

Welcome to Kungsleden! Second Quarter 2013

August 16th, 2013

Anders Kvist, Interim Chief Executive and CFO



The quarter in brief

- Net sales decreased by 1 per cent to SEK 564 (561) m
- Gross profits decreased by 2 per cent to SEK 313 (308) m
- Profit from property management improved by 21 per cent to SEK 133 (110) m
- Profit before tax was SEK 332 (8) m
- Profit/loss after tax was SEK 261 (-671) m

Income Statement, 6 months

SEK m	2013 Jan-June	2012 Jan-June	Δ per cent
Rental revenues - properties	790	821	-4
Rental revenues - modular buildings	131	127	3
Sales revenues, module manufacture	130	169	-23
Net sales	1,051	1,117	-6
Gross profit	594	613	-3
Sales & administration costs	-84	-93	-10
Net financial position	-289	-293	-1
Profit from property management	221	227	-3
Value changes investment properties	-14	39	-136
Unrealized value changes financial instruments	361	116	311
Profit before tax	568	382	149
Tax	-123	-1,088	89
Net profit/loss from continuing operations	445	-706	
Discontinued operation – Hemsö holding	24	148	-84
Net profit for the period	469	-558	

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

Nordic Modular in line with last year despite a slow start in the beginning of the year and SEK 5 m in higher re-investments

Lower administration cost measures executed

Lower interest costs after amortised loans

Improved Net profit after tax from SEK -558 to 469 m as previous year was burdened by tax provisions

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

- Transactions in line with the new strategy
 - 8 properties were purchased (agreements) for SEK 371 m
 - 1 non-core property in Germany sold for SEK 93 m
- Biljana Pehrsson was appointed as Kungsleden AB's new CEO, starts on 1 September
- Memorandum of understanding with GE Capital Real Estate to purchase 84 properties for approximately SEK 5.5 billion

The deal with GE Capital Real Estate

- Memorandum of understanding for purchase signed
 - 84 properties
 - Underlying property value of approximately SEK 5.5 billion
 - 567,000 sq.m.
 - Largely situated in Stockholm and Gothenburg
- Definitive purchase agreement is scheduled for October after due diligence, with scheduled completion on the properties at the end of the year
- The transaction amount is in line with the previous indicated purchase volume of SEK 5-6 billion planned over 1-2 years
- No requirement to raise any additional equity

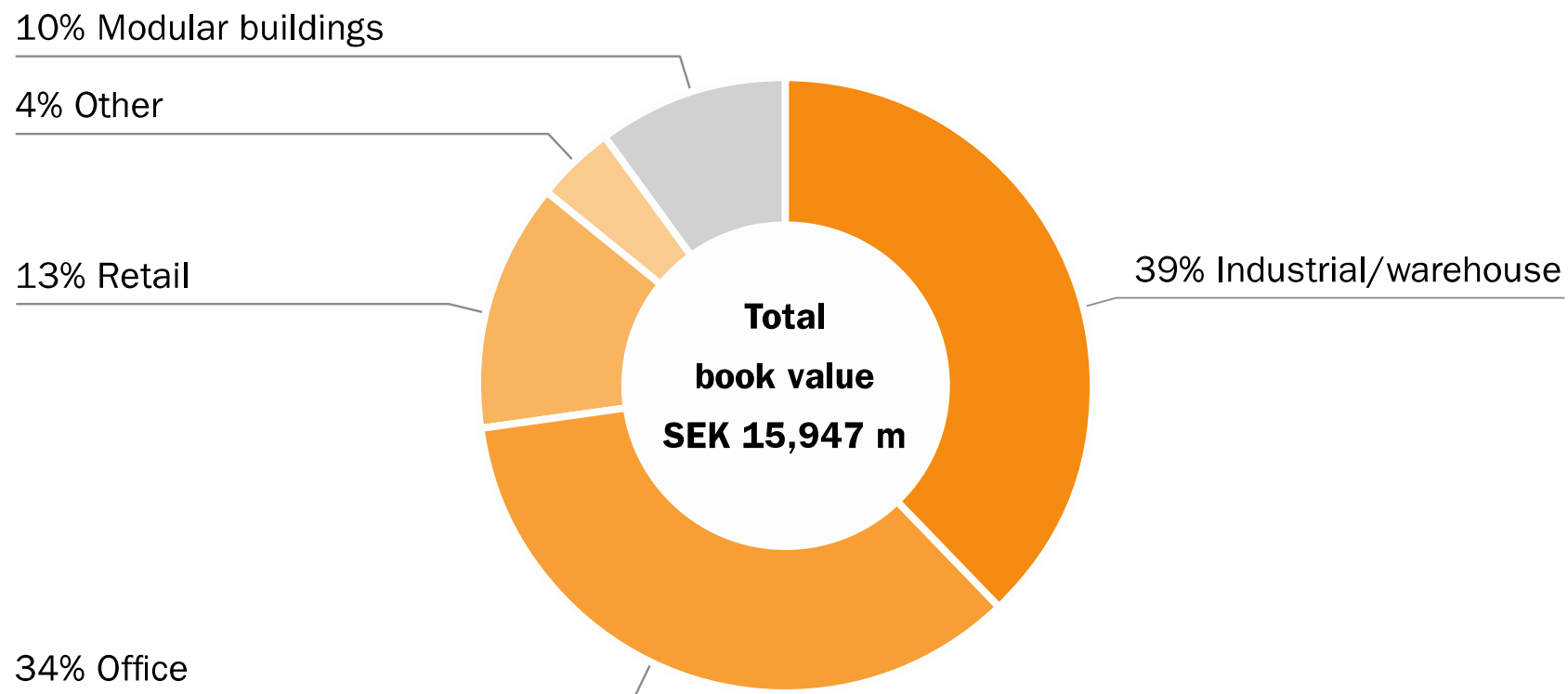
Kungsleden´s lettings market stable

- Stable vacancies
- Economic occupancy 90.6 per cent (89.9)
- Positive net lettings* of SEK 2 m over the first six months

* Net lettings refer to signed new agreements less signed cancellations



Kungsleden´s Asset Portfolio June 30th, 2013



Kungsleden´s property portfolio*

Per June 30 th , 2013	No. of properties	Area, 000 sq.m.	Book value, SEK m	Property yield % **	Economic occupancy, %	Average contract term (years)
Industrial/warehouse	117	1,211	6,163	8.3	91.9	5.1
Office	84	667	5,565	7.5	91.0	4.4
Retail	55	263	2,063	7.3	93.4	4.4
Other	22	80	637	6.5	93.0	6.6
Totalt	278	2,221	14 ,28	7.8	91.8	4.8

* Excluding modular buildings

** Excluding property administration costs

Statement of financial position

SEK m	2013 30 June	2012 31 Dec
Assets		
Properties	15,947	15,777
Other non-current assets	526	666
Equipment	14	17
Receivable from AP3	-	3,363
Current assets	200	355
Cash and bank balances	427	721
Total assets	17,114	20,900
Liabilities and equity		
Equity	8,061	7,726
Interest-bearing liabilities	7,518	9,704
Derivatives	764	1,125
Other non-interest bearing liabilities	771	2,345
Total equity and liabilities	17,114	20,900

Lower Balance sheet total after AP3 payment for Hemsö shares and amortised loans (both Q1 2013)

Key Ratios

	30th June, 2013	31st Dec, 2012	30th June, 2012
Financial ratios			
Return on equity %	11.9	4.6	-15.4
Equity ratio, %	47.1	37.0	34.6
Loan to value, properties, %	47.1	61.5	68.4
Interest coverage ratio, times	1.8	2.7	2.1
Share related ratios			
Equity per share, SEK	59.10	56.60	49.80
Profit after tax per share, SEK	3.40	2.60	-4.10

Interest Costs and Average Interest Rate

Interest Costs and Average Interest Rate¹

	Annual Cost, SEK m		Average Interest Rate ¹ , %	
	2013	2012	2013	2012
Loans, derivatives and fees on the reporting date	30 June	31 Dec.	30 June	31 Dec.
Interest on bank borrowings and bond issues ² (Stibor 3 months, interest margin and arrangement fees)	-297	-402	3.9	4.2
Difference between Stibor 3 months and fixed interest on interest rate derivatives	-262	-242	3.5	2.5
Commitment fee for additional liquidity reserve due to tax risks	-29	-	0.4	-
Commitment fee other liquidity reserve	-9	-11	0.1	0.1
Interest costs and average interest rate	-597	-655	7.9	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.

² Interest-bearing liabilities were SEK 7,384 m as of 31 March 2013 and SEK 9,704 m as of 31 December 2012

Maturity Structure, interest-bearing liabilities

As of 30 June 2013, SEK m	Utilized credits	Un-utilized credits	Total credits
2013	-	260	260
2014	1,490	-	1,490
2015	2,890	3,600	6,490
2016	3,138	50	3,188
Total	7,518	3,910	11,428
Average conversion term, years	2.1		1.9

Interest Rate Risk Structure

As of 30 June, 2013	Loans, SEK m	Interest rate derivatives, SEK m	Average interest, derivatives, %	Average interest loans and derivatives, %	Average fixed interest term, years
2013	7,518	-	-		
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	7,518	9,350		7.9	5.9

Market value of derivatives

761*

* The negative market value accounted for as a Balance Sheet liability

Total

8,279

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	383	160
Total provisioning for tax cases	708	160
Tax cases not provisioned	2,940	2,930
Deposited in anticipation of ruling	-	-160
Total	3,648	2,930

- During the second quarter, nothing emerged that alters Kungsleden's fundamental view of ongoing tax proceedings
- A minor adjustment (+SEK 10 m) in estimate of maximum effect of tax cases not provisioned due to delayed timetable and slightly higher interest rate applied by the tax authorities

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Second half year

- Biljana Pehrsson starts as Kungsleden AB's new CEO, 1 September
- Due diligence and final agreement with GE Capital Real Estate to purchase 84 properties for approximately SEK 5.5 billion

KUNGSLEDEN

möjligheternas fastighetsbolag

