

Kungsleden AB (publ)

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Kungsleden in brief

Kungsleden owns and manages properties generating high and stable long-term returns

- Returns more important than property type and location
- A property's yield cannot be judged without considering risk levels

Properties had a book value of SEK 28.6 (25.7) bn as of 31 December

- Public Properties 54 (50)%
- Commercial Properties 37 (41)%
- Nordic Modular 5 (5)%
- Retirement Homes Germany 4 (4)%

Approx. 25,700 shareholders, about 48% private individuals and 24% foreign

- Ten largest shareholders control 20.7% of equity and voting rights



Operations in 2008

- **Public Properties:**
 - **Acquisition of 23 properties for SEK 2.2 bn, divestment of 3 properties for SEK 140 m**
 - 6 properties acquired for SEK 955 m in Norrköping and Nyköping for SEK 955 m from GE Real Estate Nordic region (Mar)
 - 13 public properties acquired from the City of Västerås for over SEK 1 bn (Jan)
- **Commercial Properties:**
 - **Acquisition of 29 properties for SEK 1.1 bn, divestment of 25 properties for SEK 1,167 m**
 - 8 commercial properties acquired in central Sweden for SEK 365 m (Aug)
 - 5 warehouse and logistics properties divested to Northern Logistic Property ASA for SEK 600 m (Jul)
- Operations in Germany integrated into Public Properties
- Specialist skills added, leadership development, appointment of Environmental Manager

Profit for calculating dividends

Profit for calculating dividends

SEK m	2008 Jan-Dec	2007 Jan-Dec
Gross profit	1,967	1,705
Sales and administration costs	-374	-316
Net financial position	-986	-720
Sub-total	607	669
<i>Property divestments</i>		
Trading net, divestments	12	580
Realised value changes	256	885
Sub-total	268	1,465
Tax paid and other items not affecting cash flow	-35	-115
Profit for calculating dividends	840	2 019

Collaboration with Third AP Fund

- Divestment of 50% of Hemsö for SEK 15.4 bn on a debt-free basis (EV) including deferred tax, which is consistent with book value, and a property yield of 6.3% in 2008
- Enhances Kungsleden's prospect of remaining an active player in the public segment
- Enables sustained healthy investment capacity
- SEK 2.3 bn positive liquidity effect, SEK +800 m on profit for calculating dividends in 2009
- Five-year collaboration agreement with Third AP Fund, business focus unchanged
- Transaction conditional on Hemsö retaining funding and approval from the competition authorities, with completion scheduled for Q1

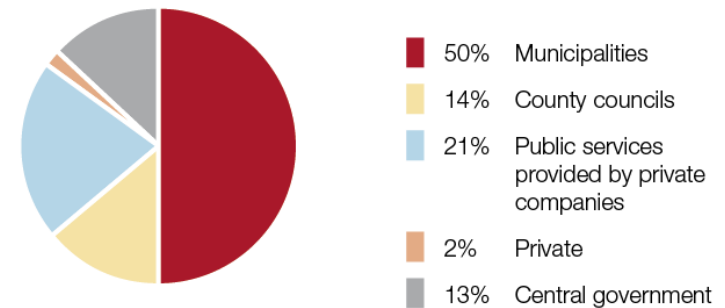
Transaction overview—Hemsö in brief

Hemsö Fastighets AB (“Hemsö”)

- Wholly owned subsidiary of Kungsleden AB
- Owns and manages 282 properties, tenants mainly in the Swedish public sector
 - Retirement homes(112 properties)
 - Schools (85 properties)
 - Care (75 properties)
 - Other (10 properties)

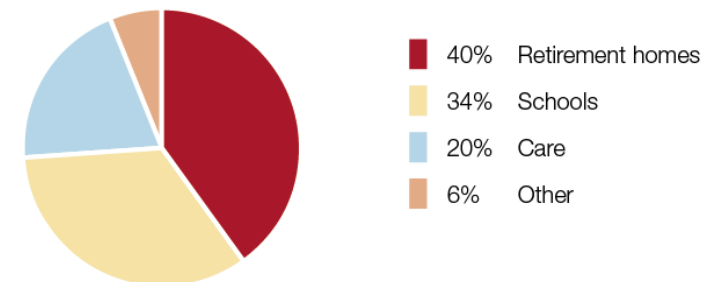
- Average remaining contract term, approx. 7 yr.

Division of tenants



Sq.m. by segment

Approx. 1,330 sq.m.



Current market conditions

- Rentals market
 - Still stable
 - Indexed rents
 - Low rent levels
 - Stable counterparties and cash flows
 - Risk of rental losses cannot be ruled out
- Financial markets
 - Still no clear signs of credit market easing
 - Interest rates forecast to stay low
- Transaction market
 - Persistent uncertainty, but reduced interest rates are a step in the right direction
 - Smaller transactions still possible



Adapting to the market and diversifying risk

- Re-allocation of the commercial property holding
 - Reflecting the public portfolio with long contracts and stable counterparties
 - Reduced share of offices and retail
- Low average rents of SEK 600 per sq.m. for commercial properties
- Longer rental contracts, 6 yrs. commercial and 7 yrs. public properties
- Stable cash flows
 - Average property yield, 6.2% on public properties
 - Average property yield, 6.8% on commercial properties
- Modified production capacity in Nordic Modular
- Some projects in Germany exited



Income Statement

SEK m	2008 Oct-Dec	2007 Oct-Dec	2008 Jan-Dec	2007 Jan-Dec
Rental revenues	626	616	2,529	2,324
Property costs	-156	-171	-621	-653
Gross profit, module sales	14	11	59	34
Gross profit	484	457	1,967	1,705
Trading net	-38	432	12	580
Sales and administration costs	-121	-99	-374	-316
Net financial position	-241	-226	-986	-720
Profit after financial items	84	564	619	1,249
Unrealised value changes	-1,546	505	-1,803	1,372
Profit/loss before tax	-1,462	1,070	-1,185	2,621
Tax	151	167	223	-221
Net profit/loss	-1,311	1,237	-962	2,400

Financial instruments

- 3-month STIBOR rose to a peak of 5.6% in the autumn
- Parts of Kungsleden's funding portfolio were hedged in Q4 to limit interest rate rises
- SEK 5 bn fixed at 4% for 2009 to assure cash flow
- Further hedging measures in the form of closable swaps.
- A large interest rate change in a short period caused substantial value changes
- Resulting in a SEK -1,590 m negative value change on financial instruments

Valuation process

- Kungsleden's valuations based on:
 - Cash flow from the property
 - Rent levels
 - Property location and condition
 - Property's potential and alternative usage
- Approx. 90% of portfolio externally valued as of 31 December
 - Public properties valued at an average of 3% below our internal valuation
 - Commercial properties valued at an average of 9% above our internal valuation



Balance Sheet

SEK m	2008	2007
Assets	31 Dec	31 Dec
Properties	28,576	25,737
Receivables, etc.	1,504	6,410
Liquid assets	642	634
Total assets	30,722	32,781
Liabilities and shareholders' equity		
Shareholders' equity	7,065	9,040
Interest-bearing liabilities	20,743	21,068
Non interest-bearing liabilities	2,914	2,673
Total liabilities and shareholders' equity	30,722	32,781

Funding

- The average interest on Kungsleden's portfolio is 4.5% (4.8% on 1 January)
- Average interest fixing of 2.7 years (1.4 on 1 January)
- Interest coverage multiple of 1.6 in 2008
- Interest fixed for SEK 5 bn of short-term credit at 4% throughout 2009
- Un-utilised credits of over SEK 1.8 bn



Maturity structure

As of 31 December 2008			
Maturity	Credit, SEK m	Share, %	Ave. conversion time, years
2009	1,817	8.1	
2010	1,211	5.4	
2011	2,408	10.1	
2012	13,073	58.1	
2013	3,270	14.5	
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2018	714	3.2	
Total credit	22,493	100.0	3.5
Un-utilised credit	-1,750		
Total utilised credit	20,743		

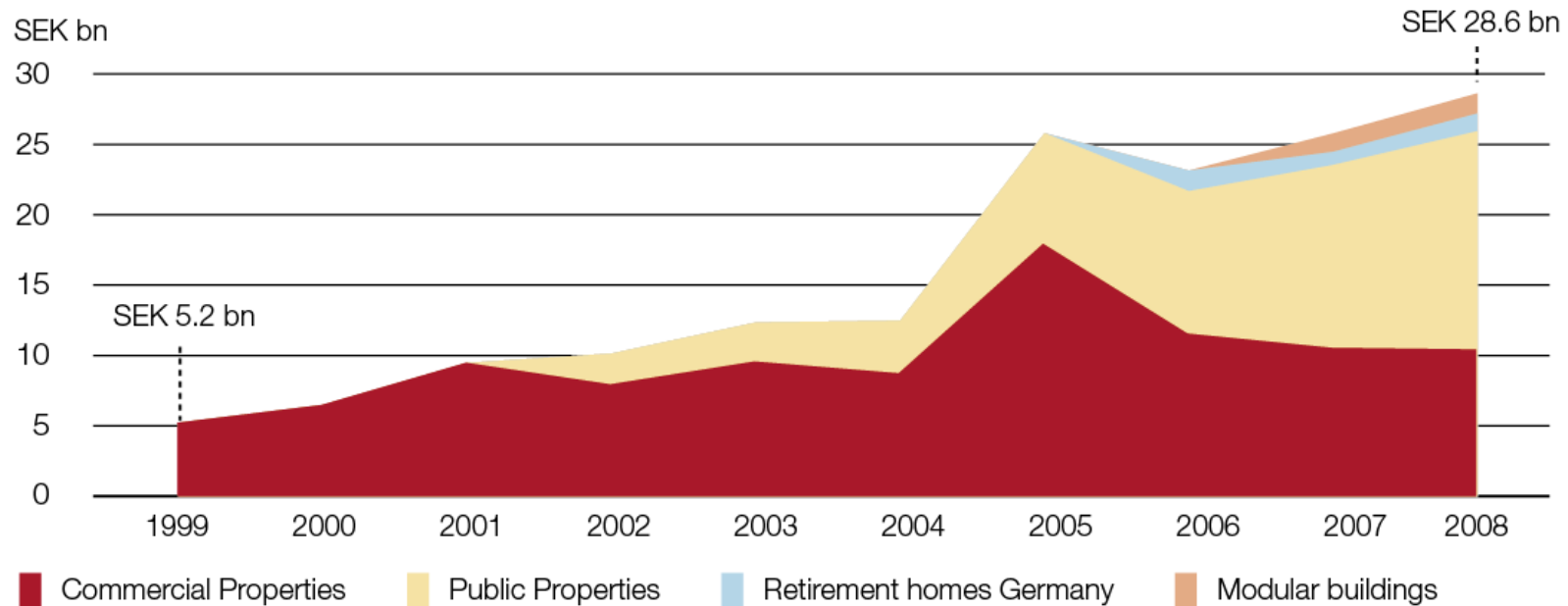
Interest fixings

As of 31 December 2008

Interest maturity	Nom. amt., SEK m	Prop., %	Ave. Int., %
2009	10,675	51.5	4.44
2010	1,300	6.3	5.48
2011	1,200	5.8	4.76
2012	1,068	5.1	4.03
2013	1,700	8.2	4.49
2014	1,300	6.3	4.40
2015	1,600	7.7	4.30
2016	600	2.9	4.35
2017	300	1.4	4.50
2018	1,000	4.8	4.50
Total, loans	20,743	100.0	4.50
Market value of loans and derivatives	1,545		
Total	22,288		

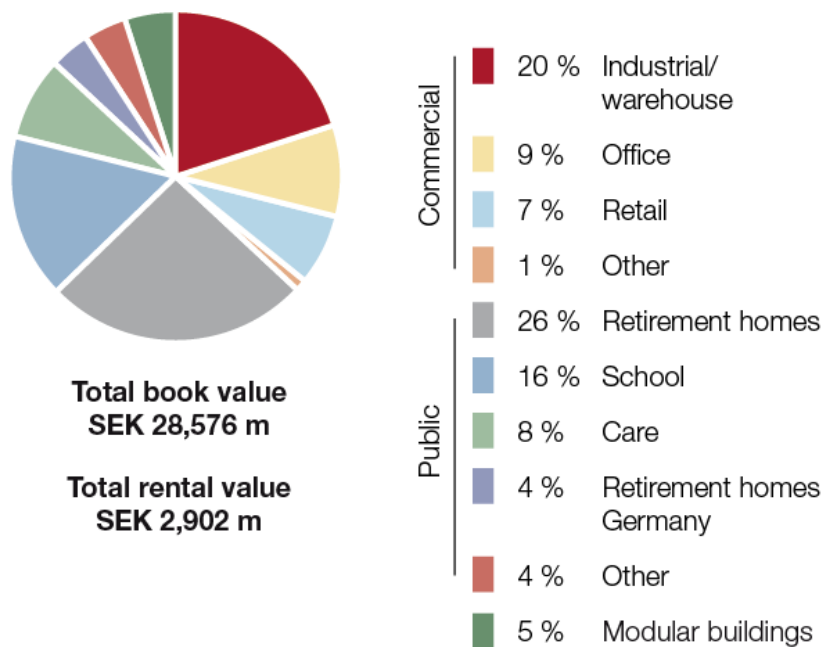
The holding

Property portfolio growth in 1999–2008

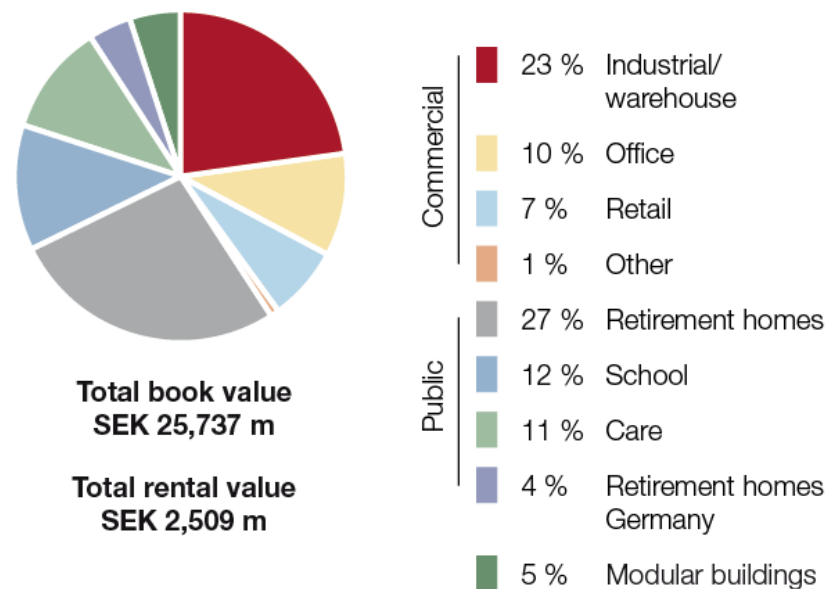


Our properties—by type

Book value as 31 December 2008



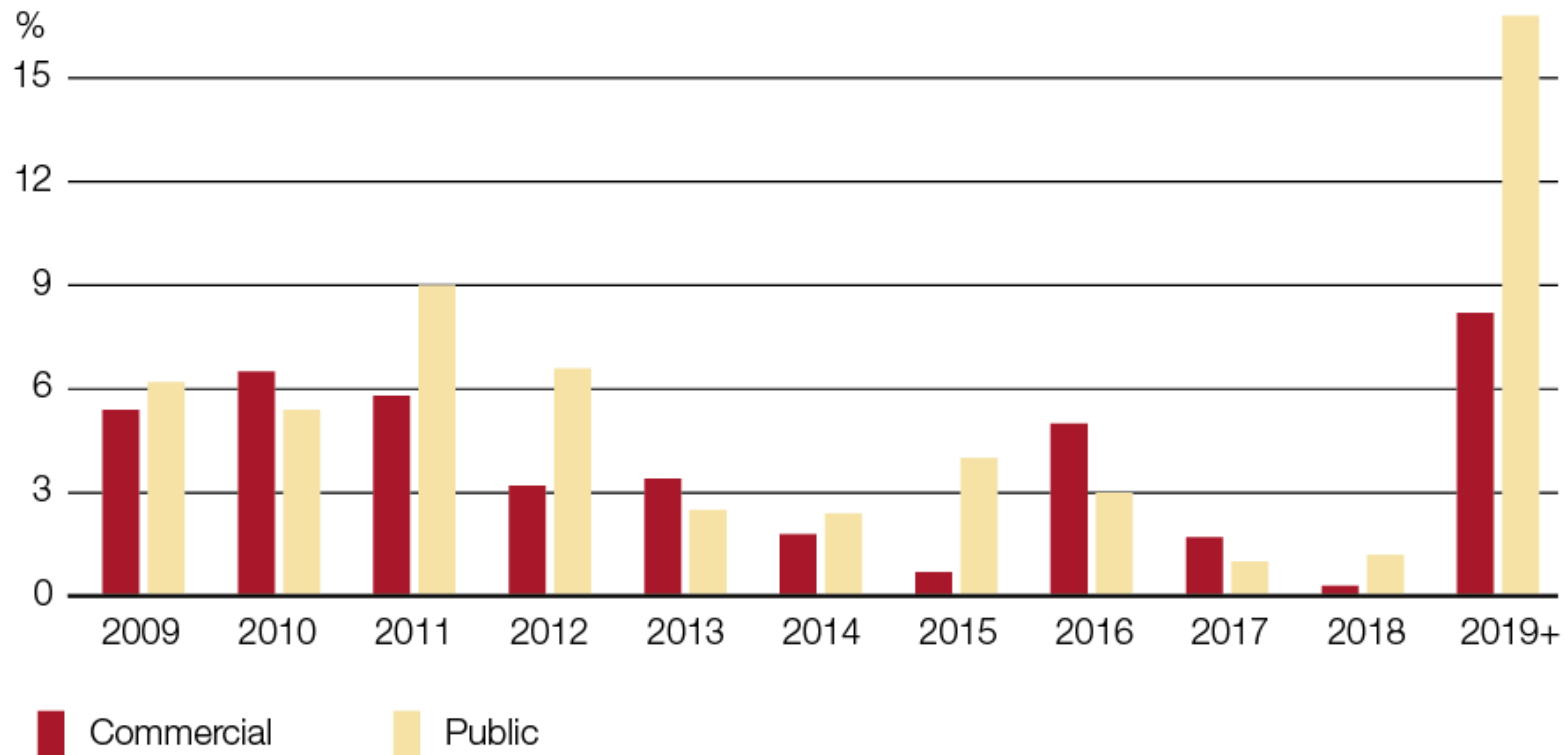
Book value as 31 December 2007



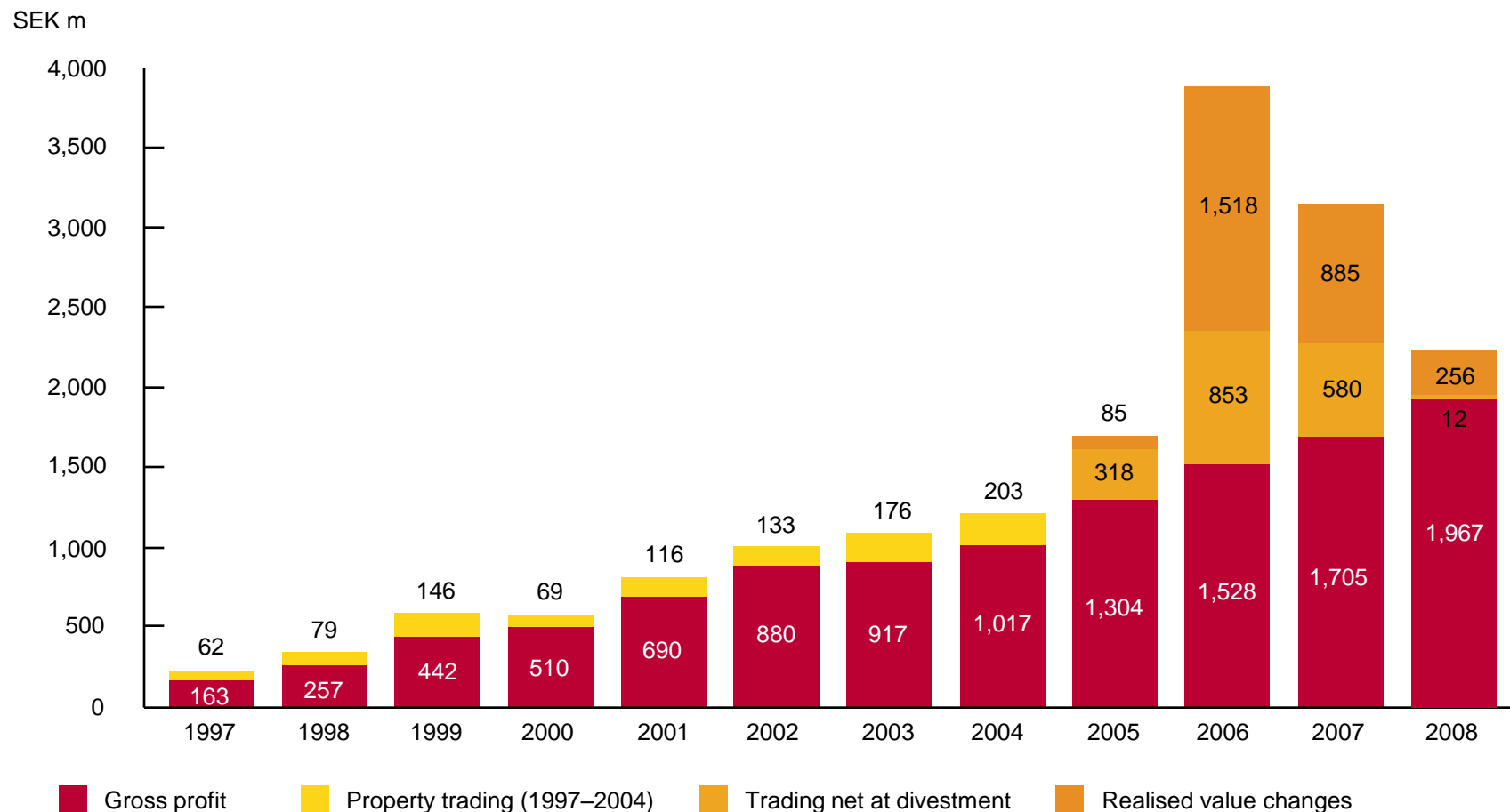
Largest tenants

	Rental revenue, SEK m	Share of rental revenue, %	No. of contracts
ABB	122	5.5	5
Västra Götaland County Council	100	4.5	85
Municipality of Härnösand	94	4.2	64
Frigoscandia	78	3.5	8
Attendo Care	64	2.9	33
Mälardalen University	54	2.4	4
City of Västerås	53	2.4	20
Vittra	52	2.4	8
Municipality of Norrköping	46	2.1	24
ICA Sverige AB	38	1.7	18
Total	701	31.5	269

Rental revenue maturity structure



Underlying profits, '97 - '08



From 2005 onwards, profit from property trading is divided between trading net at divestment and realised value changes.

Summary

- High quality of property portfolio, indexed rents and stable cash flows
- Sustained healthy underlying operational progress and occupancy levels
- Long contracts, low rent levels and secure counterparties support property valuations
- Assuming the transaction with the Third AP Fund is completed, Kungsleden's Balance Sheet will be strengthened and capacity freed for continued business development
- Less than 10% of credits mature in 2009, un-utilised credit facilities of over SEK 1.8 bn



Outlook for 2009

- Continued hesitant transaction market with a sluggish credit market
- Forecast profit for calculating dividends will be issued when the deal with the Third AP Fund is complete
- Focus on cash flow, portfolio enhancements and long contracts

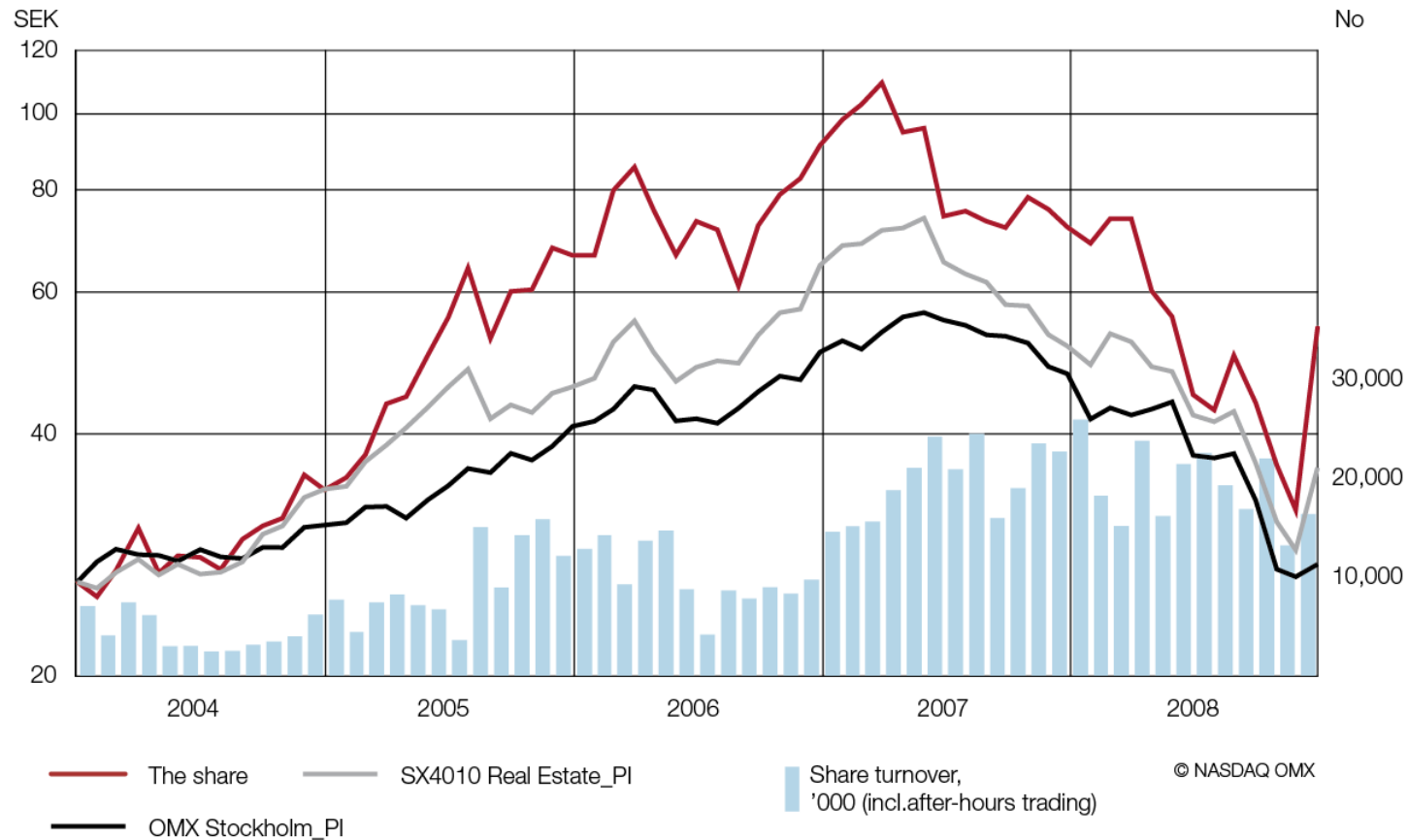


Ten largest shareholders (% of voting rights & equity)

• Andra AP-fonden	5.8
• Swedbank Robur fonder	4.9
• Florén Olle and companies	2.2
• SHB/SPP-fonder	2.1
• Nordea fonder	1.6
• SEB Fonder	1.0
• Kåpan pensioner	0.8
• Avanza Pension Försäkring AB	0.7
• Crafoordska stiftelsen	0.7
• Swedish Red Cross	0.7



The share to 31 December 2008



Are there any questions?



Thanks.