



1 January – 31 December 2009

- As a result of the transaction with AP3, net sales reduced by 15 per cent to SEK 2,602 (3,060) m and gross profit decreased by 8 per cent to SEK 1,817 (1,982) m.
- Profit before tax was SEK 351 (–1,185) m. Profit after tax was SEK 250 (–962) m, equivalent to SEK 1.80 (–7.00) per share.
- As of 31 December 2009, the property portfolio comprised 585 (603) properties with a book value of SEK 21,861 (28,576) m.
- In 2009, 18 (54) properties were acquired for SEK 1,307 (3,408) m; 32 (28) properties and half the ownership of 242 properties was also divested for a total of SEK 7,808 (1,313) m, generating a loss of SEK –135 (12) m. These divestments affected profit for calculating dividends by SEK 895 (268) m.
- Profit for calculating dividends for 2009 was SEK 1,022 (840) m, equivalent to SEK 7.50 (6.20) per share.
- The Board of Directors is proposing a dividend of SEK 3.75 (1.50) per share.
- The forecast for the full year 2010 profit for calculating dividends is SEK 600 m, or SEK 4.40 per share.

FOURTH QUARTER (OCTOBER–DECEMBER)

- As a result of the transaction with AP3, net sales reduced by 25 per cent to SEK 588 (784) m.
- Profit before tax was SEK 41 (–1,462) m. Profit after tax was SEK –90 (–1,311) m, equivalent to SEK –0.70 (–9.60) per share.



CHIEF EXECUTIVE'S STATEMENT

Now that we have put 2009 behind us, I can conclude that it was a good year for Kungsliden, especially given the uncertain starting-point. We've never had such a strong balance sheet with a high equity/assets ratio, and a property portfolio of better quality. Our dividend yield is 7 per cent, which means that it is basically back at year-2005 levels. In like-for-like terms, the progress of our underlying operation was very positive. Rental revenues are up 5 per cent, our operating net is up 9 per cent and administration costs are down by 20 per cent.

We were able to improve our earnings capacity gradually through the year, thanks to factors including the lettings markets where Kungsliden operates being stable. Both the commercial and public portfolios made solid progress, and we actually had reducing vacancies overall in the commercial holding. Nordic

Modular posted its best profits ever, after the production adaptations completed early in the year. Kungsliden's completed divestments support the valuation of the portfolio, as do the valuations conducted by external appraisers at year-end. Accordingly, I think that overall, our portfolio has shown itself to be just as resilient as we expected.

In the fourth quarter, Kungsliden completed the purchase of five commercial properties from Northern Logistic Properties for SEK 525 m. We also completed the acquisition of five properties, operated by AWO, one of Germany's largest public retirement home operators. Just before Christmas, we signed an agreement with Corem Property Group on the divestment of 22 commercial properties for SEK 460 m. A number of other deals were completed in the fourth quarter, and this marked a clear increase in activity levels compared to earlier in the year.

Late in the year, we also observed the credit market starting to head in the right direction once again. Kungsliden arranged refinancing and drew down new credits. Accordingly, we are well equipped financially.

In the fourth quarter, revised tax regulations for partnerships and limited partnerships had a SEK –139 m negative effect, implying that profit after tax for the quarter was also negative.

Going into 2010, we may see a faint increase in vacancy levels, and somewhat lower earnings due to a negative consumer price index for the year's rents. But with our very stable portfolio, I think these risks are fully manageable.

The proposed dividend for 2009 is SEK 3.75 (1.50) per share. The Board's estimate of profit for calculating dividend for 2010 is SEK 600 m.

Thomas Erséus
Chief Executive

1 January – 31 December 2009

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 means working actively on managing and enhancing properties, while simultaneously searching for deal opportunities that can involve acquisitions and divestments.

EARNINGS CAPACITY

The normally high transaction rate in Kungsleden's operations means that its Income Statement does not give the best view of the group's future earnings capacity. Earnings capacity attempts to illustrate the situation as if the property portfolio as of 31 December 2009 had been held for the previous 12 months.

Property trading in the year exerted a positive impact on earnings capacity, measured in terms of property yield.

In terms of sales price, divested properties' property yields were 6.3 per cent, while the estimated property yield of acquired properties was 7.6 per cent. At the end of the year, the average property yield was 7.0 (6.5) per cent in terms of earnings capacity.

Transactions in the year and positive progress of the existing portfolio, resulted in a net reduction of the operating net by 18 per cent from SEK 1,867 m to SEK 1,527 m. The sale to AP3 reduced operating net by 24 per cent,

while progress of the holding increased operating net by 6 per cent.

KUNGSLEDEN'S RESULTS FOR JANUARY – DECEMBER

The profit after tax for the year was SEK 250 (–962) m.

The property yield for the year was 7.0 (7.1) per cent.

Net sales reduced by 15 per cent in the year and were SEK 2,602 (3,060) m, divided between rental revenues of SEK 2,394 (2,962) m and sales revenues from Modular buildings of SEK 208 (368) m. The background to this reduction is the part sale of Public properties in May.

Gross profit fell by 8 per cent to SEK 1,817 (1,982) m after the part sale of Public properties, while the net of rent indexation and cost increases was positive. If the Public properties sold to AP3 had been held for the full year, rental revenues would have increased by 5 per cent and operating net by 9 per cent year on year. The underlying operating net has never been stronger in relation to the size of the portfolio.

Property trading generated a SEK –135 (12) m loss, including realized value changes of SEK 1,189 (256) m. The trading net was charged with SEK 178 m of transaction costs relating to the divestment to AP3.

Sales and administration costs reduced to SEK 286 (390) m. This reduction is mainly explained by lower transaction volumes over the past year and cost-cutting in Germany and Nordic Modular.

The net financial position increased by SEK 139 m to SEK –847 (–986) m,

mainly explained by lower loan volumes in 2009 after the sale to AP3.

Value changes on properties and financial instruments in the year amounted to SEK –312 (–213) m and SEK 113 (–1,590) m respectively, totalling SEK –198 (–1,803) m. The negative value change on properties is a net of new value appraisals and investments completed, corresponding to 1 per cent of book value. The value change is largely attributable to commercial properties. The value increase on financial instruments is a result of rising long yields.

Tax on net profit was SEK –101 (223) m. The cost for the year is a net of the tax effect on the divestment to AP3 of SEK 427 m, provisioning for tax risk for test case tax rulings of SEK –325 m, revised tax regulations for participations in partnerships and limited partnerships of SEK –139 m and tax cost from other operations of SEK –64 m.

Profit for calculating dividends for 2009 was SEK 1,022 (840) m, which was SEK 47 m above the SEK 975 m estimate.

THE PROPERTY PORTFOLIO

As of 31 December 2009, the portfolio comprised 585 (603) properties, of which Kungsleden had 50 per cent ownership of 244, with area for Kungsleden's part of 2,684,000 (3,185,000) sq.m. and book value of SEK 21,861 (28,576) m. Kungsleden values its properties from an internal valuation model, which is an integrated component of its business process, where every property has a business plan. A combination of the reconciliation

Earnings capacity

	31 Dec 2009 ¹	31 Dec 2008
No. of properties	585	603
Lettable floor-space, '000 sq.m.	2,684	3,185
Book value, Properties, SEK m	21,861	28,576
Rental value, SEK m	2,399	2,902
Rental revenues, SEK m	2,237	2,736
Operating net, SEK m	1,527	1,867
Economic occupancy, %	93.2	95.0
Property yield, %	7.0	6.5
Operating surplus margin, %	68.2	68.2

¹ Kungsleden owns 50 per cent of 244 of the Public properties in Sweden. They are all included in the number of properties line and at 50 per cent on other lines, corresponding to these properties' effect on Kungsleden's results of operations and financial position.

Sale to AP3

SEK m	Kungsleden pro forma Jan–Dec 2009 before sale	Sale to AP3	Actual Jan–Dec 2009
Net sales	3,045.7	–443.3	2,602.4
Property and module costs	–899.6	114.5	–785.1
Gross profit	2,146.1	–328.8	1,817.3
Trading net	43.8	–179.1	–135.3
Sales and administration costs	–308.9	22.5	–286.4
Net financial position	–889.1	42.5	–846.6
Unrealised value changes	–217.8	19.4	–198.4
Profit/loss before tax	774.1	–423.5	350.6
Properties	29,331.0	–7,470.5	21,860.5
Interest-bearing liabilities	21,820.3	–7,383.0	14,437.3

of location pricing and present value calculations of cash flows with a five-year forecast year, plus subsequent residual values, form the basis of valuations.

Factors considered include rent levels, vacancies, operation and maintenance costs, property age, status and usage. The transactions Kungsleden has conducted in the year corroborate the company's valuations. Generally, there are still few transactions being completed on the Swedish property market.

However, activity has increased, and thus uncertainty surrounding market valuations has reduced somewhat. Additionally, the property portfolio is making positive operating progress, which without writing up properties, can be considered as depreciation, because yields are rising. Basically all Swedish properties were appraised by an external valuer as of 31 December 2009. The external valuations are consistent with book values.

Of book value, 46 (37) per cent relates to Commercial properties, 39 (54) per cent to Public properties in Sweden, 8 (4) per cent to Retirement homes in Germany and 7 (5) per cent to Modular buildings.

Of property book values, 39 per cent were located in the three major city regions of Greater Stockholm, Greater Gothenburg and the Öresund region.

The properties were located in 130 municipalities, of which 62 per cent of book value was located in municipalities with populations of less than 100,000. The property portfolio in Germany amounts to SEK 1,739 (1,257) m of

total book value. 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 300 (774) m.

PROPERTY TRADING

The transaction market remained hesitant in the year in terms of the number and size of transactions completed but showed signs of recovery in the final quarter.

The divestment to AP3 of 50 per cent of the shares in Hemsö, that owns and manages most of Kungsleden's Public properties in Sweden, was completed on 4 May. This deal was agreed on 22 December 2008 but was conditional on retained funding and approval from the competition regulator, and has been reported in the second quarter of 2009.

The sales price was based on a property value of SEK 14.6 bn. The price of the divested holding exceeded acquisition cost by SEK 1.1 bn, and corresponded to book value. The transaction affected Kungsleden's profit for calculating dividends for 2009 by SEK 790 m and also strengthens the company's liquidity.

The holding had 242 properties with area of 1,169,000 sq.m. Total rental value was some SEK 1.3 bn. The property yield in terms of sales price including sales overheads was 6.3 per cent.

Kungsleden is reporting the jointly owned company for Public properties as a joint venture according to the proportional method (see accounting principles on page 6).

Apart from the part sale of public properties, 32 properties were divested in the year. For all properties, the divested area was 1,267,000 sq.m. and a total sales price of SEK 7,808 m net after deducting SEK 178 m of sales overheads for the transaction with AP3. The book value of the divested properties was SEK 7,944 m and the acquisition cost was SEK 6,755 m.

In the year, 18 properties with area of 179,000 sq.m. were acquired for a value of SEK 1,307 m. Of these acquisitions, eight were of the Industrial/warehouse type, two were retail, seven were Retirement Home and one was a School property. Acquisitions were effected at an estimated property yield of 7.6 per cent.

In December, Kungsleden signed an agreement regarding the sale of 22 commercial properties to Corem Property Group for a total net purchase price of SEK 460 m after deducting for deferred tax and excluding transaction costs. The property yield amounts to some 7 per cent and profit after tax is estimated at SEK 55 m. The transaction is conditional on the buyer arranging funding and is expected to be taken up as income in the first quarter of 2010.

MODULAR BUILDINGS

Nordic Modular is a division of Kungsleden, alongside Commercial Properties and Public Properties. Flexible and

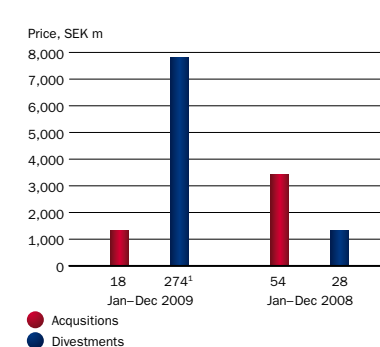
Profit for calculating dividends

SEK m	2009		2008	
	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec
Gross profit	1,817	1,982		
Sales and administration costs	-286	-389		
Net financial position	-847	-986		
Sub-total	684	607		
Realised items				
Trading net, divestments	-135	12		
Realised value changes, investment properties	1,189	256		
Realised value changes, financial instruments	-281	-		
Sub-total	773	268		
Tax to be paid	-435	-35		
Profit for calculating dividends	1,022	840		

Progress of the property holding

SEK m	2009		2009	
	Oct-Dec	Jan-Dec	Jan-Dec	Jan-Dec
Properties at beginning of period	21,056	28,576		
Acquisitions	1,138	1,307		
Investments	31	300		
Divestments	-280	-7,944		
Exchange rate fluctuation	14	-66		
Value changes	-98	-312		
Properties at end of period	21,861	21,861		

Property trading



1. 50 per cent of the ownership of 242 properties has been sold.

1 January – 31 December 2009

cost-efficient modular buildings are a strong complement to Kungsleden's offering, mainly to the public sector.

As of 31 December, modular buildings had total area of approximately 226,000 (223,000) sq.m. and book value of SEK 1,467 (1,426) m.

In the year, rental revenues from Modular buildings were SEK 250 (255) m with gross profit of SEK 233 (234) m.

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. Normally, the estimated lifespan is 15–20 years if the modules are relocated, and in principle, they can have the same lifespan as conventional buildings if not relocated. After standard depreciation, property yield at year-end was 7.0 per cent.

Sales of modules including changes in stock were SEK 208 (368) m with gross profit of SEK 48 (59) m. Demand has reduced due to the recession. To adapt operations to the new conditions the company's staffing has basically halved over the past year. This downsizing was completed very successfully; despite sales reducing by 43 per cent, gross profit only fell by 19 per cent year on year.

FUNDING

Kungsleden's loan portfolio is based on agreements with banks and a syndicated credit facility. Loan agreements

are normally signed with five to seven year terms, which can be considered customary in the Swedish market for property credits. In current market conditions, agreements are somewhat shorter. In its agreements, Kungsleden endeavours to secure short interest fixings, to obtain 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 forwards are only used to hedge foreign investments.

The loan portfolio totalled a nominal SEK 14,425 (20,743) m at the end of the period and SEK 15,575 (22,288) m, including the market values of financial instruments and loans. Un-utilised credit facilities were SEK 2,960 (1,750) m.

The average interest rate on the loan portfolio was 5.0 per cent as of 31 December 2009, against 4.5 per cent as of 1 January. As of 31 December, the average fixed interest term was 2.6 years, against 2.7 years as of 1 January. Average interest increased due to the loan portfolio in Hemsö not including any interest derivatives, which remained with Kungsleden. At the end of the period, Kungsleden's derivative portfolio was SEK 14.5 bn, against SEK 27.4 bn at 1 January. In the year, Kungsleden tailored its derivative portfolio, so it is basically balanced with arranged borrowings, but

still implies average interest being above prevailing interest rate levels. With its current derivative portfolio, interest costs are not significantly affected by changed market interest rates.

In autumn 2008, Kungsleden used derivatives to fix portions of its interest levels in 2009. These entered derivatives fixed cash flow, but had a negative effect on the Income Statement in 2008. In the year, Kungsleden cancelled derivatives corresponding to SEK 10.9 bn in advance, with related payments of SEK 269 m in redemption costs, of which SEK 111 m in the fourth quarter.

The short interest rate, 90-day Stibor, continued to fall and was at 0.48 per cent at the end of the fourth quarter, against 2.25 per cent on 1 January, mainly due to the Swedish Riksbank's repeated easings in the year. As of 31 December, 5-year yields were 2.88 per cent, which was comparable to the previous year. In the same period, 10-year yields increased by 0.40 percentage points to 3.60 per cent.

In 2010, loans and overdraft facilities of SEK 1,797 m become due, of which SEK 310 m are overdraft facilities. SEK 900 m of these credit facilities will be converted in spring 2010, and extension agreements are already in place with lenders.

In the year, Kungsleden hedged a portion of its euro-denominated exposure by entering currency forwards.

Interest fixing period

As of 31 December 2009 Maturity	Nominal amount, SEK m	Interest deriva- tives, SEK m	Share, %	Average Interest, %
2010	14,425	8,050	54.9 ¹	5.5
2011		–	–	–
2012		400	2.8	4.4
2013		1,100	7.6	4.5
2014		1,500	10.4	4.2
2015		1,800	12.5	4.3
2016		400	2.8	4.4
2017		300	2.1	4.5
2018		1,000	6.9	4.5
Total	14,425	14,550	100.0	5.0
Market valuation of loans and derivatives	1,150			
Total	15,575			

¹ The share of interest maturities in 2010 is 54.9 per cent of total loan volumes of SEK 14,425 m. Interest maturities in 2010 for underlying loans are SEK 7,925 m and interest maturities for derivatives without underlying loans are SEK 125 m.

Kungsleden's loan portfolio is arranged with short fixed interest terms. To reduce interest risks, fixed interest terms are extended using derivatives. The group's interest of 5.0 per cent is due to its relatively large derivative portfolio, which still exceeds its loan portfolio. The derivatives portfolio amounts to SEK 14.5 bn, while the loan portfolio is SEK 14.4 bn.

SEK 8.1 bn of the derivatives portfolio consists of what are termed cancellable interest swaps. These are reported as short fixed interest periods because the bank can cancel them quarterly. The cancellable swaps are long fixed interest periods where Kungsleden has issued an option to the bank conferring it the right to cancel them. For this right, Kungsleden receives reduced interest in the interest swap. The cancellable derivatives have terms of 4–8 years with fixed interest of between 2.9 and 4.1 per cent. Progress of market interest rates largely determines whether the bank cancels the derivatives in advance.

Derivatives volumes for 2010 of SEK 8.1 bn exceed underlying loans, which explains the higher average interest this year. Because the derivative portfolio is virtually balanced with the loan portfolio, changes in market interest rates will only have a marginal impact on Kungsleden's net financial position, see the sensitivity analysis on page 5.

TAX POSITION

After the Swedish Supreme Administrative Court reported its tax rulings in May, which apply to companies other than Kungsleden, the company has analysed those transactions the company was party to and that resemble those that have been subject to trial in the aforementioned rulings. The transactions are few in number, and conducted in the years 2004–2006.

Kungsleden's judgment is that current tax for 2009 may be charged with an amount of SEK 325 m as a result of the rulings, which is unchanged compared to previous judgments. In addition to the above analysis, a decision was received from the Swedish Tax Agency regarding transactions conducted similar to what is termed the 'Cyprus ruling', which the Swedish Supreme Administrative Court referred to the Council for Advance Tax Rulings for consideration. The Tax Agency's decision based on the 'Cyprus ruling' implies further tax claims on Kungsleden of some SEK 200 m including tax surcharge. However, Kungsleden will not be provisioning for these tax claims in its financial statement, because it considers that the Tax Agency's claim is erroneous.

The regulatory structure is complex, and court interpretations of the relevant sections of the law have changed significantly over the years.

Kungsleden's view is that it has complied fully with the laws and practice in place when submitting each tax return. Kungsleden continuously verifies its own judgments on tax issues with external experts. However, this does not rule out the risk that fiscal courts could assess completed transactions in a different manner to the company. Moreover, it can be assumed that in certain cases, the Swedish Tax Agency will initiate proceedings against different companies in the group to increase their assessed income.

Kungsleden's judgments and computations will be reassessed at the end of each reporting period. Accordingly, final outcomes may be either higher or lower than current judgments.

SHAREHOLDERS' EQUITY

Shareholders' equity was SEK 7,079 (7,065) m at the end of the year or SEK 52 (52) per share, equivalent to an equity ratio of 29 (23) per cent.

FOURTH QUARTER (OCTOBER – DECEMBER)

Net sales were SEK 588 (784) m, divided between rental revenues of SEK 554 (688) m and sales revenues from Modular buildings of SEK 34 (96) m.

Profit before tax was SEK 41 (–1,462) m and net profit was a deficit of SEK –90 (–1,311) m. Excluding value changes, profit before tax was SEK 137

m, down SEK 77 m on July–September, mainly because of seasonal variations in operating costs and administration, with the third quarter being the three-month period with the lowest costs, and the fourth quarter being one of the quarters with the highest costs.

15 properties with area of 158 sq.m. were acquired for a value of SEK 1,138 m in the fourth quarter. Kungsleden divested 12 properties with area of 39,000 sq.m. Total sales revenues were SEK 270 m, implying a trading net of SEK –10 m, plus realised value changes of SEK 18 m during the holding period.

ORGANISATION AND HUMAN RESOURCES

The average number of employees was 309 (407) in the year; 177 (281) worked for Nordic Modular, 150 (256) of them on producing modules.

Redundancy notices were issued to a further 87 staff in modular production in 2009. Of the total of 173 staff issued with redundancy notices since September 2008, the number of staff finally given notice was 152.

The AGMs in 2007 and 2008 resolved on staff stock option plans (see the Annual Report for 2008 and Kungsleden's website), for which granting occurred for the 2007 plan but not the 2008 plan. The AGM 2009 did not consider the matter of a potential third staff stock option plan.

Credit maturity structure (inclusive un-utilised credit facilities)

As of 31 December 2009 in	Credit, SEK m	Share, %	Average conversion time, years
2010	1,797	10.3	
2011	1,368	7.9	
2012	11,975	68.9	
2013	1,531	8.8	
2014–2017	–	–	
2018	714	4.1	
Total credit	17,385	100.0	2.6
Un-utilised credit	–2,960		
Total utilised credit	14,425		2.7

Sensitivity analysis, interest rate changes

As of 31 December 2009, SEK m	Effect on net financial position (12 mth.)
Average interest of the loan portfolio changes, +/- 1% point	–/+ 143
Short market rate (<6 mth.) changes, +/- 1% point	–/+ 5

Shareholders

As of 31 December 2009	No. of shares	% of vote and capital
Florén Olle and companies	3,000,800	2.2
Swedbank Robur Funds	2,688,475	2.0
SHB Funds	2,623,216	1.9
Norwegian Government	2,460,793	1.8
Länsförsäkringar Funds	2,331,308	1.7
Nordea Funds	2,064,919	1.5
Fourth AP Fund/AP4	2,062,988	1.5
SEB Funds	1,811,115	1.3
Second AP Fund/AP2	1,588,195	1.2
Avanza Pension Assurance	1,313,476	1.0
Total, ten largest shareholders	21,945,285	16.1
Board and management	391,190	0.3
Foreign shareholders, other	38,986,413	28.5
Other shareholders	75,179,176	55.1
Total	136,502,064	100.0

Source: SIS Ågarservice

1 January – 31 December 2009

PARENT COMPANY *

The parent company had a net profit of SEK 804 (1,701) m in the year; its sales were SEK 0 (0) m. Assets at the end of the year, mainly consisting of shares in subsidiaries, were SEK 6,695 (6,683) m. Funding was mainly through shareholders' equity, which was SEK 6,231 (5,632) m at the end of the year, implying an equity ratio of 48 (54) per cent.

THE SHARE AND SHAREHOLDERS

The closing price on 31 December 2009 was SEK 49.20. Accordingly, compared to the year-end 2008 closing price of SEK 54, the share fell by 9 per cent. The OMX Stockholm Real Estate_PI rose by 22 per cent in the same period. As of 31 December, Kungsliden had 24,890 shareholders, a decrease of 3 per cent on the previous year-end.

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

RISKS AND UNCERTAINTY FACTORS

Kungsliden's operations, results of operations and financial position are affected by a number of risk factors, which in some cases, particularly in terms of property valuations, are based on judgments.

Those risks affecting profits and cash flow relate mainly to changes in rent levels, occupancy, the general progress of costs, interest levels and property market liquidity.

The Balance Sheet predominantly consists of properties and funding. The aggregate risk in property values depends on geographical diversity, property type, property size, contract term, tenant structure, technical standard, etcetera. Property values are assessed individually and progressively through the year based on a series of judgments and estimates of future cash flows and required rates of return in a transaction. The methodology of internal valuations is reviewed on pages 22–23 and 67–68 of the Annual Report for 2008.

Financial risks are primarily liquidity risk, re-financing risk and interest risk and are managed on the basis of Kungsliden's finance policy. More information on managing financial risks is stated in 'Funding' on pages 4–5 and on pages 34–35 of the Annual Report for 2008.

Reporting of taxation conforms to accounting standards, but it is notable

that over time tax paid usually differs from that reported. Additionally, tax rules are complex and difficult to interpret, see also the review of the tax position on page 5.

A more detailed review of Kungsliden's risks and uncertainty factors is provided on page 32–33 and 63 of the Annual Report for 2008.

The parent company's profit and financial position is significantly affected by group companies' situations, and accordingly, the above review also applies to the parent company.

ACCOUNTING PRINCIPLES

Kungsliden observes IFRS (International Financial Reporting Standards) as endorsed by the EU, and their IFRIC interpretations. This Financial Statement has been prepared pursuant to IAS 34 Interim Financial Reporting. Applicable stipulations of the Swedish Annual Accounts Act and the Swedish Securities Markets Act have also been applied.

The updated standard IAS 1, Presentation of Financial Statements, was applied for the first time in 2009, the nomenclature of statements in the accounts has been amended and the Statement of Comprehensive Income is additional. Other recent developments in IFRS are a new standard, IFRS 8 Operating Segments, the new interpretation statement IFRIC 13 and amendments to the existing standards IFRS 2 Share-based Payment, IAS 23, Borrowing Costs, IAS 27, Consolidated and Separate Financial Statements and IAS 32, Financial Instruments have also been applied but without any significant effect on the results of operations and financial position or the presentation of reports.

Reclassification of supplementary invoicing has been conducted in the Income Statement, which in certain situations, was previously reported net mainly among property costs, but also sales and administration costs. From 1 January 2009, all supplementary invoicing is being reported as rental revenue in net sales. Comparative figures and key figures for previous years have been re-stated on the basis of the new classification.

Items in the Cash Flow Statement have been reclassified, implying the cash flow from trading net and values realised on the divestment of properties being reported with other sales proceeds under investing activities, and not as previously

as a supplement to cash flow from operating activities. This amendment has been made in the Financial Statement, with restatement of previous periods.

The joint venture formed with AP3 is reported according to the proportional method. This means that 50 per cent of the joint venture's reporting is consolidated on each line in the Income Statement and Balance Sheet, for example.

Otherwise, the accounting principles and calculation methods are unchanged since the Annual Report for the financial year 2008.

PROPOSED DIVIDENDS

The Board of Directors of Kungsliden AB is proposing to the AGM to pay SEK 3.75 per share in dividend. The proposed record date for dividends is 3 May 2010.

FORECAST FOR 2010

The Board's judgment is that profit for calculating dividends for 2010 will be SEK 600 m, equivalent to SEK 4.40 per share.

The method for calculating profit for calculating dividends is unchanged and corresponds to profit before tax excluding unrealised value changes but including realised value changes and payable taxes.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

No significant events have occurred after the end of the financial year.

FORTHCOMING REPORTS AND ANNUAL GENERAL MEETING (AGM)

- *Interim Report, January–March*, 23 April 2010.
- *The AGM will be held in Stockholm* on 28 April 2010.
- *Interim Report, January–June*, 18 August 2010.
- *Interim Report, January–September*, 21 October 2010.

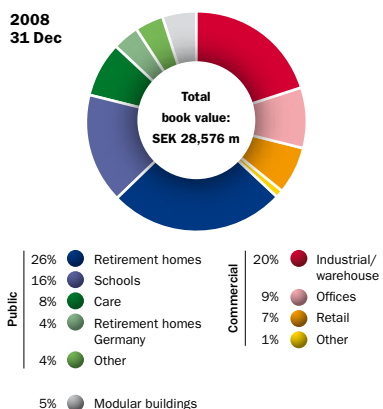
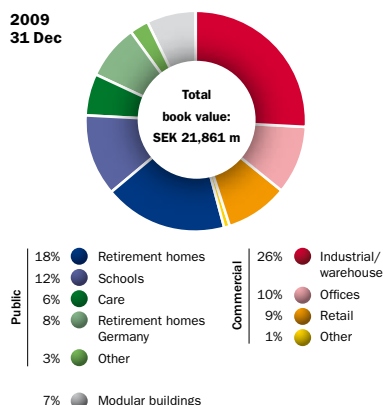
FOR MORE INFORMATION, PLEASE CONTACT:

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

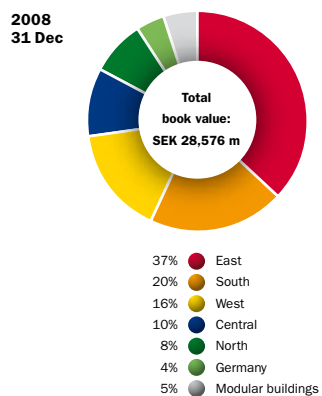
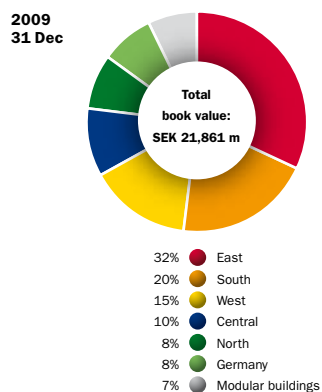
Johan Risberg,
Deputy Chief Executive/CFO,
tel: +46 (0)8 503 05206,
mobile: +46 (0)70 690 6565

* In its annual accounts, the parent company may restate the value of holdings in subsidiaries without affecting the group.

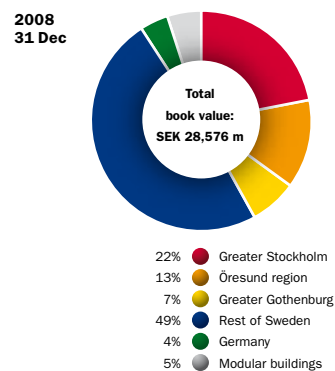
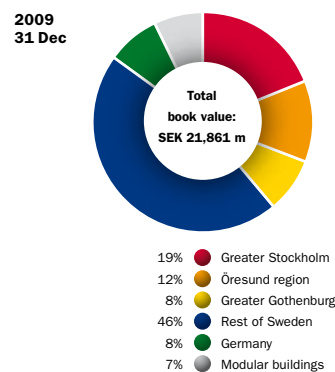
Property portfolio by type



Property portfolio by market area



Property portfolio by city region



Earnings capacity² by type

	Commercial properties				Public properties					Nordic Modular	Total ²
	Industrial/warehouse	Office	Retail	Other	Retirement homes ²	Schools ²	Care ²	Retirement homes Germany	Other ²	Modular buildings	
No. of properties	133	76	59	15	112	86	74	19	11	0	585
Leasable area, 000 sq.m.	1,012	288	304	24	269	279	135	97	50	226	2,684
Book value, SEK m	5,737	2,294	1,958	269	3,966	2,632	1,203	1,739	596	1,467	21,861
Rental value, SEK m	613	293	218	23	324	283	141	140	60	304	2,399
Rental revenues, SEK m	579	253	197	23	325	277	135	140	58	250	2,237
Operating net, SEK m	473	134	138	17	229	187	83	120	43	103 ³	1,527
Economic occupancy, %	95.2	87.2	92.7	98.0	99.1	95.1	95.6	100.0	97.1	82.2 ³	93.2
Property yield, %	8.2	5.8	7.1	6.4	5.8	7.1	6.9	6.9	7.2	7.0 ³	7.0
Operating surplus margin, %	81.7	53.0	70.1	73.6	70.4	67.3	61.6	85.7	74.0	41.3 ³	68.2

Earnings capacity² by market area

	East	South	West	Central	North	Germany	Nordic Modular	Total ²
No. of properties	191	132	117	47	79	19	0	585
Leasable area, 000 sq.m.	735	553	428	347	298	97	226	2,684
Book value, SEK m	7,112	4,339	3,294	2,099	1,811	1,739	1,467	21,861
Rental value, SEK m	697	442	348	225	243	140	304	2,399
Rental revenues, SEK m	662	411	335	218	221	140	250	2,237
Operating net, SEK m	463	293	237	182	129	120	103 ³	1,527
Economic occupancy, %	95.0	93.4	95.5	96.3	91.7	100.0	82.2 ³	93.2
Property yield, %	6.5	6.7	7.2	8.7	7.1	6.9	7.0 ³	7.0
Operating surplus margin, %	69.8	71.2	70.7	83.6	58.5	85.7	41.3 ³	68.2

1 Earnings capacity indicates the appearance of the Income Statement as if the properties owned as of 31 December 2009 had been owned for the previous 12 months.

2 Kungsleden owns 50 per cent of 244 of the Public properties in Sweden. They are all included in the number of properties line and at 50 per cent on other lines, corresponding to these properties' effect on Kungsleden's results of operations and financial position.

3 Operating surplus has been reduced by standard depreciation/value changes of SEK 122 m.

Financial Reporting 1 Jan – 31 Dec 2009

Income statement

SEK m	Reporting period		Financial year	
	2009 Oct–Dec	2008 Oct–Dec	2009 Jan–Dec	2008 Jan–Dec
Rental revenues	553.5	687.6	2,394.2	2,691.6
Sales revenues, modular buildings	34.4	96.1	208.2	368.1
Net sales	587.9	783.7	2,602.4	3,059.7
Property costs	-142.7	-202.1	-624.4	-768.6
Production costs, modular buildings	-26.3	-82.5	-160.7	-308.9
Gross profit	418.9	499.1	1,817.3	1,982.2
Property trading				
Sales revenues, net	270.3	445.7	7,808.3	1,313.1
Book value				
Acquisition cost	-262.3	-287.1	-6,755.1	-1,044.7
Realised value changes	-17.7	-196.2	-1,188.5	-256.0
Trading net	-9.7	-37.6	-135.3	12.4
Sales and administration costs	-76.3	-136.9	-286.4	-389.6
Net financial position	-196.3	-241.0	-846.6	-986.1
Unrealised value changes				
Investment properties	-97.2	-67.9	-311.6	-213.0
Financial instruments	1.9	-1,477.6	113.2	-1,590.4
	-95.3	-1,545.5	-198.4	-1,803.4
Profit/loss before tax	41.3	-1,461.9	350.6	-1,184.5
Tax	-130.9	150.6	-101.1	223.0
Profit/loss after tax¹	-89.6	-1,311.3	249.5	-961.5
Earnings per share²	-0.70	-9.60	1.80	-7.00

1 All the profit/loss after tax for the period is attributable to the parent company's shareholders.

2 Before and after dilution effect. The outstanding number of shares and average number of shares is 136,502,064 for all periods.

Statement of Comprehensive Income

SEK m	Reporting period		Financial year	
	2009 Oct–Dec	2008 Oct–Dec	2009 Jan–Dec	2008 Jan–Dec
Profit/loss after tax for the period	-89.6	-1,311.3	249.5	-961.5
Exchange rate differences	26.3	77.5	-30.3	78.2
Total recognised gains and losses for the period¹	-63.3	-1,233.8	219.2	-883.3

1 All the profit/loss after tax for the period is attributable to the parent company's shareholders.

Statement of Financial Position

SEK m	31 Dec 2009	31 Dec 2008
ASSETS		
Properties	21,860.5	28,575.8
Receivables, etc.	1,658.8	1,504.1
Liquid assets	689.1	641.6
TOTAL ASSETS	24,208.4	30,721.5
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity	7,079.2	7,064.8
Interest-bearing liabilities	14,437.3	20,742.7
Non interest-bearing liabilities	2,691.9	2,914.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	24,208.4	30,721.5

Statement of Changes in Equity

SEK m	31 Dec 2009	31 Dec 2008
At beginning of year	7,064.8	9,040.1
Dividend	-204.8	-1,092.0
Total recognised gains and losses for the period	219.2	-883.3
At end of year	7,079.2	7,064.8

Statement of Cash Flows

SEK m	Reporting period		Financial year	
	2009 Oct-Dec	2008 Oct-Dec	2009 Jan-Dec	2008 Jan-Dec
Operating activities				
Profit/loss before tax	41.3	-1,461.9	350.6	-1,184.5
Trading net	9.7	37.6	135.3	-12.4
Unrealised value changes	95.3	1,545.5	198.4	1,803.4
Adjustment for items not included in cash flow from operating activities	-5.7	-2.5	2.8	2.6
Tax paid	2.3	27.5	-72.7	-37.6
Cash flow from operating activities	142.9	146.2	614.4	571.5
Change in working capital	-855.7	-496.5	-1,171.2	1,540.4
Cash flow from operating activities after change in working capital	-712.8	-350.3	-556.8	2,111.9
Cash flow from investment activity	-278.3	151.2	2,184.1	-706.8
Cash flow from financing activity	1,026.2	255.9	-1,574.1	-1,411.9
Cash flow for the year	35.1	56.8	53.2	-6.8
Cash and cash equivalents at beginning of year	653.7	575.0	641.6	633.9
Exchange rate difference in cash and cash equivalents	0.4	9.8	-5.6	14.5
Cash and cash equivalents at end of year	689.2	641.6	689.2	641.6

Parent Company Income Statement

SEK m	Reporting period		Financial year	
	2009 Oct-Dec	2008 Oct-Dec	2009 Jan-Dec	2008 Jan-Dec
Administration costs	-3.1	0.3	-8.1	-10.6
Net financial position	994.2	1,547.8	790.1	1,559.3
Profit before tax	991.1	1,548.1	782.0	1,548.7
Tax on net profit	-33.2	201.9	21.8	152.0
Net profit	957.9	1,750.0	803.8	1,700.7

Parent Company Balance Sheet

SEK m	31 Dec 2009	31 Dec 2008
ASSETS		
Shares in group companies	6,695.4	6,682.7
Receivables from group companies	5,384.7	2,194.7
External receivables, etc.	820.1	1,217.4
Cash and cash equivalents	123.4	362.3
TOTAL ASSETS	13,023.6	10,457.1
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders equity	6,231.3	5,632.3
Interest-bearing liabilities	754.9	496.0
Liabilities to group companies	5,289.8	3,335.6
Other liabilities	747.6	993.2
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	13,023.6	10,457.1

Financial Reporting 1 Jan – 31 Dec 2009

Segment reporting

SEK m	Commercial properties		Public properties		Retirement homes, Germany		Nordic Modular		Other/group-wide ¹		Total Kungsliden	
	2009 Jan-Dec	2008 Jan-Dec	2009 Jan-Dec	2008 Jan-Dec	2009 Jan-Dec	2008 Jan-Dec	2009 Jan-Dec	2008 Jan-Dec	2009 Jan-Dec	2008 Jan-Dec	2009 Jan-Dec	2008 Jan-Dec
Net sales	1,051.1	1,044.3	997.5	1,316.8	95.8	75.3	458.0	623.3			2,602.4	3,059.7
Gross profit	758.8	717.9	685.9	897.7	92.3	73.4	280.4	293.2			1,817.3	1,982.2
Profit before tax	113.3	-551.2	48.8	-574.5	39.9	-101.7	172.0	73.0	-23.2	-30.1	350.6	-1,184.5
Properties	10,257.7	10,421.8	8,396.1	15,470.7	1,739.4	1,256.8	1,467.3	1,426.5			21,860.5	28,575.8
Acquisitions and investments	648.8	1,381.8	363.4	2,488.7	550.5	189.8	43.9	121.9			1,606.6	4,182.2
Sales price, net	542.5	1,167.4	7,257.7	140.0			8.1	5.7			7,808.3	1,313.1

1 Other/group-wide is Transaction and Analysis and Central Administration functions.

Key figures

SEK m	Reporting period		Financial year	
	2009 Oct-Dec	2008 Oct-Dec	2009 Jan-Dec	2008 Jan-Dec
Property-related				
<i>Earnings capacity</i>				
Property yield, %			7.0	6.5
Economic occupancy, %			93.2	95.0
Operating surplus margin, %			68.2	68.2
<i>Actuals</i>				
Property yield, %	7.7	6.6	7.0	7.1
Economic occupancy, %	90.8	94.4	93.3	94.6
Operating surplus margin, %	74.2	75.0	73.9	71.4
Financial				
Net profit, SEK m	-90	-1,311	250	-962
Profit for calculating dividends, SEK m	6	305	1,022	840
Return on total capital, %	5.6	4.4	5.1	5.1
Return on equity, %	-5.0	-68.4	3.5	-11.9
Return on capital employed, %	6.5	23.2	5.8	5.6
Interest coverage ratio	1.7	1.3	1.6	1.6
Equity ratio, %			29.3	23.0
Gearing, multiple			2.0	2.9
Mortgage ratio, %			66.0	72.6
Cash flow from operating activities, SEK m	143	146	614	572
Data per share				
Share price, SEK			49.20	54.00
Resolved dividend/share redemption (proposed for 2009), SEK			3.75	1.50
Total yield, %			5.0	-22.9
Dividend yield, %			15.2	2.8
P/E ratio, multiple ¹			27.3	-7.7
P/CE ratio, multiple ²			7.2	11.7
Gross profit, SEK	3.10	3.50	13.30	14.40
Net profit, SEK	-0.70	9.60	1.80	-7.00
Profit for calculating dividends, SEK m	0.10	2.20	7.50	6.20
Property book value, SEK			160.10	209.30
Shareholders' equity, SEK			51.90	51.80
Cash flow from operating activities, SEK m	1.00	1.10	4.50	4.20
Outstanding shares/free float ³	136,502,064	136,502,064	136,502,064	136,502,064
Average number of shares ³	136,502,064	136,502,064	136,502,064	136,502,064

1 New definition of P/E ratio: closing share price in the period in relation to net profit/loss per share for the period.

2 New definition of P/CE ratio: closing share price in the period in relation to profit for calculating dividends per share for the period.

3 There is no dilution effect because there are no potential shares.

For definitions, see Kungsliden's website, www.kungsliden.se

SUBMISSION OF THE REPORT

The Financial Statement for the period January–December 2009 gives a true and fair view of the parent company's and group's operations, position and profits and reviews the significant risks and uncertainty factors facing the parent company and group companies.

This Financial Statement has not been subject to review by the company's auditors.

Stockholm, Sweden, 18 February 2010

Per-Anders Ovin
Chairman

Leif Garph
Board member

Magnus Meyer
Board member

Jan Nygren
Board member

Jonas Nyrén
Board member

Charlotta Wikström
Board member

Thomas Erséus
*Board member and
Chief Executive*



Five-year summary

Summary Income Statement

SEK m	2009	2008	2007	2006	2005
Net sales	2,602	3,060	2,612	2,349	1,845
Gross profit	1,817	1,982	1,705	1,528	1,304
Trading net	-135	12	580	853	318
Sales and administration costs	-286	-390	-316	-246	-152
Net financial position	-874	-986	-720	-681	-546
Unrealised value changes	-198	-1,803	1,372	2,120	1,191
Profit/loss before tax	351	-1,185	2,621	3,575	2,116
Tax	-101	223	-221	-1	-129
Profit/loss after tax	250	-962	2,400	3,574	1,987

Summary Statement of Financial Position

SEK m	2009	2008	2007	2006	2005
ASSETS					
Properties	21,861	28,576	25,737	23,106	25,750
Receivables, etc.	1,658	1,504	6,410	1,049	1,556
Liquid assets	689	642	634	107	164
TOTAL ASSETS	24,208	30,722	32,781	24,262	27,470
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity	7,079	7,065	9,040	9,700	6,649
Interest-bearing liabilities	14,437	20,743	21,068	12,781	18,004
Non-interest-bearing liabilities	2,692	2,914	2,673	1,781	2,817
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	24,208	30,722	32,781	24,262	27,470

Five-year summary

Key figures

	2009	2008	2007	2006	2005
Property-related					
Property yield, %	7.0	6.5	6.4	6.5	7.2
Economic occupancy, %	93.2	95.0	94.4	90.2	90.0
Book value of properties, SEK m	21,861	28,576	25,737	23,106	25,750
Financial					
Profit/loss after tax, SEK m	250	-962	2,400	3,574	1,987
Profit for calculating dividends, SEK m	1,022	840	2,019	2,913	1,001
Return on total capital, %	5.1	5.1	6.9	8.3	7.0
Return on equity, %	3.5	-11.9	25.6	43.7	37.5
Return on capital employed, %	5.8	5.6	7.6	9.1	7.7
Interest cover, multiple	1.6	1.6	2.7	3.1	2.7
Equity ratio, %	29.3	23.0	27.6	40.0	24.2
Mortgage ratio, %	66.0	72.6	81.9	55.3	69.9
Data per share					
Profit/loss after tax, SEK ^{1, 2}	1.80	-7.00	17.60	26.20	16.00
Profit for calculating dividends, SEK ¹	7.50	6.20	14.80	21.30	8.10
Resolved dividend/share redemption (proposed for 2009), SEK ¹	3.75	1.50	19.50	11.00	4.00

1 These key figures have been adjusted for to the 3:1 split conducted in May 2006, the 2:1 split conducted in May 2005, and the bonus issue element of the new share issue conducted in October 2005.

2 There is no dilution effect because there are no potential shares.

Property register 1 Jan – 31 Dec 2009

ACQUIRED PROPERTIES

Name	Municipality	Location	Address	Year of construction/ conversion	Gross leasable area sq.m.						Total area	Rental revenue	Rental value	Economic Vacancy, %
					Retail	Industr./ ware- house	Offices	School	Care	Retire- ment homes				
Market Area Central														
Industrial/warehouse properties														
Kilsta 3:137	Karlskoga	Karlskoga	Kilsta Industriområde	1965		6,380					6,380	2,116	2,176	2.8
Viren 13, Karlskoga	Karlskoga	Karlskoga	Maskinvägen 22	1989		2,850					2,850	1,084	1,084	
Market Area South														
Industrial/warehouse properties														
Älvdalen 1	Ängelholm	Ängelholm	Brandsvigsgatan 6	2000		9,266	2,333				11,599	7,489	7,756	
Market Area West														
Industrial/warehouse properties														
Lexby 11:236	Partille	Partille	Laxfiskevägen 4 B	2007		13,248	1,508				14,756	9,618	9,618	5.1
Bäckaskog 3, Skövde	Skövde	Skövde	Bäckaskogsvägen 17			467					467	286	311	
Market Area East														
Retail properties														
Mälaren 5	Mjölby	Skänninge	Borgmästaregatan 23	1981		50,698	1,500				52,198	19,017	19,017	
Lagmannen 6	Mjölby	Skänninge	Borgmästaregatan 13	1950		16,304	512				16,816	5,330	5,330	
Industrial/warehouse properties														
Fredrikskans 15:16	Gävle	Gävle	Bönnavägen 55	2003		13,306	864				14,170	7,813	7,813	8.4
Valvakan 3, Linköping	Linköping	Linköping	Strids gata 25-27	1992		2,386					2,386	955	1,207	
Mälaren 7	Mjölby	Skänninge	Borgmästaregatan	2009		15,000					15,000	7,500	7,500	
School properties														
Märsta 1:242	Sigtuna	Märsta	Idrottsvägen 19B	2009				882			882	1,775	1,775	
Retirement homes														
Gångjärnet 1	Norrköping	Norrköping	Grundläggaregatan 9	2009					2,599	2,770	5,369	11,996	11,996	
Valsåtra 3:10	Uppsala	Uppsala	Bernadottevägen 1	2009					3,817	2,248	6,065	10,986	10,986	
Market Area Germany														
Retirement homes														
Bensheim	Frankfurt	Frankfurt	Eifelstrasse 21 bis 25	2009					6,470		6,470	10,208	10,208	
Butzbach	Frankfurt	Frankfurt	Johann-Seb.-Back-Str. 26	2008					3,859		3,859	5,644	5,644	
Lauterbach	Frankfurt	Frankfurt	Bilsteinweg 1	2008					5,998		5,998	7,604	7,604	
Liederbach	Freiburg	Freiburg	Im grossen Garten	2008					4,424		4,424	8,527	8,527	
Wetter	Dortmund	Dortmund	Steinstr. 3	2008					4,004		4,004	5,712	5,712	

Property register 1 Jan–31 Dec 2009

DIVESTED PROPERTIES

Name	Municipality	Location	Address	Year of construction/ conversion	Gross leasable area sq.m.							Total area
					Retail	Industr./ warehouse	Offices	School	Care	Retire- ment homes	Other	
Market Area Central												
Retail properties												
Gnr 30 Bnr 37	Karlstad	Klöfta	Dyrkskuevegen 7, Ullensaker-Klöfta	2007	2,800							2,800
Office properties												
Livia 16	Västerås	Västerås	Skomakargatan 2	1992			6,896				1,150	8,046
Other properties, Commercial												
Lantmästaren 9 Närby 1:72, del av	Karlstad Söderhamn	Karlstad Söderhamn	Norra Kyrkogatan 4	1991			896		1,815			2,711
Market Area North												
Retail properties												
Singeln 12	Umeå	Umeå	Formvägen 8 D	1992	1,425							1,425
Office properties												
Tor 6	Nordmaling	Nordmaling	Kyrkogatan 8	1990		40	735				80	855
Syllen 3	Umeå	Umeå	Industrivägen 10	1968	320	232	1,228					1,780
Syllen 5	Umeå	Umeå	Industrivägen 12	1965	481	289	3,979					4,749
Schablönen 7	Umeå	Umeå	Läringsgatan 8	1974		100	884					984
Other properties, Commercial												
Laxen 4	Nordmaling	Nordmaling	Kungsvägen 43	1950			265					265
Retail properties												
Nordanvinden 3 Valen 3	Lund Vimmerby	Lund Vimmerby	Nordanväg 5-9 Magasinsgatan 6	1966 1985	1,665 2,690		1,374					3,039 2,690
Industrial/warehouse properties												
Smörblomman 16 Sunnaná 12:20 Husgerädet 1	Borgholm Burlöv Kalmar	Borgholm Arlöv Kalmar	Hammarvägen 6 Staffanstorpsvägen 111 Karlstorpsvägen 16	1980/1992 2005 1991/2000		519 1,450 1,880						519 1,450 1,880
Kvartsen 6 Boken 1 Ripan 7 Ratten 2	Lund Mörbylånga Nybro Oskarshamn	Lund Mörbylånga Nybro Oskarshamn	Skiffervägen 25 Köpmangatan 12 Jutegatan 2 Primovägen 6	1988 1990 1960/ 1998 1967		4,650 589 393 15,479						4,650 589 393 17,859
Office properties												
Kvarnen 9 Kvarnen 13 Översten 3 Fältsippan 8 Brudbuketten 11	Kalmar Kalmar Kalmar Malmö Malmö	Kalmar Kalmar Kalmar Malmö Malmö	Skeppsbron 47 S Långgatan 60 A o B Flottiljvägen 24 Rimfrostgatan 1 Russgatan 8	1929 1929 1993 1986/ 2000 1988			1,643 3,627 1,588 3,625 1,344		1,013		20 9	2,656 4,164 2,415 3,625 1,344
Market Area East												
Retail properties												
Ringnyckeln 1	Huddinge	Skogås	Svarvarvägen 6	1973	149	6,208	395					409 7,161
Industrial/warehouse properties												
Valvakan 3, Linköping Nylonstrumpan 3 Hästhöjden 5 Reparatören 2	Linköping Linköping Stockholm Täby	Linköping Linköping Skärholmen Täby	Strids gata 25-27 Skorbergavägen 41 Ekholmavägen 19-21 Reprovägen 3	1992 1968 1984/ 1987 1950		2,386 4,653 1,231 1,694				60 244		2,386 4,653 1,291 1,938
Retirement homes												
Kopparn 11 Tuna 3:30, 3:182	Stockholm Österåker	Stockholm Åkersberga	Erstagatan 32-34 Österskärsvägen 3	1929/ 1995 1994	144		57			3,085 1,394		3,286 6,422
Other properties, Public												
Taktippen 1, del av	Norrköping	Norrköping	Folkborgsvägen 1	-			350					350

Addresses

KUNGSLEDEN AB (PUBL) CORP. ID NO. 556545-1217, REGISTERED OFFICE: STOCKHOLM, SWEDEN

Head office

Medborgarplatsen 25
Box 70414
SE-107 25 Stockholm,
Sweden
T +46 (0)8 503 052 00
F +46 (0)8 503 052 01

Gothenburg

Lilla Bommen 6
Box 11284
SE-404 26 Gothenburg,
Sweden
T +46 (0)31 755 56 00
F +46 (0)31 755 56 01

Jönköping

Oxtorgsgatan 3
Box 543
SE-551 17 Jönköping,
Sweden
T +46 (0)36 16 70 07
F +46 (0)36 16 70 03

Malmö

Kungsgatan 6
SE-211 49 Malmö,
Sweden
T +46 (0)40 17 44 00
F +46 (0)40 17 44 19

Uddevalla

Tyggården 1B
SE-451 34 Uddevalla,
Sweden
T +46 (0)522 79 150
F +46 (0)522 79 350

Västerås

Björnövägen 12
SE-721 31 Västerås,
Sweden
T +46 (0)21 12 52 70
F +46 (0)21 12 52 90

Other offices

Borås
Smörhulegatan 2
SE-507 42 Borås,
Sweden
T +46 (0)33 41 57 24
F +46 (0)33 415 731

Härnösand

Magasingsgatan 5
SE-871 45 Härnösand,
Sweden
T +46 (0)611 822 60
F +46 (0)611 822 69

Karlstad

Fredsgatan 3B
Box 1037
SE-651 15 Karlstad,
Sweden
T +46 (0)54 17 50 00
F +46 (0)54 17 50 01

Norrköping

Vikboplan 7
SE-602 29 Norrköping,
Sweden
T +46 (0)11 19 07 00
F +46 (0)11 12 05 30

Upplands Väsby

(Nordic Modular)
Hotellvägen 5
Box 914
SE-194 29 Upplands
Väsby, Sweden
T +46 (0)8 590 994 40
F +46 (0)8 590 759 10

Växjö

Västra Esplanaden 9A
SE-360 30 Växjö,
Sweden
T +46 (0)470 281 20
F +46 (0)470 281 40

Linköping

Barnhemsgatan 4
SE-582 24 Linköping,
Sweden
T +46 (0)13 12 88 68

Nyköping

Stora Torget 5
SE-611 25 Nyköping,
Sweden
F +46 (0)155 26 79 20

Umeå

N Obbolavägen 89
SE-904 22 Umeå,
Sweden
T +46 (0)90 12 44 22
F +46 (0)90 13 83 24

This is Kungsleden

Kungsleden owns and manages properties, where the property's returns are more important than its type or geographical location. Its business model focuses on continually enhancing its property portfolio, with the objective of improving portfolio risk-adjusted returns.

THE COMPANY

Kungsleden is a property company that is always open to new business opportunities – regardless of the type of property or its location. The deciding factor is high and stable returns, with risk diversification being a vital ingredient. Rather than being controlled by geography or property type, Kungsleden's ownership and management is controlled by the business opportunities the company sees in locations, buildings, premises and areas. Thanks to its committed and skilled professionals, Kungsleden produces valuable solutions for customers, which help create high and stable returns for the long term. Kungsleden's objective is always to operate close to the market, to detect new patterns that can be developed to benefit customers and shareholders.

Retirement Home, School and Care are property types with specific needs where Kungsleden is a leader. Since 2009, Kungsleden and the Swedish Third Pension Insurance Fund (AP3) each own half of newly incorporated property company Hemsö, which manages the Public Property portfolio.

BUSINESS MODEL

Kungsleden's 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 working actively on managing and enhancing properties, while simultaneously seeking out deal opportunities, which could involve acquisitions and divestments.

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 in property types and geographical locations, through different types of tenants and rental agreement maturities.

OPERATIONS

Operations are organised into three divisions, each of which is individually responsible for the management and letting of its property portfolio. 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. Kungsleden also owns retirement homes in Germany. Nordic Modular produces, sells and lets premises in modular buildings.

At year-end, 47 per cent of Kungsleden's book value consisted of Commercial Properties, 38 per cent of Public Properties, 8 per cent of Retirement Homes in Germany and 7 per cent in Nordic Modular. Public Properties correspond to the 50 per cent participating interest in Hemsö.

Kungsleden has flexible organizational resources with strong local links and extensive expertise in property transactions. Its head office is in Stockholm, and the company has offices in another 10 or so locations in Sweden.

CUSTOMERS

Kungsleden's success is based on satisfied customers, new ideas and the company's ability to do good deals.

Kungsleden's customers are a cross-section of the Swedish private and public sectors, spanning some 130 municipalities across Sweden. Its tenants are small enterprises and large corporations, while school students and pensioners occupy and live in Kungsleden properties.

Nearly 38 per cent of the total property portfolio is let to the public sector, or to tenants whose operations are publicly financed. The average remaining contract terms for customers in the public operation is some eight years, and for customers in the commercial operation, about six years.

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.

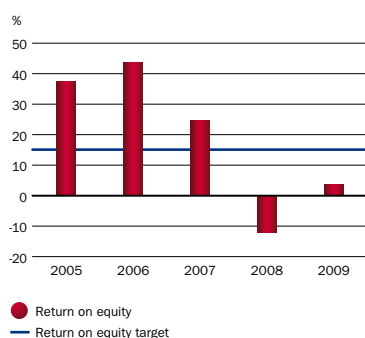
FINANCIAL TARGETS

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

THE SHARE

Kungsleden has been listed on Nasdaq OMX Stockholm since 1999.

Return on equity



Interest coverage ratio

