

Press release

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Kungsleden sells 65 per cent of Nordic Modular Group to Inter IKEA Investments

Kungsleden divests 65 per cent of Nordic Modular Group to Inter IKEA Investments with a sales price equal to a valuation of the entire company of 1.3 billion SEK (Enterprise Value). With the transaction Kungsleden will release net funds of approximately 700 MSEK. The released funds will be used to purchase properties in accordance with Kungsleden's strategy, which allows a purchase capacity of approximately 1.8 billion SEK with an assumed LTV ratio of around 60 per cent.

Biljana Pehrsson, CEO at Kungsleden, comments:

“Kungsleden today takes yet another important step towards realizing our business strategy. The main direction in Kungsleden's new strategy is to own, manage and develop commercial properties in growth regions in Sweden. Since the new strategy was presented almost two years ago, Kungsleden's explicit intention has been to sell Nordic Modular Group as its business is separate from the Group's core business. We are very satisfied with today's deal with Inter IKEA Investments.

Kungsleden releases funds enabling us to acquire properties in line with our strategy for approximately 1.8 billion SEK. We will keep a 35 per cent stake in Nordic Modular Group and will continue to benefit from the company's proceeds and growth potential. Nordic Modular Group has great potential on the modular market and we are confident that additional value will be created in the company during Inter IKEA Investments ownership and professional governance. This is why we believe that the deal with Inter IKEA Investments is in Kungsleden's shareholders' best interest.”

Henrik Jonsson, CEO Inter IKEA Investments AB, comments:

“We like companies with a clear direction, a strong management and good profitability. Nordic Modular Group fits this description well and we look forward to develop the company together with Kungsleden and the management team.”

The divestment structure and financial effects

Inter IKEA Investments is the buyer through a new wholly owned holding company (a change of name is underway to Nordic Modular Holding AB). Kungsleden will reinvest approximately 270 MSEK in the new holding company in the form of shares and a shareholder loan in return for 35 per cent of the company.

Through the sale of Nordic Modular Group, Kungsleden will simplify its balance sheet. Assets and liabilities assignable to Nordic Modular Group to a value of 1,829 MSEK and 842 MSEK as per September 30 will expire and replaced by the investment in the newly constructed holding company and the released funds of approximately

700 MSEK. The divestment will have a negative effect on the profit of around 150 MSEK.

Going forward, Kungsleden's involvement in Nordic Modular Group will, via the 35 per cent ownership stake in the newly constructed holding company, be reported as Shares in Associated Company in Kungsleden's balance sheet and as Profit from Associated Company in the income statement.

The deal is conditioned by approval from the Swedish Competition Authority and is expected to be completed on January 8, 2015.

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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 11 November 2014 at 1:45 p.m.

Kungsleden's business concept is to own, manage and improve commercial properties in growth regions in Sweden and to deliver attractive total returns. Kungsleden's strategies to create value are based on meeting the premises requirements of customers by managing, improving and developing properties and planning consents and by optimising the company's property portfolio. Kungsleden has been quoted on NASDAQ Stockholm since 1999.