

Press Release

31 May 2012

## **Kungsleden — update on tax rulings and adjusted estimate**

The Swedish Supreme Administrative Court, the HFD, has ruled in what is known as the Cyprus Case. The HFD found that the Swedish Tax Evasion Act could be considered applicable to the sale of properties through limited partnerships held by a Cypriot company. Kungsleden was not party to this case, but conducted transactions in a similar manner as the case the Court ruled on in the years 2004–2006. In Kungsleden's cases, the sales were via Dutch companies, and accordingly, these procedures have been termed BV proceedings in previous communication. Kungsleden has 11 cases on which a stay has been ordered at the Stockholm Administrative Court of Appeal, which relate to this type of procedure.

Kungsleden's opinion remains that the company has complied fully with the laws and practice in place when preparing each tax return and intends to take the company's proceedings further. However, after the HFD's ruling, the company considers the risk of the stayed cases being ruled against Kungsleden is greater than previously.

Given potential negative rulings from the Administrative Court of Appeal, the estimated liquidity effect would be SEK 140 m. The timing of this liquidity effect depends on when the Administrative Court of Appeal rules on Kungsleden's stayed cases. Given negative rulings, the year-2012 estimated tax cost would increase by SEK 330 m, and against the background of the current ruling from the HFD, this amount has been provisioned in the second quarter. The amount includes interest and potential tax surcharge.

The overall effect of the circumstances reviewed above is that the Board of Directors' estimate of Kungsleden's profit for calculating dividends for the full year 2012 reduces to SEK 400 m from the previously reported SEK 550 m.

As previously reported, apart from the aforementioned cases, Kungsleden is party to further tax proceedings. If the outcome of all these proceedings were negative, the company judges that consolidated equity would reduce by approximately SEK 1,070 m against the previously reported SEK 1,400 m, and the liquidity effect would amount to SEK 720 m, compared to the previously reported SEK 860 m.

For more information, please contact:

Thomas Erséus, Chief Executive of Kungsleden | tel +46 (0)8 503 05204 | mobile +46 (0)70 378 2024

*Detta pressmeddelande finns tillgängligt på svenska på [www.kungsleden.se/press](http://www.kungsleden.se/press)*

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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 31 May 2012 at 3:00 p.m.

Kungsleden's strategy is to ensure sustainable high and stable returns proceeding from its existing holding, and through purchases and sales. As of 31 March 2012, the property portfolio comprised 317 properties with a book value of SEK 15.5 bn. The holding was located in a total of 100 municipalities, mainly in southern and central Sweden. Kungsleden has been quoted on Nasdaq OMX Stockholm since 1999.