

KUNGSLEDEN

Press Release
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Kungsleden invests in retirement homes in Germany

Swedish listed property company Kungsleden AB (publ) has signed a collaboration agreement with Merkur Development of Germany regarding the construction of five retirement homes in Germany. The total investment will amount to approximately SEK 519 m (EUR 57 m) including transaction costs, with the property yield estimated at 6.75 per cent.

The properties are managed by AWO, one of Germany's biggest public sector operators, with approximately 700 retirement homes in Germany. The rental agreements with AWO are for 25-year terms with rental values of approximately SEK 35.3 m (EUR 3.9 m). Kungsleden is scheduled to take possession on 1 January 2009.

The properties' lettable floor-space will be approximately 26,000 sq. m. Four are located near Frankfurt am Main and one is close to Stuttgart.

Thomas Erséus commented: "This is the first time that AWO is party to a transaction of this scale with a private player like Kungsleden, in itself making the deal unique. The properties fully satisfy our investment criteria and the long contract terms imply long-term and stable returns."

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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 30 June 2007, the property portfolio comprised 606 properties with a book value of SEK 25.4 bn. The holding was located in a total of 128 municipalities, although concentrated on the Swedish provinces of Götaland and Svealand, and the Öresund region. Kungsleden has been quoted on the OMX Nordic Exchange Stockholm since 1999.