

KUNGSLEDEN

möjligheternas fastighetsbolag

Welcome to Kungsleden! First quarter 2013

April 26th, 2013

Anders Kvist, interim Chief Executive and
CFO



The quarter in brief

- Net sales decreased by 12 per cent to SEK 487 m chiefly due to a smaller property portfolio
- Gross profits decreased by 8 per cent to SEK 281 m due the reduction in net sales and harsh winter conditions
- The profit before tax was SEK 236 (374) m
- The profit after tax was SEK 208 (113) m

Important events in the first quarter and so far into the second quarter

- Kungsleden presents and starts to implement a new strategy focusing on value creation in wholly-owned properties
- In anticipation of planned property purchases, Kungsleden made substantial repayments on interest-bearing loans
- Thomas Erséus resigns after seven years as CEO
- The Administrative Court ruled against Kungsleden in a few cases strongly resembling the so called Steen & Ström case where eventually the Administrative Court of Appelas ruled in favour of the defendant. Kungsleden has appealed its case to this court.
- A 63 per cent reduction in energy consumption gave Kungsleden a Greenbuilding certificate
- Göran Larsson was elected new chairman of the Board at the AGM on April 18th

Kungsleden´s lettings market stable

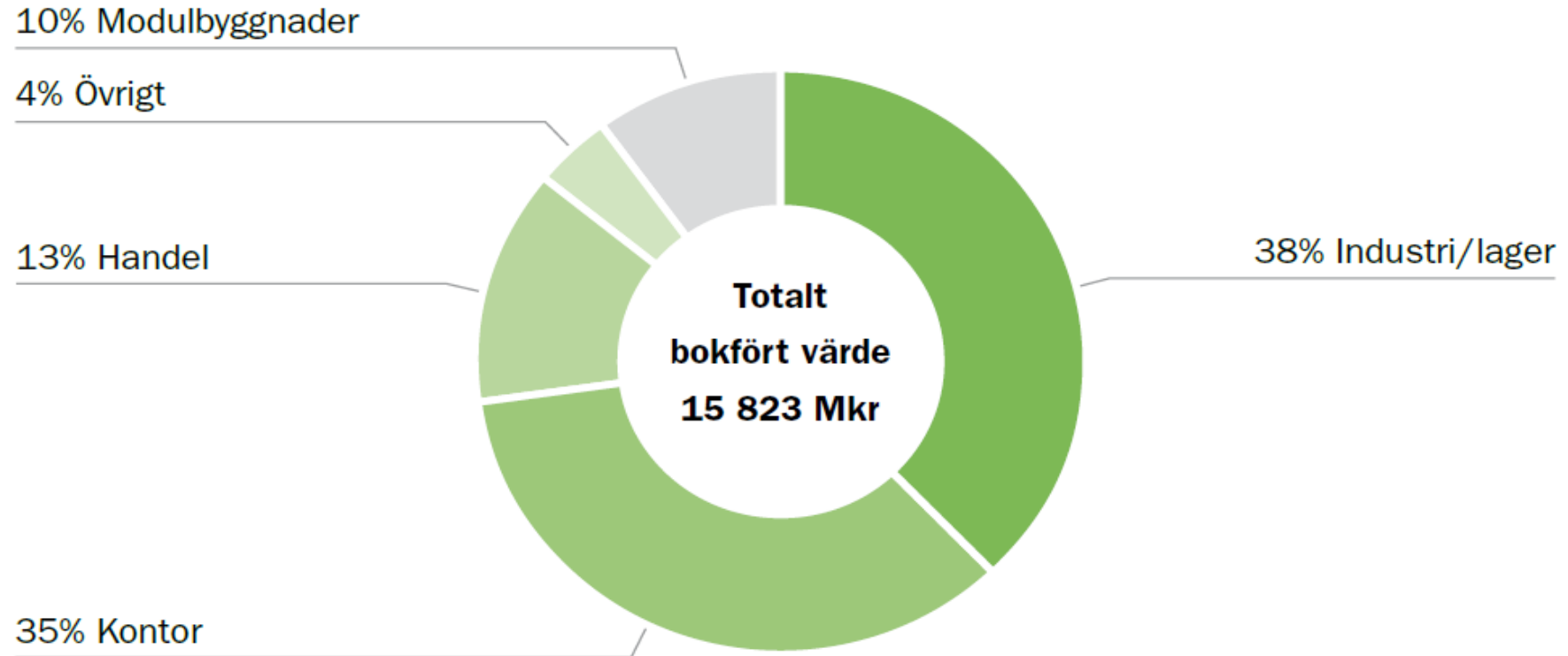
- Stable vacancies
- New gross lettings of SEK14 m*
- Negative net lettings of SEK 5 m despite stable vacancies as cancellations in January do not become effective until December**
- Economic occupancy 90.5 per cent (89.9)

*New gross lettings refer to annual rental revenue from signed rental agreements i Jan-March, 2013

** Net lettings refer to signed new agreements less signed cancellations



Kungsleden´s Asset Portfolio March 31st, 2013



Kungsleden´s property portfolio

Segment	No. of properties	Area, 000 sq.m.	Book value, SEK m	Property yield % *	Economic occupancy, %	Average contract term (years)
Industrial/warehouse	116	1 197	6 079	8,3	91,5	5,2
Office	84	667	5 527	7,6	91,1	4,5
Retail	56	266	2 078	7,4	93,4	4,5
Other commercial	22	79	630	6,8	92,8	6,7
Totalt	278	2 211	14 314	7,8	91,6	4,9

* Excl. property administration costs

Property portfolio as per March 31st, 2013

Income Statement

SEK m	2013 Jan-Mar	2012 Jan-Mar	Δ per cent
Rental revenues - wholly owned properties	382	412	-7
Rental revenues - modular buildings	65	63	3
Sales revenues, modular buildings	41	81	-49
Net sales	488	556	-12
Gross profit	281	305	-8
Sales & administration costs	-52	-48	-8
Net financial position	-141	-140	0
Profit from property management	88	117	-25
Value changes investment properties	-16	30	152
Unrealized value changes financial instruments	164	226	-27
Profit before tax	236	374	-37
Tax	-52	-345	85
Net profit for the period	208	113	84

Lower net sales and decreased Gross profit due to a smaller property portfolio and a harsh winter

Lower sales of modular buildings but increased leasing income going forward

Decreased Profit from property management chiefly due to the lower Gross profit

Improved Net profit after tax from SEK 113 to 208 m as previous year was burdened by tax provisions

Statement of financial position

SEK m	2013 31 March	2012 31 Dec
Assets		
Properties	15,823	15,777
Other non-current assets	597	666
Equipment	15	17
Receivable from AP3	-	3,363
Current assets	228	355
Cash and bank balances	331	721
Total assets	16,994	20,899
Liabilities and equity		
Equity	7,929	7,726
Interest-bearing liabilities	7,384	9,704
Derivatives	960	1,125
Other non-interest bearing liabilities	721	2,345
Total equity and liabilities	16,994	20,900

Interest Costs and Average Interest Rate

Interest Costs and Average Interest Rate ¹	Annual Cost, SEK m		Average Interest Rate, %	
	2013	2012	2013	2012
	31 March	31 Dec.	31 March	31 Dec.
Loans, derivatives and fees on the reporting date				
Interest on bank borrowings and bond issues ² (Stibor 3 months, interest margin and arrangement fees)	-294	-402	4.0	4.2
Difference between Stibor 3 months and fixed interest on interest rate derivatives	-260	-242	3.5	2.5
Commitment fee for additional liquidity reserve due to tax risks	-29	-	0.4	-
Commitment fee other liquidity reserve	-12	-11	0.2	0.1
Interest costs and average interest rate	-595	-655	8.1	6.8

¹ The average interest rate is calculated by setting interest costs on loans and interest swaps, arrangement fees and costs for un-utilized credit facilities in relation to outstanding loan volume on the reporting date.

Maturity Structure, loans

As of 31st March 2013, SEK m	Utilized credits	Un-utilized credits	Total credits
2013	613	260	873
2014	1,496	-	1,496
2015	2,595	3,900	6,495
2016	2,680	-	2,680
Total	7,384	4,160	11,544
Average conversion term, years	2.2		2.0

Interest Rate Risk Structure

As of March 31st, 2013	Loans, SEK m	Interest rate derivatives, SEK m	Average interest, derivatives, %	Average interest loans and derivatives, %	Average fixed interest term, years
2013	7,384	-	-		
2014		800	3.9		
2015		1 400	4.2		
2016		500	3.9		
2017		500	4.1		
2018		3 650	4.2		
2019		800	3.5		
2020		800	3.7		
2021		400	3.8		
2022		500	3.8		
Total	7,384	9,350		8.1	6.3

Market value of loans and
derivatives

959

Total

8,343

Estimate of Maximum Negative Effect of Outstanding Tax Proceedings

SEK m	Effect on equity	Effect on liquidity
Provision, Q2 2009	325	0
Provision, Q2 2012	<u>383</u>	<u>160</u>
Total provisioning for tax cases	708	160
Tax cases not provisioned	2,930	2,920
Deposited in anticipation of ruling	-	<u>-160</u>
Total	3,638	2,920

Key Ratios

	31st March, 2013	31st Dec, 2012	31st March, 2012
Financial ratios			
Return on equity %	10.6	4.6	5.8
Equity ratio, %	46.7	37.0	38.0
Loan to value, properties, %	46.7	61.5	67.8
Loan to value, all credits as a percentage of earning assets (properties, Hemsö participation and receivables), %	47	51	58
Interest coverage ratio, times	1.7	2.7	2.3
Share related ratios			
Equity per share, SEK	58.10	56.6	57.30
Profit after tax per share, SEK	1.50	2.60	0.80

Good prospects for future value-creation

- Focus on long-term property management within high-yielding property segments with moderate risks
- Capacity for SEK 4 bill of property purchases within next twelve months
- Improved average interest cost on funding with new property purchases
- Cost control creates operational leverage when the asset base grows
- Cash flow restored to levels before the Hemsö participation disposal within 18-24 months, even as liquidity reserves remain high
- Profits from property management restored within three years
- Positive outcome of the tax disputes would free up liquidity for additional property investments
- Strong and growing results when tax disputes will have been resolved and interest hedging costs have abated

KUNGSLEDEN

möjligheternas fastighetsbolag

