactions.

### KUNGSLEDEN'S RESULTS FOR THE INTERIM PERIOD

Net profit for the period was SEK 73 (176) m. The lower figure is mainly due to lower unrealised value changes on properties.

The property yield was 6.5 (6.1) per cent.

Net sales in the interim period were SEK 714 (620) m, divided between rental revenues of SEK 602 (540) m and sales revenues from modular buildings of SEK 112 (80) m.

Gross profit increased by 21 per cent to SEK 445 (369) m due to a larger property holding, which was simultaneously enhanced to include more high-yielding properties.

Property trading generated a SEK 0 (–34) m profit, which also includes realised value changes of SEK –2 (–91) m.

Administration costs increased to SEK 83 (70) m. However, in like-for-like terms, costs increased by SEK 9 m. The cost increase is explained by higher transaction activity around the beginning of 2008 than 2007.

The net financial position deteriorated by SEK 59 m to SEK –224 (–165) m, largely

explained by a higher volume of borrowings, but also higher interest rates in 2008 compared to the corresponding period of 2007.

Value changes on properties and financial instruments in the period amounted to SEK 8 m and SEK –32 m respectively. The valuation of financial instruments reduced because of rising interest levels.

The tax cost reduced to SEK 40 (90) m, due to lower profit before tax. The difference from the 28 per cent tax rate consists of tax in subsidiaries from previous periods.

Profit for calculating dividends for the period was SEK 126 m (9).

### THE PROPERTY HOLDING

As of 31 March 2008, the holding comprised 590 (575) properties with floor-space of 3,188,000 (3,052,000) sq.m. and book value of SEK 27,223 (25,737) m. SEK 1,334 (1,306) m of book value relates to modular buildings. Of the 590 properties, 308 (52 per cent) are commercial properties and 282 (48 per cent) are public properties.

The properties were located in 135 municipalities, of which 56 per cent of book value was located in municipalities with populations of less than 100,000; 45 per cent of property book values were located in the three major city regions of Greater Stockholm, Greater Gothenburg and the Öresund region.

The property holding in Germany amounts to SEK 933 (933) m of total book value. Additionally, Kungsleden signed agreements to acquire 11 retirement

homes in Germany for a total of SEK 937 (937) m. Kungsleden will primarily take possession of properties under construction progressively through 2008–2009. Property management in Germany differs from Sweden, with for example, tenants basically bearing all ongoing costs apart from tax and insurance, subject to what are termed triple net agreements. Accordingly, the operating surplus margin in the German operations is higher than in the Swedish.

Investments in existing properties amounted to SEK 151 (143) m.

### PROPERTY TRADING IN JANUARY–MARCH

In the interim period, 16 properties with floor-space of 142,000 sq.m. were acquired for SEK 1,337 m; five of the acquisitions were of the Industrial/warehouse type, two were Offices, two were Schools, six were Care properties and one was a Retirement home. The acquisitions were conducted at an estimated property yield of 7.0 per cent.

In the period, one warehouse property was divested with floor-space of 2,000 sq.m. for SEK 10 m. The book value of the divested property was SEK 10 m and the acquisition value was SEK 12 m. The divestment was effected at a property yield of 5.5 per cent.

A letter of intent was also signed with the City of Västerås regarding the acquisition of 13 properties for SEK 1,050 m. Binding agreements are scheduled for signing in April, whereupon this acquisition

#### Profit for calculating dividends

SEK m	2008 Jan–Mar	2007 Jan–Mar
Gross profit	445	370
Sales and administration costs	–83	–70
Net financial position	–224	–165
<b>Sub-total</b>	<b>138</b>	<b>135</b>
<i>Property divestments</i>		
Trading net, divestments	0	–34
Realised value changes	–2	–91
<b>Sub-total</b>	<b>–2</b>	<b>–125</b>
Tax paid and other non-cash items	–10	–1
<b>Profit for calculating dividends*</b>	<b>126</b>	<b>9</b>

\* Profit for calculating dividends corresponds to the cash flow statement item cash flow from operating activities.

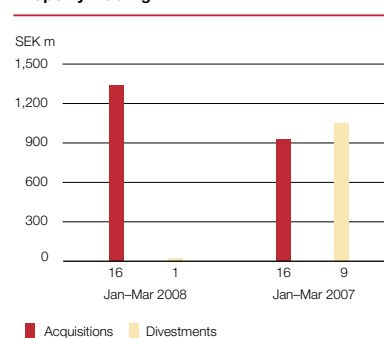
#### Progress of the property holding

SEK m	2008 Jan–Mar
Properties at beginning of period	25,737
Acquisitions	1,337
Investments	151
Divestments	–10
Value changes	8
<b>Properties at end of period</b>	<b>27,223</b>

#### Properties in Germany

As of 31 March 2008,	Possession taken (12)	Possession not taken (11)	Total (23)
Possession taken by March 2008	933		933
Possession taken to 2009 inclusive		937	937
<b>Total</b>			<b>1,870</b>

#### Property trading



will be reported in the second quarter at the earliest.

#### MODULAR BUILDINGS

Nordic Modular is a division of Kungsleden, alongside Commercial Properties, Public Properties and Retirement Homes Germany. Flexible and cost-efficient modular buildings are a strong complement to Kungsleden's offering, particularly to the public sector.

As of 31 March, modular buildings had total floor-space of approximately 210,000 (210,000) sq.m. and book value of SEK 1,334 (1,306) m. In the interim period, rental revenues on modular buildings were SEK 63 m (49 pro forma January–March 2007) with gross profits of SEK 60 m (46 pro forma). The direct costs of modular lettings are significantly lower than those on static foundations. However, over time, the value impairment due to use is greater on modules in letting operations. Estimated useful lives are 15–20 years if buildings are relocated three times. In such case, property yields can be estimated at 8.4 per cent.

Sales of modules including changes in stock were SEK 113 m (97 pro forma) with gross profit of SEK 17 m (9 pro forma).

#### FUNDING

Kungsleden's funding portfolio is based on agreements with banks and a syndicated credit facility. Loan agreements are usually signed with 5–7 year terms, which can be considered customary in the Swedish market for property credits. In its agreements,

Kungsleden endeavours to secure short interest fixings, to secure the greatest possible flexibility, and so it can manage interest risk at an overall group level. The desired risk level of interest fixing structures is achieved using instruments called interest swaps or caps. Currency swaps are used exclusively to hedge foreign borrowings.

The funding portfolio totalled approximately a nominal SEK 18,528 m at the end of the period, and including the market values of financial instruments, was SEK 18,515 (21,067) m. Un-utilised credit facilities were SEK 2,700 (610) m.

Average interest was 4.8 per cent compared to 4.8 per cent as of 1 January. The average interest fixing period is 1.7 (1.4) years and the average capital tie-up period is 3.8 (4.0) years.

#### SHAREHOLDERS' EQUITY

The closing balance of shareholders' equity was SEK 9,112 (9,040) m or SEK 67 (66) per share, equivalent to an equity ratio of 31 (28) per cent.

#### ORGANISATION AND HUMAN RESOURCES

Maria Ljung took up the newly created position of Environmental Manager in February.

The average number of employees was 395 (331) in the interim period; 278 (219) worked in Nordic Modular, 254 (197) of them on producing modules.

#### PARENT COMPANY

The parent company generated a net loss of SEK 36 (148) m in the interim period; its sales were SEK 0 (0) m. Positive full-year profits are forecast because significant dividends from subsidiaries are considered late in the year. Assets at the end of the period, mainly consisting of shares in subsidiaries, were SEK 6,781 (6,782) m. Funding was mainly through shareholders' equity, which was SEK 4,859 (4,894) m at the end of the interim period, implying an equity ratio of 60 (64) per cent.

#### THE SHARE AND SHAREHOLDERS

The closing price on 31 March 2008 was SEK 73.75. Accordingly, compared to the year-end 2007 closing price of SEK 72.00, the share rose by 3 per cent. The Carnegie Real Estate Index rose by 2 per cent in the same period. As of 31 March 2008, Kungsleden had around 25,700 shareholders, an increase of 7 per cent on the previous year-end.

At the end of the period, there were 136,502,064 shares, the same as on 1 January.

#### RISKS AND UNCERTAINTY FACTORS

Property management and the value growth of properties is heavily dependent on social progress, the business cycle and the financial markets. These macroeconomic factors affect trading profits, the valuation of properties and derivatives, as well as funding costs.

#### Interest fixing period

As of 31 March 2008 Maturity	Nom. amt., SEK m	Prop., %	Ave. Int., %
2008	12,360	65.7	4.9
2009	400	2.2	4.7
2010	1,300	7.2	5.5
2011	1,000	5.6	4.7
2012	1,068	5.9	3.9
2013	900	5.0	4.4
2014	700	3.9	4.1
2015	600	3.3	3.8
2016	200	1.1	4.1
<b>Total, loans</b>	<b>18,528</b>	<b>100.0</b>	<b>4.8</b>
Derivatives	-13		
<b>Total</b>	<b>18,515</b>		

#### Sensitivity analysis, interest rate changes

As of 31 March 2008, SEK m	Effect on net financial position (12 mth.)
Average interest changes, +/- 1% point	180
Short yield (<6 mth.) changes, +/- 1% point	47

#### Credit maturity structure (inclusive un-utilised credit facilities)

As of 31 March 2008 in	Credit, SEK m	Share, %	Ave. conversion time, years
2008	1,061	4.9	
2009	1,013	4.8	
2010	1,361	6.4	
2011	2,409	11.4	
2012	13,689	64.5	
2013	1,694	8.0	
<b>Total credit</b>	<b>21,228</b>	<b>100.0</b>	<b>3.8</b>
Un-utilised credit	-2,700		
<b>Total utilised credit</b>	<b>18,528</b>		

The value of Kungsleden's property holding is based on judgments and estimates conducted by Kungsleden and external valuers. However, the actual value of a property does not become a reality until its sale. Upon such divestment, the sales price usually differs from previously estimated values, although obviously, the objective is for these discrepancies to be modest.

#### ACCOUNTING PRINCIPLES

Kungsleden observes IFRS (International Financial Reporting Standards) as endorsed by the EU, and their IFRIC interpretations. This Interim Report has been prepared pursuant to IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act.

The new statement on IFRS 2, Share-based Payment, IFRIC 11, has been adopted without significant effect on profit and financial position. Otherwise, the accounting principles and calculation methods are identical to the Annual Report for the financial year 2007.

#### FORECAST FOR 2008 (UNCHANGED)

The Board of Directors estimates that profit for calculating dividends will be SEK 900 m.

Profit for calculating dividends corresponds to the cash flow statement item cash flow from operating activities.

#### SIGNIFICANT EVENTS AFTER THE END OF THE INTERIM PERIOD

After the end of the interim period, 2 properties were acquired for SEK 130 m.

Kungsleden AB (publ) held its AGM (annual General meeting) on 17 April. The AGM approved the Board's proposed dividends of SEK 8.00 per share. The record date was set at 22 April, and dividends are scheduled for disbursement by VPC (the Central Swedish Securities Depository & Clearing Organisation) on 25 April. The AGM also approved the second of three planned staff stock option plans. For more information, please refer to the relevant section on Kungsleden's website, [www.kungsleden.se](http://www.kungsleden.se).

#### FORTHCOMING REPORTS

*Interim Report January-June, 19 August 2008 (previously announced as 13 August)*

*Interim Report January-September, 22 October 2008.*

*Financial Statement 2008, 19 February 2009.*

#### FOR MORE INFORMATION, PLEASE CONTACT:

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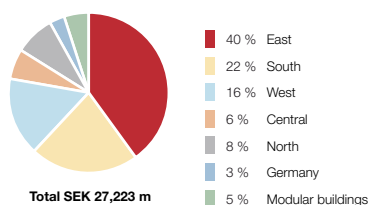
#### Shareholders

As of 31 March 2008	No. of shares	% of vote and capital
Swedbank Robur fonder	3,758,880	2.8
Florén Olle och bolag	2,929,800	2.1
AMF Pension	2,500,000	1.8
DFA fonder (USA)	2,278,793	1.7
SEB fonder	2,229,658	1.6
Kåpan Pensioner	2,149,560	1.6
Andra AP-fonden	1,739,452	1.3
SHB/SPP fonder	1,449,229	1.1
Crafoordska stiftelsen	963,000	0.7
Alpine fonder (USA)	943,200	0.7
<b>Total, ten largest shareholders</b>	<b>20,941,572</b>	<b>15.4</b>
Board and management	608,590	0.4
Foreign shareholders, other	37,375,475	27.4
Other shareholders	77,576,427	56.8
<b>Total</b>	<b>136,502,064</b>	<b>100.0</b>

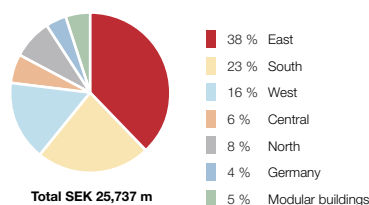
# The property holding and earnings capacity

## KUNGSLEDEN'S GEOGRAPHICAL PRESENCE

Book value as of 31 March 2008

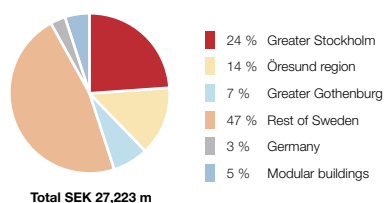


Book value as of 31 December 2007

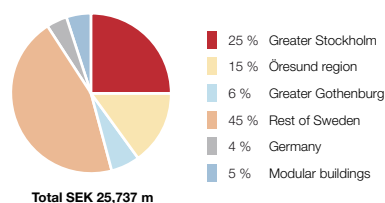


## GEOGRAPHICAL PROFILE

Book value as of 31 March 2008

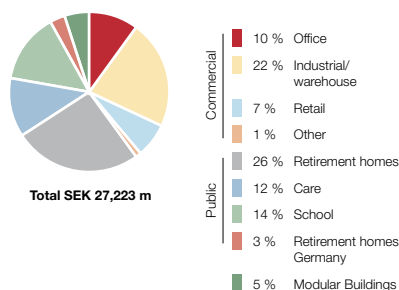


Book value as of 31 December 2007

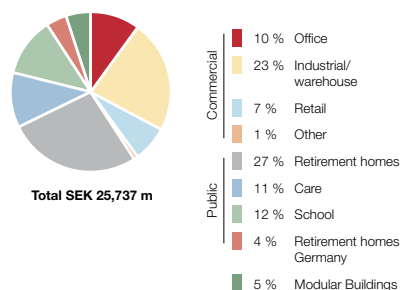


## KUNGSLEDEN'S PROPERTY TYPES

Book value as of 31 March 2008



Book value as of 31 December 2007



## The property holding and earnings capacity\* as of 31 March 2008 in summary

Geographical division	East	South	West	Central	North	Germany	Nordic Modular	Total
No. of properties	194	153	113	31	87	12	0	590
Lettable floor-space, '000 sq.m.	989	758	561	295	317	58	210	3,188
Book value, SEK m	10,809	6,040	4,405	1,629	2,073	933	1,334	27,223
Rental value, SEK m	951	594	442	157	231	65	231	2,671
Rental revenues, SEK m	901	542	422	149	219	65	211	2,509
Operating surplus, SEK m	658	384	285	125	128	63	112**	1,755
Economic occupancy, %	94.8	92.0	96.5	95.1	95.3	100.0	91.3	94.3
Property yield, %	6.1	6.4	6.5	7.7	6.2	6.8	8.4**	6.4
Operating surplus margin, %	73.0	70.8	67.6	83.6	58.4	97.0	46.4**	69.4

Category	Commercial properties				Public properties				Germany	Nordic Modular	Total
	Office	Industrial/warehouse	Retail	Other	Retirement homes	Care	School	Other	Retirement Homes	Modular Buildings	
No. of properties	86	143	59	20	102	83	83	2	12	0	590
Lettable floor-space, '000 sq.m.	318	1,079	236	33	491	349	414	0	58	210	3,188
Book value, SEK m	2,612	5,988	1,832	377	7,063	3,295	3,785	4	933	1,334	27,223
Rental value, SEK m	303	553	184	31	557	357	390	0	65	231	2,671
Rental revenues, SEK m	259	520	161	28	553	338	374	0	65	211	2,509
Operating surplus, SEK m	155	429	113	14	392	221	256	0	63	112**	1,755
Economic occupancy, %	87.2	94.9	88.1	92.6	99.0	94.7	95.9	100.0	100.0	91.3	94.3
Property yield, %	5.9	7.2	6.1	3.9	5.6	6.7	6.8	0.6	6.8	8.4**	6.4
Operating surplus margin, %	59.8	82.6	69.8	51.2	70.9	65.4	68.4	63.0	97.0	46.4**	69.4

\* Earnings capacity indicates the appearance of the Income Statement as if the properties owned as of 31 March 2008 had been owned for the previous 12 months.

\*\* Operating surplus has been reduced by standard depreciation/value changes of SEK 116 m.

# Financial Reporting 1 January – 31 March 2008

## INCOME STATEMENT

SEK m	Interim period/ Reporting period		12 mth.	
	2008 Jan–Mar	2007 Jan–Mar	2007/2008 Apr–Mar	2007 Jan–Dec
Rental revenues	601.7	539.6	2,385.7	2,323.6
Sales revenue, modular buildings	112.5	80.0	321.1	288.6
<b>Net sales</b>	<b>714.2</b>	<b>619.6</b>	<b>2,706.8</b>	<b>2,612.2</b>
Property costs	-173.2	-177.3	-648.6	-652.7
Production costs, modular buildings	-95.8	-73.0	-276.9	-254.1
<b>Gross profit</b>	<b>445.2</b>	<b>369.3</b>	<b>1,781.3</b>	<b>1,705.4</b>
<b>Property trading</b>				
Sales revenue, net	9.8	1,053.1	8,431.6	9,474.9
Book value				
Acquisition value	-11.6	-1,178.3	-6,843.2	-8,009.9
Realised value changes	1.5	91.4	-975.0	-885.1
	-10.1	-1,086.9	-7,818.2	-8,895.0
<b>Trading net</b>	<b>-0.3</b>	<b>-33.8</b>	<b>613.4</b>	<b>579.9</b>
<b>Sales and administration costs</b>	<b>-83.3</b>	<b>-70.4</b>	<b>-328.7</b>	<b>-315.8</b>
<b>Net financial position</b>	<b>-224.4</b>	<b>-164.9</b>	<b>-782.4</b>	<b>-720.2</b>
<b>Unrealised value changes</b>				
Investment properties	7.8	150.1	1,155.3	1,305.4
Financial instruments	-31.7	16.0	58.1	66.3
	-23.9	166.1	1,213.4	1,371.7
<b>Profit before tax</b>	<b>113.3</b>	<b>266.3</b>	<b>2,497.0</b>	<b>2,620.9</b>
<b>Tax</b>	<b>-40.1</b>	<b>-90.0</b>	<b>-155.7</b>	<b>-221.4</b>
<b>Net profit</b>	<b>73.2</b>	<b>176.3</b>	<b>2,341.3</b>	<b>2,399.5</b>
Average number of shares	136,502,064	136,502,064	136,502,064	136,502,064
Earnings per share, SEK	0.50	1.30	17.20	17.60

## BALANCE SHEET

SEK m	31 Mar 2008	31 Dec 2007	31 Mar 2007
<b>ASSETS</b>			
Properties	27,223.2	25,737.0	24,332.6
Receivables, etc.	1,531.0	6,409.9	608.7
Liquid assets	730.2	633.9	485.9
<b>TOTAL ASSETS</b>	<b>29,484.4</b>	<b>32,780.8</b>	<b>25,427.2</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Shareholders' equity	9,111.9	9,040.1	9,877.3
Interest-bearing liabilities	18,514.5	21,067.6	14,232.1
Non-interest-bearing liabilities	1,858.0	2,673.1	1,317.8
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>29,484.4</b>	<b>32,780.8</b>	<b>25,427.2</b>



## CHANGE IN SHAREHOLDERS' EQUITY

SEK m	31 Mar 2008	31 Dec 2007	31 Mar 2007
<b>Opening balance</b>	<b>9,040.1</b>	<b>9,700.2</b>	<b>9,700.2</b>
Dividends		-1,501.5	
Redemption		-1,569.8	
Translation difference	-1.4	11.7	0.8
Net profit	73.2	2,399.5	176.3
<b>Closing balance</b>	<b>9,111.9</b>	<b>9,040.1</b>	<b>9,877.3</b>

## CASH FLOW STATEMENT

SEK m	Interim period/ Reporting period		12 mth.	
	2008 Jan–Mar	2007 Jan–Mar	2007/2008 Apr–Mar	2007 Jan–Dec
<b>Operating activities</b>				
Profit before tax	113.4	266.3	2,468.0	2,620.9
Realised value changes, properties	-1.5	-91.4	975.0	885.1
Unrealised value changes	23.9	-166.1	-1,181.7	-1,371.7
Adjustment for items not included in cash flow from operating activities	1.7	1.4	7.1	6.8
Tax paid	-11.7	-1.0	-132.4	-121.8
<b>Cash flow from operating activities</b>	<b>125.8</b>	<b>9.2</b>	<b>2,136.0</b>	<b>2,019.3</b>
Change in working capital	392.4	-91.9	526.4	42.1
<b>Cash flow from operating activities after change in working capital</b>	<b>518.2</b>	<b>-82.7</b>	<b>2,662.4</b>	<b>2,061.4</b>
<b>Cash flow from investment activity</b>	<b>2,162.8</b>	<b>-1,005.4</b>	<b>-3,647.9</b>	<b>-6,816.0</b>
<b>Cash flow from financing activity</b>	<b>-2,584.7</b>	<b>1,466.8</b>	<b>1,229.8</b>	<b>5,281.3</b>
<b>Cash flow for the period</b>	<b>96.3</b>	<b>378.7</b>	<b>244.3</b>	<b>526.7</b>
Liquid assets, opening balance	633.9	107.2	485.9	107.2
<b>Liquid assets, closing balance</b>	<b>730.2</b>	<b>485.9</b>	<b>730.2</b>	<b>633.9</b>

## PARENT COMPANY INCOME STATEMENT

SEK m	Interim period/ Reporting period	
	2008 Jan–Mar	2007 Jan–Mar
Administration costs	-9.8	-6.8
Net financial position	24.2	-140.8
Profit before tax	14.4	-147.6
Tax on profit for the period	-49.9	-
<b>Net profit</b>	<b>-35.5</b>	<b>-147.6</b>

## PARENT COMPANY BALANCE SHEET

SEK m	31 Mar 2008	31 Dec 2007	31 Mar 2007
<b>ASSETS</b>			
Shares in group companies	6,781.0	6,781.6	4,293.4
Receivables from group companies	188.6	-	3,752.3
External receivables, etc.	639.6	695.0	790.7
Liquid assets	426.8	177.3	11.2
<b>TOTAL ASSETS</b>	<b>8,036.0</b>	<b>7,653.9</b>	<b>8,847.6</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Shareholders equity	4,858.5	4,894.0	5,080.5
Long-term liabilities	496.0	496.0	-
Liabilities to group companies	2,594.4	2,151.5	3,620.5
Other liabilities	87.1	112.4	146.6
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>8,036.0</b>	<b>7,653.9</b>	<b>8,847.6</b>

SEGMENT REPORTING

SEK m Business segment	Commercial properties		Public properties		Retirement homes		Nordic Modular		Other/group-wide*		Total Kungsliden	
	2008 Jan–Mar	2007 Jan–Mar	2008 Jan–Mar	2007 Jan–Mar	2008 Jan–Mar	2007 Jan–Mar	2008 Jan–Mar	2007 Jan–Mar	2008 Jan–Mar	2007 Jan–Mar	2008 Jan–Mar	2007 Jan–Mar
Net sales	240.9	271.6	280.8	215.4	16.5	11.0	176.0	116.6		5.0	714.2	619.6
Gross profit	161.3	156.8	192.4	169.8	14.4	9.6	77.1	30.1		3.0	445.2	369.3
Profit before tax	37.2	207.9	52.7	110.6	5.8	2.9	26.7	9.8	–9.0	–65.0	113.3	266.3
Properties	10,809.1	12,243.8	14,147.2	10,164.3	932.9	754.7	1,334.0	1,036.8		34.0	27,223.2	24,233.6
Acquisitions and investments	275.4	775.4	1,184.7	150.5		141.3	28.0	1,036.8			1,488.1	2,104.0
Sales price, net	9.8	319.1								734.0	9.8	1,053.1

\* Other/group-wide is the now-divested property operation in the Netherlands/Belgium and the Transaction/Analysis and Central Administration functions. In the financial reports for 2008, value changes on financial instruments are allocated by segment.

KEY FIGURES

	Interim period/ Reporting period		12 mth.	
	2008 Jan–Mar	2007 Jan–Mar	2007/2008 Apr–Mar	2007 Jan–Dec
<b>Property-related</b>				
<b>Earnings capacity</b>				
Property yield, %			6.4	6.7
Economic occupancy, %			94.3	92.3
Operating surplus margin, %			69.4	69.0
<b>Actuals</b>				
Property yield, %	6.5	6.1	6.7	7.0
Economic occupancy, %	94.4	92.1	92.4	91.9
Operating surplus margin, %	71.2	67.1	72.8	71.9
<b>Financial</b>				
Return on total capital, %	4.8	4.4	7.5	7.9
Return on equity, %	3.2	7.2	24.7	24.5
Interest cover, multiple	1.6	1.6	2.6	2.7
Equity ratio, %			30.9	27.6
Gearing, multiple			2.0	2.3
Mortgage ratio, %			68.4	81.9
<b>Data per share</b>				
Share price, SEK			73.75	72.00
Dividend, SEK			22.50	22.50
Total yield, %			–23.6	–10.0
Dividend yield, %			17.9	21.4
P/E ratio, multiple			14.3	4.1
P/CE ratio, multiple			10.9	7.1
Gross profit, SEK	3.30	2.70	13.00	12.50
Net profit, SEK	0.50	1.30	17.20	17.60
Cash flow from operating activities, SEK	0.90	0.10	15.60	14.80
Property book value, SEK			199.40	178.30
Shareholders' equity, SEK			66.80	72.40
Outstanding shares/free float	136,502,064	136,502,064	136,502,064	136,502,064
Average number of shares	136,502,064	136,502,064	136,502,064	136,502,064

Stockholm, Sweden, 23 April 2008

Thomas Erséus  
Chief Executive

This Interim Report has not been subject to review by the company's auditors.

For definitions, see Kungsliden's website, [www.kungsliden.se](http://www.kungsliden.se)

# Property register 1 January – 31 March 2008

## ACQUIRED PROPERTIES

Name	Municipality	Locality	Address	Year of construction/ conversion	Lettable floor-space, sq.m.							Total floor-space	Rental revenue	Rental value	Vacancy, %
					Offices	Industr./warehouse	Retirement homes	Care	Retail	School	Other				
<b>Market Area North</b>															
<b>Office properties</b>															
Yrkesskolan 4	Härnösand	Härnösand	Gånsviksvägen 4	1982	3,100							3,100	1,348	2,003	32.7
<b>Market Area South</b>															
<b>Industrial/warehouse properties</b>															
Spindeln 9	Malmö	Malmö	Singelgatan 8 - 10	1964	390	1,505						1,895	1,518	1,518	
<b>Care properties</b>															
Hjorten 15	Trelleborg	Trelleborg	Henry Dunkers gata 6	1950				3,327				3,327	3,665	3,665	
<b>Retirement homes</b>															
Bakareboda 1:161	Karlskrona	Holmsjö	Servicevägen 1	1992			2,150			75		2,225	3,222	3,269	1.5
<b>Market Area West</b>															
<b>Industrial/warehouse properties</b>															
Kylaren 9	Kungälv	Kungälv	Dumpegratan 3	1990	689	2,290						2,979	1,933	1,933	
Adelgasen 1	Mölnådal	Mölnådal	Neongatan 5	1972, 1976, 1987, 1997	3,330	12,093						15,423	9,457	9,457	
Kryptongasen 7	Mölnådal	Mölnådal	Kryptongatan 22B	2000		5,000						5,000	3,135	3,135	
Tingshuset 2	Mölnådal	Mölnådal	Kråketorpsgatan 16	1963		3,450						3,450	1,309	1,309	
<b>School properties</b>															
Hagtornen 10	Borås	Borås	Varbergsvägen 38							9,100		9,100	6,085	6,085	
<b>Market Area East</b>															
<b>Office properties</b>															
Märsta 14:1	Sigtuna	Arlandastad	Industrigatan 2	1967	1,190	2,550			2,400			6,140	3,100	3,100	10.6
<b>School properties</b>															
Borgaren 18	Nyköping	Nyköping	Stora torget 3	1955, 1977, 2000	1,351	496				9,791	185	11,823	14,576	14,576	
<b>Care properties</b>															
Stinsen 1	Norrköping	Norrköping	Stockholmsvägen 6	1960		18,432					5	18,437	23,458	23,458	
Oxelbergen 1:2	Norrköping	Norrköping	Odalgatan 19	1976, 1999, 2000		21,083	1,786		548		2,123	25,540	19,782	21,413	7.6
Blomman 12	Norrköping	Norrköping	Nygatan 110	1903, 1956, 1975		4,032	42					4,074	3,080	3,591	14.2
Taktipinnen 1	Norrköping	Norrköping	Folkborgsvägen 1	1975		17,112	46			491		17,649	12,775	13,591	6.0
Brädgården 2	Nyköping	Nyköping	Folkungavägen 2	1984		10,009					1,806	11,815	17,933	17,933	

## DIVESTED PROPERTIES

Name	Municipality	Locality	Address	Year of construction/ conversion	Lettable floor-space, sq.m.							Total floor-space		
					Offices	Industr./warehouse	Retirement homes	Care	Retail	School	Other			
<b>Market Area East</b>														
<b>Industrial/warehouse properties</b>														
Reidmar 7	Danderyd	Djursholm	Vendevägen 62	1942, 1968		1,205	720				198		60	2,183

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