

Press Release**17 February 2011****Financial Statement 2010**

Increased profits and a secure foundation for growth

- Net sales decreased by 11 per cent to SEK 2,304 (2,602) m, and gross profit decreased by 15 per cent to SEK 1,545 (1,817) m due to the previous year's transaction with AP3 (the Swedish Third Pension Insurance Fund) and increased costs relating to the severe winter.
- Profit before tax was SEK 1,186 (351) m. Profit after tax was SEK 841 (250) m, equivalent to SEK 6.20 (1.80) per share.
- As of 31 December 2010, the property portfolio comprised 592 (585) properties with a book value of SEK 21,501 (21,861) m.
- 64 (18) properties were acquired for SEK 2,356 (1,307) m. 63 (274) properties were also divested for SEK 2,929 (7,808) m, generating a profit of SEK 33 (–135) m. These divestments affected profit for calculating dividends by SEK 53 (895) m. After the end of the interim period, a final agreement was signed to acquire 36 properties for SEK 3.6 bn from NR Nordic & Russia Properties Ltd.
- Profit for calculating dividends for 2010 was SEK 530 (1,022) m, equivalent to SEK 3.90 (7.50) per share.
- The Board of Directors is proposing a dividend of SEK 2.00 (3.75) per share.
- The estimated profit for calculating dividends for the full year 2011 is SEK 650 m, or SEK 4.80 per share.

Fourth quarter (October-December)

- Net sales rose by 2 per cent to SEK 599 (588) m.
- Profit before tax was SEK 781 (41) m after the value of financial instruments increased. Net profit after tax was SEK 524 (–90) m, or SEK 3.80 (–0.70) per share.

“Going into 2010, we anticipated a weak increase in vacancies, and somewhat lower revenues due to a negative consumer price index. What we didn’t anticipate was such a cold winter and the resulting increased costs. Summarising the year, I can conclude that profits for the quarter and year were stable, even if the winter weather and somewhat higher vacancy levels did impact our figures adversely.

Comparisons with the full year 2009 are affected by the part-sale of public properties to AP3 (the Swedish Third Pension Insurance Fund), and the fact that earlier in 2010, we were net sellers of property. In like-for-like terms, our rental revenues reduced by 2 per cent. At year-end, the average property yield was 6.4 per cent, against 7.0 per cent in the year before.

Net profit increased robustly, largely thanks to increased unrealised values on properties and financial instruments totalling SEK 617 m.

Transaction volumes expanded markedly in the fourth quarter, and this also applied to Kungsleden. The largest transactions included the now-unconditional acquisition of 36 properties for SEK 3.6 billion including transaction costs from NR Nordic & Russia Properties Ltd. at a property yield of approximately 10 per cent. The sale of six commercial properties in Ludvika, central Sweden, to ABB for SEK 800 m can be considered as Kungsleden relocating the ABB holding to Västerås, north west of Stockholm, reducing a potential location risk in Ludvika. In the fourth quarter, we also sold our retirement homes holding in Germany to Hemsö, our 50 per cent owned company, for SEK 1.3 billion.

With a stronger Swedish economy, the prospects of retail properties are improving, and in 2010, Kungsleden made some SEK 800 m of acquisitions of stores and shopping centres. Their tenants represent strong brands and these properties are in good retail locations. One example is the acquisition of six retail properties, several of them in the Mälardalen region, for around SEK 520 m at a property yield of about 8 per cent.

With the transactions completed in 2010 and the formation of Hemsö, Kungsleden has undergone extensive change over the past year, and is now a company in good shape, and to some extent, a new form. But its foundation is the same business model that Kungsleden has always had.

The intensive activity of the quarter corroborates the transaction market has come back to life. I view our prospects of continuing to maintain higher activity levels, and thus getting Kungsleden’s portfolio to grow, with confidence.

My view is that vacancy levels stabilised in late-2010. Looking forward, we are seeing a gradual improvement on the transaction and lettings markets. We are also seeing signs of inflation returning, and that there will be opportunities for some rent increases.

The proposed dividend for 2010 is SEK 2.00 (3.75) per share. The Board of Directors’ estimate of profit for calculating dividends for 2011 is SEK 650 m.”

Thomas Erséus
Chief Executive

For more information, please contact:

Thomas Erséus, CEO Kungsleden,

phone +46 8 503 052 04 | mobile +46 70 378 20 24

Johan Risberg, Deputy CEO Kungsleden,

phone +46 8 503 052 06 | mobile +46 70 690 65 65

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 17 February 2011 at 08.00 a.m.

Detta pressmeddelande finns tillgängligt på svenska på www.kungsleden.se

Kungsleden's strategy is to ensure sustainable high and stable returns proceeding from its existing holding, and through acquisitions and divestments. As of 31 December 2010, the property portfolio comprised 592 properties with a book value of SEK 21.5 bn. The holding was located in a total of 133 municipalities, although concentrated on the Swedish provinces of Götaland and Svealand, and the Öresund region. Kungsleden has been quoted on the Nasdaq OMX Stockholm since 1999.