



1 January – 30 June 2008

- Net sales increased by 12 per cent to SEK 1,435 (1,277) m.
- Profit before tax was SEK 286 (1,229) m. Net profit was SEK 272 (861) m in the interim period, equivalent to SEK 2.00 (6.30) per share.
- As of 30 June 2008, the property holding comprises 609 (575) properties with a book value of SEK 28,666 (25,737) m.
- In the interim period, 36 (40) properties were acquired for SEK 2,667 (3,110) m; 3 (20) properties were also divested for SEK 147 (1,852) m, generating a profit of SEK 31 (87) m. These divestments affected profit for calculating dividends by SEK 48 (137) m.
- Profit for calculating dividends for the interim period was SEK 322 (440) m. The forecast (unchanged) for full-year 2008 profit for calculating dividends is SEK 900 m, or SEK 6.60 per share.
- After the end of the interim period, seven properties were divested for SEK 704 m and will affect profit for calculating dividends by SEK 59 m.

SECOND QUARTER (APRIL – JUNE)

- Net sales increased by 10 per cent to SEK 721 (657) m.
- Profit before tax was SEK 173 (963) m. Net profit was SEK 199 (685) m, equivalent to SEK 1.50 (5.00) per share.

CHIEF EXECUTIVE'S STATEMENT

The second quarter and summer featured generally more restrained sentiment and signs of a cyclical slowdown. Although credit markets are tougher, we have seen bright spots in the property market. Major deals included the acquisitions of Vasakronan and Steen & Ström of Norway, both by long-term investors. Around the mid-point of the year, Kungsleden divested office and warehouse premises totalling over SEK 800 m, at price levels exceeding both acquisition and book values.

The underlying rentals market remains positive. Our operating net increased by 17 per cent year on year, while vacancies declined somewhat. With a 58 per cent share of public properties, Kungsleden is in a strong position regardless of the business cycle development. Our strategy is to continue to focus on properties with long rental agreements and strong counterparts that provide us with stable cash flows. Our modular business also sustained its positive progress.

Interest costs were higher in the first half-year 2008 than the corresponding period of last year. Apart from higher market interest rates, this is due to Kungsleden being a net buyer of properties of slightly more than SEK 2.6 bn, and rationalizing our capital structure by redeeming some SEK 1.5 bn in late 2007. Despite somewhat higher market interest rates in the period, our average interest rate remained largely unchanged.

Despite conditions being more challenging, we are reiterating our forecast of profit for calculating dividends of SEK 900 m for 2008.



Thomas Erséus
Chief Executive

EARNINGS CAPACITY

The high transaction rate in Kungsleden's operations means that its Income Statement does not offer the best impression of the group's future earnings capacity. Earnings capacity indicates the situation as if the

property holding as of 30 June 2008 had been held for the previous 12 months, and thus offers a more accurate reflection of the property holding and its earnings capacity.

Property trading in the interim period exerted a positive impact on earnings capacity. In terms of sales price, divested properties' property yields were 2.4 per cent, while the estimated property yield of acquired properties was 6.9 per cent. At the end of the period, the average property yield was 6.5 (6.4) per cent.

Transactions in the period, and progress of the existing holding resulted in the operating net increasing by 12 per cent from SEK 1,653 m to SEK 1,853 m.

Earnings capacity

| | 30 June 2008 | 31 Dec 2007 |
|----------------------------------|--------------|-------------|
| No. of properties | 609 | 575 |
| Lettable floor-space, '000 sq.m. | 3,242 | 3,052 |
| Book value, Properties, SEK m | 28,666 | 25,737 |
| Rental value, SEK m | 2,824 | 2,509 |
| Rental revenues, SEK m | 2,668 | 2,366 |
| Operating net, SEK m | 1,853 | 1,653 |
| Economic occupancy, % | 94.9 | 94.4 |
| Property yield, % | 6.5 | 6.4 |
| Operating surplus margin, % | 69.5 | 69.9 |

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 involves multiple property transactions.

KUNGSLEDEN'S RESULTS FOR JANUARY – JUNE

Net profit for the period was SEK 272 (861) m. The lower figure is mainly due to lower unrealised value changes on properties.

The property yield was 6.7 (6.4) per cent.

Net sales in the interim period were SEK 1,435 (1,277) m, divided between rental revenues of SEK 1,237 (1,115) m and sales revenues from modular buildings of SEK 198 (162) m.

Gross profit increased by 19 per cent to SEK 950 (797) m due to a larger property holding, which was simultaneously enhanced to include more high-yielding properties.

Property trading generated a SEK 31 (87) m profit, which also includes realized value changes of SEK 17 (50) m.

Sales and administration costs increased to SEK 178 (141) m. The increase is attribut-

able to the new operations Nordic Modular and Germany, and the administration of a larger-scale property holding in Sweden.

The net financial position declined by SEK 136 m and was SEK –468 (–332) m, explained by a higher volume of borrowings after Kungsleden's net property purchases and funding major transfers of capital to shareholders through dividends and share redemptions over the past year, as well as higher interest rates in 2008 compared to the corresponding period of 2007.

Value changes on properties and financial instruments in the period amounted to SEK –99 (714) m and SEK 50 (106) m respectively. The negative value change on properties is a net of new value appraisals and investments completed, and is 0.3 per cent of book value. The value change is attributable to commercial properties. The valuation of financial instruments was positively affected by rising interest levels.

The tax cost reduced to SEK 14 (368) m, due to lower profit before tax. Positive tax effects from previous periods (SEK 44 m) and property divestments via companies (SEK 22 m), reduced the tax to SEK 14 m, instead of SEK 80 m at the regular tax rate of 28 per cent.

Profit for calculating dividends for the period was SEK 322 (440) m.

THE PROPERTY HOLDING

As of 30 June 2008, the holding comprised 609 (575) properties with floor-space of 3,242,000 (3,052,000) sq.m. and book value of SEK 28,666 (25,737) m. Of book value, 54 (50) per cent is attributable to public properties, 37 (41) per cent to commercial properties, 4 (4) per cent to retirement homes in Germany and 5 (5) per cent to modular buildings.

The properties were located in 134 municipalities, of which 53 per cent of book value was located in municipalities with populations of less than 100,000; 43 per cent of property book values were located in the three major city regions of Greater Stockholm, Greater Gothenburg and the Öresund region.

The property holding in Germany amounts to SEK 1,077 (933) m of total book value. Additionally, Kungsleden signed agreements to acquire nine retirement homes in Germany for a total of SEK 665 (937) m. Kungsleden will primarily take possession of properties under construction progressively, until 2009. 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

Profit for calculating dividends

| SEK m | 2008 Jan–June | 2007 Jan–June |
|--|------------------|------------------|
| Gross profit | 950 | 797 |
| Sales and administration costs | –178 | –141 |
| Net financial position | –468 | –332 |
| Sub-total | 304 | 324 |
| <i>Property divestments</i> | | |
| Trading net, divestments | 31 | 87 |
| Realised value changes | 17 | 50 |
| Sub-total | 48 | 137 |
| Tax paid and other non-cash items | –30 | –21 |
| Profit for calculating dividends* | 322 | 440 |

* Profit for calculating dividends corresponds to the cash flow statement item cash flow from operating activities.

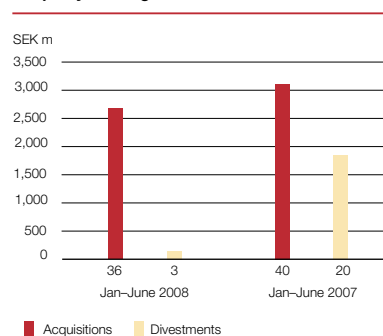
Progress of the property holding

| SEK m | 2008 Apr–June | 2008 Jan–June |
|------------------------------------|------------------|------------------|
| Properties at beginning of period | 27,223 | 25,737 |
| Acquisitions | 1,330 | 2,667 |
| Investments | 329 | 480 |
| Divestments | –107 | –117 |
| Exchange rate fluctuation | –2 | –2 |
| Value changes | –107 | –99 |
| Properties at end of period | 28,666 | 28,666 |

Properties in Germany

| As of 30 June 2008, SEK m | Posses- sion taken (13) | Possession not taken (9) | Total (22) |
|------------------------------------|-------------------------------|--------------------------------|---------------|
| Possession taken by June 2008 | 1,077 | 0 | 1,077 |
| Possession taken to 2009 inclusive | 0 | 665 | 665 |
| Total | 1,077 | 665 | 1,742 |

Property trading



surplus margin in the German operations is higher than in the Swedish.

Investments in existing properties amounted to SEK 480 (314) m.

PROPERTY TRADING

After two years of extremely high transaction volumes, the property market has returned to a more long-term level for property transactions. For Kungsleden, this resulted in fewer divestments in the first half-year 2008.

In the interim period, 36 properties with floor-space of 238,000 sq.m. were acquired for a value of SEK 2,667 m. Of these acquisitions, seven were of the industrial/warehouse type, two Offices, three Retail, six Schools, six Care and 12 Retirement Homes. Acquisitions were effected at an estimated property yield of 6.9 per cent.

In the period, three properties with floor-space of 15,000 sq.m. were divested for SEK 147 m. The book value of the divested properties was SEK 117 m and the acquisition value was SEK 100 m. The divestment was effected at a property yield of 2.4 per cent. The low property yield is a consequence of the divestments being dominated by a single development property.

MODULAR BUILDINGS

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

Properties and Retirement Homes Germany. Flexible and cost-efficient modular buildings are a strong complement to Kungsleden's offering, particularly to the public sector.

As of 30 June, modular buildings had total floor-space of approximately 221,000 (210,000) sq.m. and book value of SEK 1,386 (1,306) m. In the interim period, rental revenues on modular buildings were SEK 128 m (104 pro forma January – June 2007) with gross profits of SEK 122 m (94 pro forma).

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. Estimated useful lives are 15–20 years if buildings are relocated three times. In such case, property yield would be 8.1 per cent.

Sales of modules including changes in stock were SEK 198 m (177 pro forma) with gross profit of SEK 33 m (17 pro forma).

FUNDING

Kungsleden's funding portfolio is based on agreements with banks and a syndicated credit facility. Loan agreements are usually signed with 5–7 year terms, which can be considered customary in the Swedish market for property credits. In its agreements, Kungsleden endeavours to secure short interest fixings, to secure 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 swaps are used exclusively to hedge foreign borrowings.

The funding portfolio totalled approximately a nominal SEK 20,571 m at the end of the period, and including the market values of financial instruments, was SEK 20,475 (21,068) m. Un-utilised credit facilities were SEK 1,700 (610) m.

The average interest of the loan portfolio was 4.9 per cent, compared to 4.8 per cent as of 1 January. The average interest fixing period is 1.9 (1.4) years and the average capital tie-up period is 3.7 (4.0) years.

SHAREHOLDERS' EQUITY

The closing balance of shareholders' equity was SEK 8,220 (9,040) m or SEK 60 (66) per share, equivalent to an equity ratio of 27 (28) per cent.

SECOND QUARTER (APRIL – JUNE)

Net sales were SEK 721 (657) m divided between rental revenues of SEK 636 (575) m and sales revenues of SEK 85 (82) m from modular properties. Profit before tax was SEK 173 (963) m and net profit was SEK 199 (685) m. Excluding value changes, profit before tax was SEK 49 m better than January – March, which is due to a better

Interest fixing period

| As of 30 June 2008 Maturity | Nom. amt., SEK m | Prop., % | Ave. Int., % |
|--------------------------------|---------------------|--------------|--------------|
| 2008 | 13,103 | 62.6 | 5.1 |
| 2009 | 400 | 2.0 | 4.3 |
| 2010 | 1,300 | 6.5 | 5.5 |
| 2011 | 1,000 | 5.0 | 4.9 |
| 2012 | 1,168 | 5.9 | 4.2 |
| 2013 | 900 | 4.5 | 4.5 |
| 2014 | 1,100 | 5.5 | 4.3 |
| 2015 | 1,000 | 5.0 | 4.1 |
| 2016 | 200 | 1.0 | 4.1 |
| 2017 | – | – | – |
| 2018 | 400 | 2.0 | 4.3 |
| Total, loans | 20,571 | 100.0 | 4.9 |
| Derivatives | –96 | | |
| Total | 20,475 | | |

Sensitivity analysis, interest rate changes

| As of 30 June 2008, SEK m | Effect on net financial position (12 mth.) |
|--|---|
| Average interest of the loan portfolio changes, +/- 1% point | 200 |
| Short market rate (<6 mth.) changes, +/- 1% point | 93 |

Credit maturity structure (inclusive un-utilised credit facilities)

| As of 30 June 2008 in | Credit, SEK m | Share, % | Ave. conversion time, years |
|------------------------------|---------------|--------------|--------------------------------|
| 2008 | 788 | 3.5 | |
| 2009 | 1,226 | 5.5 | |
| 2010 | 1,314 | 5.9 | |
| 2011 | 2,400 | 10.8 | |
| 2012 | 13,697 | 61.5 | |
| 2013 | 2,845 | 12.8 | |
| Total credit | 22,271 | 100.0 | 3.7 |
| Un-utilised credit | –1,700 | | |
| Total utilised credit | 20,571 | | |

trading net and that the first quarter had seasonal variations with higher operating costs. In the second quarter, 20 properties with floor-space of 96,000 sq.m. were acquired for a value of SEK 1,330 m. Divestments of two properties with floor-space of 13,000 sq.m. were conducted.

Total sales revenues were SEK 137 m, implying a trading net of SEK 31 m, and additional realized value changes in the holding term of SEK 19 m.

ORGANISATION AND HUMAN RESOURCES

The average number of employees was 397 (328) in the interim period; 281 (221) worked in Nordic Modular, 204 (151) of them on producing modules.

Kungsleden has had a staff stock option plan since 2007 (see the Annual Report for 2007 and the company's website). The Annual General Meeting (AGM) 2008 resolved on a corresponding plan for granting based on objectives and profits for 2008.

PARENT COMPANY

The parent company generated a net loss of SEK –39 (–132) m in the interim period; its sales were SEK 0 (0) m. Positive full-year profits are forecast because significant dividends from subsidiaries are considered late in the year. Assets at the end of the period, mainly consisting of shares in subsidiaries, were SEK 6,764 (6,782) m. Funding was mainly through shareholders' equity, which was SEK 3,763 (4,894) m at the end of the interim period, implying an equity ratio of 48 (64) per cent.

THE SHARE AND SHAREHOLDERS

The closing price on 30 June 2008 was SEK 45. Accordingly, compared to the year-end 2007 closing price of SEK 72, the share fell by 38 per cent. The Carnegie Real Estate Index fell by 15 per cent in the same period. As of 30 June 2008, Kungsleden had around 25,900 shareholders, an increase of 9 per cent on the previous year-end.

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

RISKS AND UNCERTAINTY FACTORS

Property management and the value growth of properties is heavily dependent on social progress, the business cycle and the financial markets. These macroeconomic factors affect trading profits, the valuation of properties and derivatives, as well as funding costs.

The value of Kungsleden's property holding is based on judgments and estimates conducted by Kungsleden and external valuers. However, the actual value of a property does not become a reality until its sale. Upon such divestment, the sales price usually differs from previously estimated values, although obviously, the objective is for these discrepancies to be modest.

ACCOUNTING PRINCIPLES

Kungsleden observes IFRS (International Financial Reporting Standards) as endorsed by the EU, and their IFRIC interpretations. This Interim Report has been prepared pursuant to IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act.

The new statement on IFRS 2, Share-based Payment, IFRIC 11, has been adopted without significant effect on profit and financial position. Otherwise, the accounting principles and calculation methods are identical to the Annual Report for the financial year 2007.

FORECAST FOR 2008

Despite conditions being more challenging, the Board of Directors estimates that profit for calculating dividends will be SEK 900 m. This forecast is unchanged from that previously communicated.

Profit for calculating dividends corresponds to the cash flow statement item cash flow from operating activities.

SIGNIFICANT EVENTS AFTER THE END OF THE INTERIM PERIOD

After the end of the interim period, seven properties were divested for SEK 704 m and will affect profit for calculating dividends by SEK 59 m.

FORTHCOMING REPORTS

Interim Report January-September,
22 October 2008.

Financial Statement 2008,
19 February 2009.

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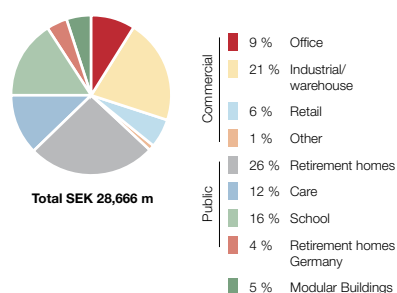
Shareholders

| As of 30 June 2008 | No. of shares | % of vote and capital |
|--|--------------------|-----------------------|
| Second AP Fund | 5,266,141 | 3.9 |
| Swedbank Robur Funds | 3,210,324 | 2.3 |
| Florén Olle and companies | 2,958,800 | 2.2 |
| DFA Funds (USA) | 2,264,393 | 1.7 |
| Kápan Pensioner | 2,149,560 | 1.5 |
| SEB Fund | 2,077,803 | 1.5 |
| SHB/SPP Funds | 1,613,133 | 1.2 |
| Third AP Fund | 1,077,929 | 0.8 |
| Crafoordska Foundation | 963,000 | 0.7 |
| Swedish Red Cross | 922,640 | 0.7 |
| Total, ten largest shareholders | 22,503,723 | 16.5 |
| Board and management | 579,790 | 0.4 |
| Foreign shareholders, other | 37,273,911 | 27.3 |
| Other shareholders | 76,144,640 | 55.8 |
| Total | 136,502,064 | 100.0 |

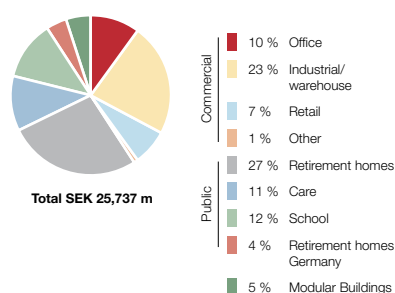
The property holding and earnings capacity

KUNGSLEDEN'S PROPERTY TYPES

Book value as of 30 June 2008

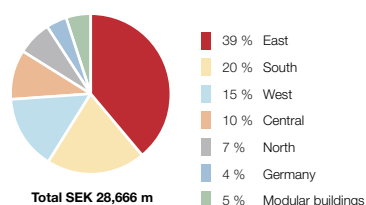


Book value as of 31 December 2007

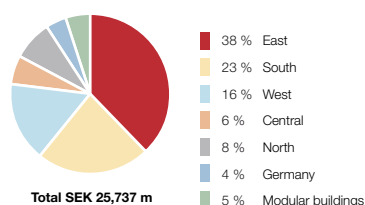


KUNGSLEDEN'S GEOGRAPHICAL PRESENCE

Book value as of 30 June 2008

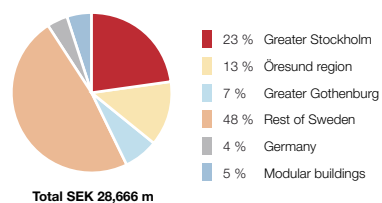


Book value as of 31 December 2007

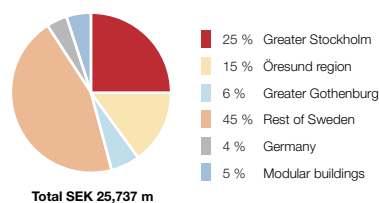


GEOGRAPHICAL PROFILE

Book value as of 30 June 2008



Book value as of 31 December 2007



The property holding and earnings capacity* as of 30 June 2008 in summary

| Category | Commercial properties | | | | Public properties | | | | Germany | Nordic Modular | Total |
|----------------------------------|-----------------------|----------------------|--------|-------|-------------------|-------|--------|-------|------------------|-------------------|--------|
| | Office | Industrial/warehouse | Retail | Other | Retirement homes | Care | School | Other | Retirement Homes | Modular Buildings | |
| No. of properties | 85 | 147 | 62 | 19 | 112 | 83 | 86 | 2 | 13 | 0 | 609 |
| Lettable floor-space, '000 sq.m. | 316 | 1,063 | 246 | 25 | 503 | 349 | 456 | 0 | 63 | 221 | 3,242 |
| Book value, SEK m | 2,533 | 6,081 | 1,860 | 317 | 7,468 | 3,322 | 4,619 | 3 | 1,077 | 1,386 | 28,666 |
| Rental value, SEK m | 301 | 559 | 193 | 22 | 583 | 361 | 458 | 0 | 76 | 271 | 2,824 |
| Rental revenues, SEK m | 256 | 528 | 170 | 21 | 580 | 344 | 446 | 0 | 76 | 247 | 2,668 |
| Operating surplus, SEK m | 149 | 441 | 115 | 15 | 414 | 226 | 307 | 0 | 74 | 112** | 1,853 |
| Economic occupancy, % | 87.4 | 95.2 | 89.0 | 96.2 | 99.2 | 95.2 | 97.6 | 100.0 | 100.0 | 91.3 | 94.9 |
| Property yield, % | 5.9 | 7.3 | 6.2 | 4.7 | 5.6 | 6.8 | 6.6 | 0.9 | 6.9 | 8.1** | 6.5 |
| Operating surplus margin, % | 58.0 | 83.5 | 68.1 | 69.3 | 71.5 | 65.7 | 68.8 | 76.9 | 97.2 | 45.3** | 69.5 |

| Geographical division | East | South | West | Central | North | Germany | Nordic Modular | Total |
|----------------------------------|--------|-------|-------|---------|-------|---------|----------------|--------|
| No. of properties | 197 | 152 | 114 | 45 | 88 | 13 | 0 | 609 |
| Lettable floor-space, '000 sq.m. | 990 | 724 | 552 | 364 | 328 | 63 | 221 | 3,242 |
| Book value, SEK m | 11,046 | 5,876 | 4,433 | 2,715 | 2,133 | 1,077 | 1,386 | 28,666 |
| Rental value, SEK m | 959 | 588 | 446 | 236 | 248 | 76 | 271 | 2,824 |
| Rental revenues, SEK m | 909 | 538 | 427 | 229 | 242 | 76 | 247 | 2,668 |
| Operating surplus, SEK m | 658 | 382 | 293 | 191 | 143 | 74 | 112** | 1,853 |
| Economic occupancy, % | 94.8 | 92.5 | 97.0 | 96.6 | 98.1 | 100.0 | 91.3 | 94.9 |
| Property yield, % | 6.0 | 6.5 | 6.6 | 7.0 | 6.7 | 6.9 | 8.1** | 6.5 |
| Operating surplus margin, % | 72.4 | 71.0 | 68.6 | 83.6 | 59.0 | 97.2 | 45.3** | 69.5 |

* Earnings capacity indicates the appearance of the Income Statement as if the properties owned as of 30 June 2008 had been owned for the previous 12 months.

** Operating surplus has been reduced by standard depreciation/value changes of SEK 112 m.

Financial Reporting 1 January – 30 June 2008

INCOME STATEMENT

| SEK m | Reporting period | | Interim period | | 12 mth. | |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------------|-----------------|
| | 2008 Apr–June | 2007 Apr–June | 2008 Jan–June | 2007 Jan–June | 2007/2008 July–June | 2007 Jan–Dec |
| Rental revenues | 635.7 | 575.3 | 1,237.4 | 1,114.9 | 2,446.1 | 2,323.6 |
| Sales revenue, modular buildings | 85.4 | 82.0 | 197.9 | 162.0 | 324.5 | 288.6 |
| Net sales | 721.1 | 657.3 | 1,435.3 | 1,276.9 | 2,770.6 | 2,612.2 |
| Property costs | -147.9 | -157.4 | -321.1 | -334.7 | -639.1 | -652.7 |
| Production costs, modular buildings | -68.7 | -72.7 | -164.5 | -145.7 | -272.9 | -254.1 |
| Gross profit | 504.5 | 427.2 | 949.7 | 796.5 | 1,858.6 | 1,705.4 |
| <i>Property trading</i> | | | | | | |
| Sales revenue, net | 137.4 | 798.9 | 147.2 | 1,852.0 | 7,770.1 | 9,474.9 |
| Book value | | | | | | |
| Acquisition value | -88.0 | -536.6 | -99.6 | -1,714.9 | -6,394.6 | -8,009.9 |
| Realised value changes | -18.5 | -141.5 | -17.0 | -50.1 | -852.0 | -885.1 |
| | -106.5 | -678.1 | -116.6 | -1,765.0 | -7,246.6 | -8,895.0 |
| Trading net | 30.9 | 120.8 | 30.6 | 87.0 | 523.5 | 579.9 |
| Sales and administration costs | -94.2 | -70.5 | -177.5 | -140.9 | -352.4 | -315.9 |
| Net financial position | -243.4 | -167.4 | -467.8 | -332.3 | -855.7 | -720.2 |
| <i>Unrealised value changes</i> | | | | | | |
| Investment properties | -107.0 | 563.5 | -99.2 | 713.6 | 492.6 | 1,305.4 |
| Financial instruments | 81.8 | 89.5 | 50.1 | 105.5 | 10.9 | 66.3 |
| | -25.2 | 653.0 | -49.1 | 819.1 | 503.5 | 1,371.7 |
| Profit before tax | 172.6 | 963.1 | 285.9 | 1,229.4 | 1,677.5 | 2,620.9 |
| Tax | 25.9 | -278.2 | -14.2 | -368.2 | 132.5 | -221.4 |
| Net profit¹ | 198.5 | 684.9 | 271.7 | 861.2 | 1,810.0 | 2,399.5 |
| Average number of shares ² | 136,502,064 | 136,502,064 | 136,502,064 | 136,502,064 | 136,502,064 | 136,502,064 |
| Earnings per share, SEK ² | 1.50 | 5.00 | 2.00 | 6.30 | 13.30 | 17.60 |

¹ All profits attributable to the parent company's shareholders.

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

BALANCE SHEET

| SEK m | 30 June 2008 | 31 Dec 2007 | 30 June 2007 |
|---|-----------------|-----------------|-----------------|
| ASSETS | | | |
| Properties | 28,666.2 | 25,737.0 | 25,441.3 |
| Receivables, etc. | 1,597.6 | 6,409.9 | 895.4 |
| Liquid assets | 464.0 | 633.9 | 39.4 |
| TOTAL ASSETS | 30,727.8 | 32,780.8 | 26,376.1 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Shareholders' equity | 8,220.2 | 9,040.1 | 9,059.9 |
| Interest-bearing liabilities | 20,475.0 | 21,067.6 | 15,755.4 |
| Non-interest-bearing liabilities | 2,032.6 | 2,673.1 | 1,560.8 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 30,727.8 | 32,780.8 | 26,376.1 |

CHANGE IN SHAREHOLDERS' EQUITY

| SEK m | 30 June 2008 | 31 Dec 2007 | 30 June 2007 |
|------------------------|----------------|----------------|----------------|
| Opening balance | 9,040.1 | 9,700.2 | 9,700.2 |
| Dividends | -1,092.0 | -1,501.5 | -1,501.5 |
| Redemption | | -1,569.8 | |
| Translation difference | 0.4 | 11.7 | |
| Net profit | 271.7 | 2,399.5 | 861.2 |
| Closing balance | 8,220.2 | 9,040.1 | 9,059.9 |

CASH FLOW STATEMENT

| SEK m | Reporting period | | Interim period | | 12 mth. | |
|--|------------------|------------------|------------------|------------------|------------------------|-----------------|
| | 2008 Apr–June | 2007 Apr–June | 2008 Jan–June | 2007 Jan–June | 2007/2008 July–June | 2007 Jan–Dec |
| Operating activities | | | | | | |
| Profit before tax | 172.5 | 963.1 | 285.9 | 1,229.4 | 1,689.6 | 2,620.9 |
| Realised value changes, properties | 18.5 | 141.5 | 17.0 | 50.1 | 852.0 | 885.1 |
| Unrealised value changes | 25.2 | -653.0 | 49.1 | -819.1 | -515.8 | -1,371.7 |
| Adjustment for items not included in cash flow from operating activities | 1.6 | -1.4 | 3.3 | 0.0 | 10.2 | 6.8 |
| Tax paid | -21.7 | -19.2 | -33.4 | -20.2 | -134.9 | -121.8 |
| Cash flow from operating activities | 196.1 | 431.0 | 321.9 | 440.2 | 1,901.1 | 2,019.3 |
| Change in working capital | -654.6 | -464.2 | -262.3 | -556.1 | 336.0 | 42.1 |
| Cash flow from operating activities after change in working capital | -458.5 | -33.2 | 59.6 | -115.9 | 2,237.1 | 2,061.4 |
| Cash flow from investment activity | -707.7 | -524.7 | 1,455.1 | -1,530.1 | -3,830.9 | -6,816.0 |
| Cash flow from financing activity | 900.1 | 111.4 | -1,684.6 | 1,578.2 | 2,018.5 | 5,281.3 |
| Cash flow for the period | -266.2 | -446.5 | -169.9 | -67.8 | 424.7 | 526.7 |
| Liquid assets, opening balance | 730.2 | 485.9 | 633.9 | 107.2 | 39.4 | 107.2 |
| Liquid assets, closing balance | 464.0 | 39.4 | 464.0 | 39.4 | 464.1 | 633.9 |

PARENT COMPANY INCOME STATEMENT

| SEK m | Reporting period | | Interim period | |
|------------------------------|------------------|------------------|------------------|------------------|
| | 2008 Apr–June | 2007 Apr–June | 2008 Jan–June | 2007 Jan–June |
| Administration costs | 2.7 | 1.2 | -7.1 | -5.6 |
| Net financial position | -6.4 | -10.1 | 17.8 | -116.9 |
| Profit before tax | -3.7 | -8.9 | 10.7 | -122.5 |
| Tax on profit for the period | 0.0 | - | -49.9 | -9.7 |
| Net profit | -3.7 | -8.9 | -39.2 | -132.2 |

PARENT COMPANY BALANCE SHEET

| SEK m | 30 June 2008 | 31 Dec 2007 | 30 June 2007 |
|---|----------------|----------------|----------------|
| ASSETS | | | |
| Shares in group companies | 6,763.9 | 6,781.6 | 4,293.1 |
| Receivables from group companies | 205.7 | - | - |
| External receivables, etc. | 638.1 | 695.0 | 696.8 |
| Liquid assets | 177.2 | 177.3 | - |
| TOTAL ASSETS | 7,784.9 | 7,653.9 | 4,989.9 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Shareholders equity | 3,762.7 | 4,894.0 | 3,604.1 |
| Long-term liabilities | 496.0 | 496.0 | 496.0 |
| Liabilities to group companies | 3,439.6 | 2,151.5 | 705.7 |
| Other liabilities | 86.6 | 112.4 | 184.1 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 7,784.9 | 7,653.9 | 4,989.9 |

SEGMENT REPORTING

| SEK m Business segment | Commercial properties | | Public properties | | Retirement homes | | Nordic Modular | | Other/group-wide* | | Total Kungsliden | |
|------------------------------|-----------------------|------------------|-------------------|------------------|------------------|------------------|------------------|------------------|-------------------|------------------|------------------|------------------|
| | 2008 Jan–June | 2007 Jan–June | 2008 Jan–June | 2007 Jan–June | 2008 Jan–June | 2007 Jan–June | 2008 Jan–June | 2007 Jan–June | 2008 Jan–June | 2007 Jan–June | 2008 Jan–June | 2007 Jan–June |
| Net sales | 494.4 | 557.4 | 580.6 | 432.9 | 34.9 | 22.0 | 325.4 | 256.6 | 8.0 | 1,435.3 | 1,276.9 | |
| Gross profit | 351.5 | 347.2 | 412.9 | 322.0 | 30.8 | 19.4 | 154.5 | 102.3 | 5.6 | 949.7 | 796.5 | |
| Profit before tax | 55.7 | 814.2 | 157.5 | 465.1 | 3.7 | 5.7 | 88.1 | 61.9 | –19.0 | –117.6 | 285.9 | 1,229.4 |
| Properties | 10,792.1 | 12,728.2 | 15,411.3 | 10,757.3 | 1,076.9 | 754.7 | 1,385.9 | 1,201.1 | | | 28,666.2 | 25,441.3 |
| Acquisitions and investments | 1,548.2 | 1,575.9 | 1,372.8 | 505.9 | 145.0 | 141.3 | 80.6 | 1,201.1 | | | 3,146.6 | 3,424.2 |
| Sales price, net | 134.7 | 1,080.9 | 11.0 | | | | 1.5 | 3.1 | 768.0 | | 147.2 | 1,852.0 |

* Other/group-wide is the now-divested property operation in the Netherlands/Belgium and the Transaction/Analysis and Central Administration functions. In the financial reports for 2008, value changes on financial instruments are allocated by segment.

KEY FIGURES

| | Reporting period | | Interim period | | 12 mth. | |
|---|------------------|------------------|------------------|------------------|------------------------|-----------------|
| | 2008 Apr–June | 2007 Apr–June | 2008 Jan–June | 2007 Jan–June | 2007/2008 July–June | 2007 Jan–Dec |
| Property-related | | | | | | |
| Earnings capacity | | | | | | |
| Property yield, % | | | | | 6.5 | 6.4 |
| Economic occupancy, % | | | | | 94.9 | 94.4 |
| Operating surplus margin, % | | | | | 69.5 | 69.9 |
| Actuals | | | | | | |
| Property yield, % | 7.0 | 6.8 | 6.7 | 6.4 | 6.7 | 6.8 |
| Economic occupancy, % | 94.8 | 90.2 | 94.6 | 91.1 | 93.6 | 91.9 |
| Operating surplus margin, % | 76.7 | 72.6 | 74.1 | 70.0 | 73.9 | 71.9 |
| Financial | | | | | | |
| Net profit, SEK m | 199 | 685 | 272 | 861 | 1,810 | 2,400 |
| Profit for calculating dividends, SEK m | 196 | 431 | 322 | 440 | 1,901 | 2,019 |
| Return on total capital, % | 6.0 | 7.2 | 5.0 | 5.8 | 7.1 | 6.9 |
| Return on equity, % | 9.2 | 28.8 | 6.2 | 18.4 | 21.0 | 25.6 |
| Return on capital employed, % | 6.4 | 7.6 | 5.6 | 6.2 | 7.7 | 7.6 |
| Interest cover, multiple | 1.8 | 2.9 | 1.7 | 2.2 | 2.4 | 2.7 |
| Equity ratio, % | | | | | 26.8 | 27.6 |
| Gearing, multiple | | | | | 2.5 | 2.3 |
| Mortgage ratio, % | | | | | 71.4 | 81.9 |
| Data per share | | | | | | |
| Share price, SEK | | | | | 44.60 | 72.00 |
| Dividend, SEK | | | | | 19.50 | 22.50 |
| Total yield, % | | | | | –11.0 | –10.0 |
| Dividend yield, % | | | | | 27.1 | 21.4 |
| P/E ratio, multiple | | | | | 8.7 | 4.1 |
| P/CE ratio, multiple | | | | | 10.9 | 7.1 |
| Gross profit, SEK | 3.70 | 3.10 | 7.00 | 5.80 | 13.60 | 12.50 |
| Net profit, SEK | 1.50 | 5.00 | 2.00 | 6.30 | 13.30 | 17.60 |
| Profit for calculating dividends, SEK m | 1.50 | 3.20 | 2.40 | 3.20 | 14.00 | 14.80 |
| Property book value, SEK | | | | | 210.00 | 188.50 |
| Shareholders' equity, SEK | | | | | 60.20 | 66.20 |
| Outstanding shares/free float | 136,502,064 | 136,502,064 | 136,502,064 | 136,502,064 | 136,502,064 | 136,502,064 |
| Average number of shares | 136,502,064 | 136,502,064 | 136,502,064 | 136,502,064 | 136,502,064 | 136,502,064 |

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

1 January – 30 June 2008

BOARD OF DIRECTORS' ASSURANCE

The Interim Report for the period January – June 2008 gives a true and fair view of the parent company's and group's operations, financial position and profits, and states the significant risks and uncertainty factors facing the parent company and group companies.

Stockholm, Sweden, 19 August 2008

| | |
|-------------------------------|---|
| Bengt Kjell Chairman | Jan Nygren Board member |
| Jens Engwall Board member | Jonas Nyrén Board member |
| Magnus Meyer Board member | Per-Anders Ovin Board member |
| Anna W Jiffer Board member | Thomas Erséus Board member and Chief Executive |

AUDITOR'S REVIEW

Introduction

I have conducted a summary review of this Interim Report for Kungsleden AB (publ) as of 30 June 2008 and for the period 1 January 2008 to 30 June 2008. The Board of Directors and Chief Executive are responsible for the true and fair preparation and presentation of this interim financial information pursuant to IAS 34 and the Swedish Annual Accounts Act. My responsibility is to state a conclusion on this Interim Report based on my review.

Orientation and scope of review

I have conducted my review pursuant to standard SÖG 2410 the applicable standard for reviews conducted by the company's auditors. A review consists of

making inquiries, primarily to individuals responsible for financial and accounting issues, conducting an analytical review and taking other review measures. A review has a differing orientation and significantly less scope than the orientation and scope of an audit pursuant to the RS Swedish auditing standard and generally accepted auditing practice otherwise. The review measures taken in a review do not enable me to attain sufficient certainty for me to state that I am aware of all significant circumstances that would have been identified if an audit had been conducted. Accordingly, the stated conclusion of a review does not have the certainty of the stated conclusion based on an audit.

Conclusion

Based on my review, no circumstances have arisen that give me reason to consider that essentially, for the group's part, the Interim Report has not been prepared pursuant to IAS 34 and the Swedish Annual Accounts Act and, for the parent company's part, pursuant to the Swedish Annual Accounts Act.

Stockholm, Sweden, 19 August 2008

Björn Flink
Authorized Public Accountant

Five-year summary

SUMMARY INCOME STATEMENT

| SEK m | IFRS 2007 | IFRS 2006 | IFRS 2005 | IFRS 2004 | 2003 ¹ |
|--------------------------------|--------------|--------------|--------------|------------|-------------------|
| Net sales | 2,612 | 2,349 | 1,845 | 1,429 | 1,306 |
| Gross profit | 1,705 | 1,528 | 1,304 | 1,017 | 918 |
| Trading net | 580 | 853 | 318 | 67 | 164 |
| Sales and administration costs | -316 | -246, | -152 | -139 | -119, |
| Net financial position | -720 | -681 | -546 | -456 | -433 |
| Unrealised value changes | 1,372 | 2,120 | 1,191 | 10 | -45, |
| Profit before tax | 2,621 | 3,575 | 2,116 | 499 | 485 |
| Tax | -221 | -1 | -129 | 377 | 260 |
| Net profit for the year | 2,400 | 3,574 | 1,987 | 876 | 745 |

SUMMARY BALANCE SHEET

| SEK m | IFRS 2007 | IFRS 2006 | IFRS 2005 | IFRS 2004 | 2003 ¹ |
|---|---------------|---------------|---------------|---------------|-------------------|
| ASSETS | | | | | |
| Properties | 25,737 | 23,106 | 25,750 | 13,452 | 12,343 |
| Receivables, etc. | 6,410 | 1,049 | 1,556 | 994 | 562 |
| Liquid assets | 634 | 107 | 164 | 68 | 4 |
| TOTAL ASSETS | 32,781 | 24,262 | 27,470 | 14,514 | 12,909 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| Shareholders' equity | 9,040 | 9,700 | 6,649 | 3,954 | 2,828 |
| Interest-bearing liabilities | 21,068 | 12,781 | 18,004 | 9,832 | 9,480 |
| Non-interest-bearing liabilities | 2,673 | 1,781 | 2,817 | 728 | 601 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 32,781 | 24,262 | 27,470 | 14,514 | 12,909 |

KEY FIGURES

| | IFRS 2007 | IFRS 2006 | IFRS 2005 | IFRS 2004 | 2003 ¹ |
|--|-----------|-----------|-----------|-----------|-------------------|
| Property-related | | | | | |
| Property yield, % | 6.4 | 6.5 | 7.2 | 7.8 | 8.3 |
| Economic occupancy, % | 94.4 | 90.2 | 90.0 | 93.7 | 93.9 |
| Book value of properties | 25,737 | 23,106 | 25,750 | 13,452 | 12,336 |
| Financial | | | | | |
| Profit after tax, SEK m | 2,400 | 3,574 | 1,987 | 877 | 745 |
| Profit for calculating dividends, SEK m | 2,019 | 2,913 | 1,001 | 587 | 520 |
| Return on total capital, % | 6.9 | 8.3 | 7.0 | 6.7 | 8.3 |
| Return on equity, % | 25.6 | 43.7 | 37.5 | 24.1 | 29.0 |
| Return on capital employed, % | 7.6 | 9.1 | 11.0 | 3.8 | 4.4 |
| Interest cover, multiple | 2.7 | 3.1 | 2.7 | 2.1 | 2.2 |
| Equity ratio, % | 27.6 | 40.0 | 24.2 | 27.2 | 21.9 |
| Mortgage ratio, % | 81.9 | 55.3 | 69.9 | 73.1 | 76.8 |
| Data per share | | | | | |
| Profit after tax, SEK ² | 17.60 | 26.20 | 16.00 | 7.70 | 6.60 |
| Profit for calculating dividends, SEK ² | 14.80 | 21.30 | 8.10 | 5.20 | 4.60 |
| Dividend/share redemption, SEK ² | 22.50 | 11.00 | 3.67 | 2.50 | 2.17 |

¹ 2003 has been prepared on the basis of RR recommendations and not IFRS, as in other comparative years. In 2003, unrealised value changes correspond to depreciation and impairment losses.

² 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.

Property register 1 January – 30 June 2008

ACQUIRED PROPERTIES

| Name | Municipality | Locality | Address | Year of construction/ conversion | Lettable floor-space, sq.m. | | | | | | | Rental revenue | Rental value | Vacancy, % | |
|--|--------------|-------------|------------------------|-------------------------------------|-----------------------------|--------------------|--------|-------|------------------|-------|--------|----------------|--------------|------------|-------------------|
| | | | | | Offices | Industr./warehouse | Retail | Other | Retirement homes | Care | School | | | | Total floor-space |
| Market Area Central | | | | | | | | | | | | | | | |
| School properties | | | | | | | | | | | | | | | |
| Gustavsborg 2 | Västerås | Västerås | Vasagatan 44 | - | | | | | | | 17,927 | 17,927 | 26,991 | 26,991 | |
| Rosenhill 1 | Västerås | Västerås | Gurksaltargatan 9 | 2002 | | | | | | | 22,363 | 22,363 | 30,118 | 30,118 | |
| Rosenhill 12 | Västerås | Västerås | Eriksborgsgatan 11 | 1960/2004 | | | | | | | 6,396 | 6,396 | 7,109 | 7,109 | |
| Retirement homes | | | | | | | | | | | | | | | |
| Skogsduvan 1 | Västerås | Västerås | Skogsduvevägen 11 | 1993/1999 | | | | | 1,107 | | | 1,107 | 1,684 | 1,684 | |
| Ångsklockan 1 | Västerås | Västerås | Vårloksgratan 6 | 1993 | | 527 | | | 1,278 | | | 1,805 | 2,490 | 2,490 | |
| Klockarkärleken 3 | Västerås | Västerås | Rönnebergastigen 3 | 1999 | 1,001 | | | | 1,229 | | | 2,230 | 2,408 | 2,408 | |
| Skyttegillet 7 | Västerås | Västerås | Rekylgatan 12 | 1961/2000 | | 147 | | | 317 | | | 464 | 913 | 913 | |
| Brottberga 6:30 | Västerås | Västerås | Lillhäradsvägen 20 A-F | 2002 | | 556 | | | 713 | | | 1,269 | 2,842 | 2,842 | |
| Martinprocessen 9 | Västerås | Västerås | Välljärngatan 494 | 2002 | | 209 | | | 264 | | | 473 | 907 | 907 | |
| Kolaren 5 | Västerås | Västerås | Tråddragargatan 31 | 1950/2004 | | 379 | | | 673 | | | 1,052 | 1,747 | 1,747 | |
| Skjutfältet 9 | Västerås | Västerås | Hästhovsgatan 27 | 2004 | | 3,292 | | | 1,922 | | | 5,214 | 6,201 | 6,201 | |
| Birka 1 | Västerås | Västerås | Fornstidsgratan 4 | 1993 | | 920 | | | 1,356 | | | 2,276 | 2,814 | 2,814 | |
| Östra Daggrosen 1 | Västerås | Västerås | Daggrosgratan 1 | 1993 | | 646 | | | 1,278 | | | 1,924 | 2,657 | 2,657 | |
| Market Area North | | | | | | | | | | | | | | | |
| Industrial/warehouse properties | | | | | | | | | | | | | | | |
| Aspgården 18 | Umeå | Umeå | Bölevägen 44 | 1955 | 1,410 | 9,416 | | 959 | | | | 11,785 | 8,669 | 8,861 | 2.2 |
| Office properties | | | | | | | | | | | | | | | |
| Yrkesskolan 4 | Härnösand | Härnösand | Gånsviksvägen 4 | 1982 | 3,100 | | | | | | | 3,100 | 1,348 | 2,003 | 32.7 |
| Market Area South | | | | | | | | | | | | | | | |
| Retail properties | | | | | | | | | | | | | | | |
| Högafein 6 | Västervik | Västervik | Timmergatan 4 | 1972 | | 790 | 860 | 686 | | | | 2,336 | 1,050 | 1,050 | |
| Industrial/warehouse properties | | | | | | | | | | | | | | | |
| Spindeln 9 | Malmö | Malmö | Singelgatan 8 - 10 | 1964 | 390 | 1,505 | | | | | | 1,895 | 1,518 | 1,518 | |
| Care properties | | | | | | | | | | | | | | | |
| Hjorten 15 | Trelleborg | Trelleborg | Henry Dunkers gata 6 | 1950 | | | | | | 3,327 | | 3,327 | 3,665 | 3,665 | |
| Retirement homes | | | | | | | | | | | | | | | |
| Bakareboda 1:161 | Karlskrona | Holmsjö | Servicevägen 1 | 1992 | | | | 75 | 2,150 | | | 2,225 | 3,222 | 3,269 | 1.5 |
| Market Area West | | | | | | | | | | | | | | | |
| Retail properties | | | | | | | | | | | | | | | |
| Varla 14:1 | Kungsbacka | Kungsbacka | - | 2008 | | 1,030 | 780 | 680 | | | | 2,490 | 1,937 | 1,937 | |
| Industrial/warehouse properties | | | | | | | | | | | | | | | |
| Kylaren 9 | Kungälv | Kungälv | Dumpergatan 3 | 1990 | | 689 | 2,290 | | | | | 2,979 | 1,933 | 1,933 | |
| Ädelgasen 1 | Möndal | Möndal | Neongatan 5 | 1972, 1976, 1987, 1997 | | 3,330 | 12,093 | | | | | 15,423 | 9,457 | 9,457 | |
| Kryptongasen 7 | Möndal | Möndal | Kryptongatan 22B | 2000 | | | 5,000 | | | | | 5,000 | 3,135 | 3,135 | |
| Tingshuset 2 | Möndal | Möndal | Kråketorpsgratan 16 | 1963 | | | 3,450 | | | | | 3,450 | 1,309 | 1,309 | |
| School properties | | | | | | | | | | | | | | | |
| Hagtornen 10 | Borås | Borås | Varbergsvägen 38 | 1967 | | | | | | | 9,100 | 9,100 | 6,085 | 6,085 | |
| Market Area East | | | | | | | | | | | | | | | |
| Retail properties | | | | | | | | | | | | | | | |
| Generatoren 2 | Motala | Motala | Turbinvägen 5 | 1989 | | 1,700 | 300 | | | | | 2,000 | 1,081 | 1,081 | |
| Industrial/warehouse properties | | | | | | | | | | | | | | | |
| Löddret 4 | Eskilstuna | Eskilstuna | Filargatan 3 | 1986 | | | 5,900 | | | | | 5,900 | 3,383 | 3,383 | |
| Märsta 14:1 | Sigtuna | Arlandastad | Industrigratan 2 | 1967 | | 520 | 2,550 | | | | | 3,070 | 3,100 | 3,100 | 10.6 |
| School properties | | | | | | | | | | | | | | | |
| Borgaren 18 | Nyköping | Nyköping | Stora torget 3 | 1955, 1977, 2000 | 1,351 | 496 | | 185 | | | 9,791 | 11,823 | 14,576 | 14,576 | |
| Beckomberga 1:12 | Stockholm | Bromma | Beckombergvägen | 1950 | | | | | | | 2,410 | 2,410 | 3,615 | 3,615 | |
| Care properties | | | | | | | | | | | | | | | |
| Taktörnen 1 | Norrköping | Norrköping | Folkborgsvägen 1 | 1975 | | 17,112 | 46 | | | | 491 | 17,649 | 12,775 | 13,591 | 6.0 |
| Oxelbergen 1:2 | Norrköping | Norrköping | Odalgatan 19 | 1976, 1999, 2000 | | 21,083 | 1,786 | 548 | 2,123 | | | 25,540 | 19,782 | 21,413 | 7.6 |
| Blomman 12 | Norrköping | Norrköping | Nygatan 110 | 1903, 1956, 1975 | | 4,032 | 42 | | | | | 4,074 | 3,080 | 3,591 | 14.2 |
| Stinsen 1 | Norrköping | Norrköping | Stockholmsvägen 6 | 1960 | | 18,432 | | | 5 | | | 18,437 | 23,458 | 23,458 | |
| Brädgården 2 | Nyköping | Nyköping | Folkungavägen 2 | 1984 | | 10,009 | | | 1,806 | | | 11,815 | 17,933 | 17,933 | |
| Market Area Foreign | | | | | | | | | | | | | | | |
| Retirement homes | | | | | | | | | | | | | | | |
| Barbel | Tyskland | Barbel | Muhenweg | 2007 | | | | | 4,550 | | | 4,550 | 343 | 343 | |

Property register 1 January – 30 June 2008

DIVESTED PROPERTIES

| Name | Municipality | Locality | Address | Year of construction/ conversion | Lettable floor-space, sq.m. | | | | | | | Total floor-space |
|--|--------------|------------|---------------------|-------------------------------------|-----------------------------|------------------------|--------|-------|---------------------|------|--------|-------------------|
| | | | | | Offices | Industr./ warehouse | Retail | Other | Retirement homes | Care | School | |
| Market Area South | | | | | | | | | | | | |
| School properties | | | | | | | | | | | | |
| Blåbäret 10 | Oskarshamn | Oskarshamn | Sönviksvägen 15A | 1966 | 2,013 | 321 | 1,016 | 260 | | | 1,772 | 5,382 |
| Other properties, Commercial | | | | | | | | | | | | |
| Hamnen 22:2 | Malmö | Malmö | Jörgen Kocksgatan 3 | 1952/1964 | 3,177 | 238 | | 4,361 | | | | 7,776 |
| Market Area East | | | | | | | | | | | | |
| Industrial/warehouse properties | | | | | | | | | | | | |
| Reidmar 7 | Danderyd | Djursholm | Vendevägen 62 | 1942/1968 | 1,205 | 720 | 198 | 60 | | | | 2,183 |

This is Kungsleden

BUSINESS MODEL

Kungsleden owns and manages properties. It views a property's returns as more important than its type or geographical location. Its 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 multiple acquisitions and divestments. Simultaneously, Kungsleden prioritises being a good and efficient landlord through the active management and enhancement of properties.

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 property type and geographical location, through different types of tenants, and rental contract maturities. About half of the total property holding is let to the public sector or to tenants whose operations are publicly financed.

ORGANISATIONAL RESOURCES

Operations are organised into four divisions, with each division responsible for the management and letting of its property holding. 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. The acquisition and

management of retirement homes on the German market are managed in the Retirement Homes Germany division. The fourth division, Nordic Modular, primarily conducts lettings, but also the production and sale, of modular buildings.

Kungsleden has flexible organisational resources with strong local links and substantial expertise in property transactions. Its head office is in Stockholm, and the company has offices in another 10 or so locations in Sweden, as well as Munich, Germany.

NEW INITIATIVES

In 2006, Kungsleden started geographical expansion into Germany. Its intention is to accumulate a retirement homes property portfolio in Germany. Kungsleden regards the German retirement homes market as attractive because of its substantial size, and because of favourable demographics. The customer base for retirement homes is forecast to more than double by 2040.

Kungsleden also started a modular buildings initiative in 2006. Renting flexible and cost-efficient premises in modular buildings, for schools, day care centres and offices, for example, offers a range of benefits for customers with slightly shorter-term or varying needs. Modular buildings are a strong complement to Kungsleden's offering in Public Properties, and the company expects the demand for this type of premises to keep rising.

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 multiple of 2.

DIVIDEND POLICY

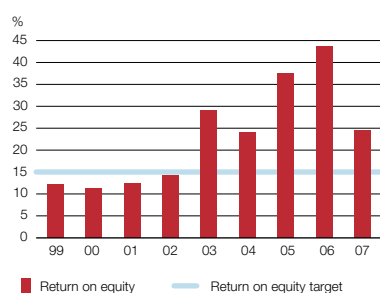
The Board's ambition is for Kungsleden to maintain stable dividends and a high pay-out ratio, which means that Kungsleden will pay out at least 50 per cent of profit for calculating dividends. This profit measure corresponds to the cash flow statement item cash flow from operating activities.

THE SHARE

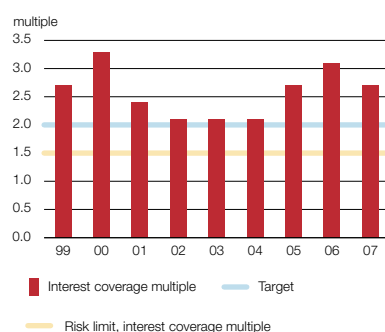
Kungsleden's stock was floated on the Stockholm Stock Exchange in 1999. Since 2006, the share has been a constituent of the OMX Nordic Exchange list of Mid Cap companies.

REALISING OBJECTIVES 1999–2007

Return on equity



Interest coverage multiple



Addresses

KUNGSLEDEN AB (PUBL)
CORP. ID. NR. 556545-1217
REG. OFFICE STOCKHOLM

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