

Press Release
Interim report

28 April 2011

Strong profits and a larger property portfolio

- Net sales increased by 5 per cent to SEK 601 (571) m, and gross profit of SEK 354 (355) m was in line with the previous year.
- Profit before tax was SEK 551 (36) m. Profit after tax was SEK 406 (58) m, equivalent to SEK 3.00 (0.40) per share. The profit increase is due to value changes on properties and financial instruments.
- As of 31 March 2011, the property portfolio comprised 629 (592) properties with a book value of SEK 25,540 (21,501) m.
- 38 (0) properties were purchased for SEK 3,825 (0) m. 2 (30) properties were also sold for SEK 5 (602) m, generating a profit of SEK 3 (3) m. These sales affected profit for calculating dividends by SEK 3 (28) m.
- Profit for calculating dividends for the interim period was SEK 78 (126) m, equivalent to SEK 0.60 (0.90) per share.
- The estimated profit for calculating dividends for the full year 2011 is unchanged at SEK 650 m, or SEK 4.80 per share.

“In business terms, the first quarter progressed as planned, producing profit before tax of SEK 550 m, against SEK 36 m in the corresponding quarter of last year. The main explanation for the profit improvement was positive value changes in the public property portfolio, but also on our financial instruments.

Sales grew by nearly SEK 30 m to just over SEK 600 m. The increase is wholly due to a sharp increase in module sales. In addition, Nordic Modular Group achieved strong order intake in module production and module leasing during the first quarter, which have not yet fed through to profits. Rental revenue and operating net were somewhat lower due to our portfolio being slightly smaller than last year. Underlying operations progressed stably.

Kungsleden is a company in constant regeneration and change. In the past year, our commercial portfolio secured a more prominent role after Hemsö became an independent company. But our business model rests on the same footing as before. In the first quarter this year, we relocated Kungsleden’s head office and Hemsö to new addresses.

We sold two properties for SEK 5 m in the quarter, while acquiring the majority of Nordic & Russia Properties’ portfolio, and some other smaller properties, totalling 38

properties, for just over SEK 3.8 bn at an average property yield of 9.9 per cent. These transactions increase annualised profit for calculating dividends by approximately SEK 200 m. Despite large-scale property acquisitions, we achieved a good equity/assets ratio for Kungsleden of 27 per cent at the end of the quarter.

Administration costs increased somewhat, due to factors including Kungsleden and Hemsö now having separate organisations and premises. We incurred some costs in tandem with relocating to a new head office and for the take-over of Nordic & Russia Properties. We expect somewhat higher administration costs in 2011 as a result of the division of Hemsö and Kungsleden, and that the property portfolio is larger.

The first quarter saw a severe winter with heavy snowfall, and the associated costs. But the lettings market remains healthy and my view is that vacancy levels will decrease somewhat further in the year. Nordic & Russia Properties' portfolio has a vacancy level of only 5 per cent, which means that our overall vacancy level will reduce.

Kungsleden advanced to third-best workplace of Sweden's mid-sized organisations, and was the best of the property companies in the Great Place to Work survey. In research conducted by Universum, we were recognised as the Best Improver of the Year, and nominated as Employer of the Year. Accordingly, we enjoy good prospects to really welcome our new people from Nordic & Russia Properties, and to integrate this large portfolio with its total rental value of just over SEK 560 m."

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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 28 April 2011 at 8:00 a.m.

Kungsleden's strategy is to ensure sustainable high and stable returns proceeding from its existing holding, and through acquisitions and divestments. As of 31 March 2011, the property portfolio comprised 629 properties with a book value of SEK 25.5 bn. The portfolio was located in a total of 141 municipalities, mainly in southern and central Sweden. Kungsleden has been quoted on the Nasdaq OMX Stockholm since 1999.