

KUNGSLEDEN

*facilitating opportunities*



**Interim Report January – June 2010**

## **Facilitating opportunities**

Kungsleden is its people. Not the concrete, bricks or glass... Obviously, our fixed assets have value, but it's still our people that manage, enhance and regenerate that value. And everything is based on a close collaboration with our customers, who ultimately, are the people that can evaluate what we do and how well we deliver on our promises.

So what do we mean by Kungsleden—facilitating opportunities? For us, it means the way we stand out in the property sector. What our customers emphasise is all about our entrepreneurship. That we're there, innovative, focused on solutions and easy to deal with.

Our business concept lets us see value in a property regardless of its location and type. With properties in some 130 Swedish municipalities and our offices nationwide, we're there geographically and in our actions. This means that we're also alert to local needs. Being driven by a strong entrepreneurial spirit, with decisions being taken at the edges of our organisation, promotes Kungsleden's innovation and drive.

Lokalamojligheter.se, or 'property opportunities', is an example of how we open new channels for dialogue with our customers. Simply put, as the property company that facilitates opportunities, we see possibilities in properties, premises and places that others don't.



### CHIEF EXECUTIVE'S STATEMENT

Kungsleden's profits for the period remained stable in year-on-year terms, adjusted for a positive tax effect, and the transaction with the Swedish Third Pension Insurance Fund (AP3), both of which affected the previous year's comparative figures. Even if as a result of the AP3 deal, net sales were down by some SEK 300 m for the period, gross profit fell by only SEK 200 m, despite the severe winter.

The recovery of the transaction market continued with surprisingly high volumes in the second quarter. This is a positive sign demonstrating that the market has probably bottomed out and is heading upwards. Conditions on the credit market have also improved. Increased willingness to invest is likely to pave the way for a price increase on properties in time. Year to date, Kungsleden has re-valued its properties by some SEK 100 m, the majority in the second quarter.

In the first half-year, Kungsleden sold 39 properties for just over SEK 900 m



while acquiring 10 properties for nearly SEK 800 m. There were also investments in properties of SEK 145 m in the period. Hemsö was the largest transaction when four public properties, divided between 38 buildings, were acquired from Swedish property development company Vasallen for just over SEK 1.1 bn., of which Kungsleden's share is 50 per cent. The property yield was some 7.5 per cent, and completion is on 1 October.

The lettings market has stabilised, even if we still expect vacancies a touch higher this year than last. But these vacancies are concentrated on a few individual properties where projects are ongoing to find solutions.

On 1 October Per Berggren takes over as the Chief Executive of Hemsö. Mr. Berggren is the Chief Executive of property company Jernhusen. He has extensive experience of the property sector and will be a driving-force in the ongoing work of creating two independent organisations before the mid-point of 2011.

After the severe winter, with increased operating costs, the forecast for the full year is more challenging. But we are reiterating our estimate of profit for calculating dividends of SEK 600 m, as we are noting positive progress on the transaction market.

Thomas Erséus  
Chief Executive

## 1 January – 30 June 2010

- Net sales fell by 21 per cent to SEK 1,142 (1,439) m, and gross profit fell by 21 per cent to SEK 752 (954) m due to the previous year's transaction with AP3 and increased costs relating to the severe winter.
- Profit before tax was SEK 168 (164) m. Profit after tax was SEK 137 (237) m, equivalent to SEK 1.00 (1.70) per share.
- As of 30 June 2010, the property portfolio comprised 559 (585) properties with a book value of SEK 21,866 (21,861) m.
- 10 (2) properties were acquired for SEK 799 (158) m. 39 (257) properties were also divested for SEK 906 (7,517) m, generating a profit of SEK 14 (-128) m. These divestments affected profit for calculating dividends by SEK 1 (891) m.
- Profit for calculating dividends for the interim period was SEK 219 (858) m, equivalent to SEK 1.60 (6.30) per share.
- The forecast for the full year 2010 profit for calculating dividends is unchanged at SEK 600 m, or SEK 4.40 per share.

### SECOND QUARTER (APRIL-JUNE)

- Net sales fell by 15 per cent to SEK 571 (668) m as a result of the transaction with AP3.
- Profit before tax was SEK 132 (244) m. Net profit after tax was SEK 80 (304) m, or SEK 0.60 (2.20) per share.



# 1 January – 30 June 2010

## THIS IS KUNGSLEDEN

Kungsleden is a property company that is always open to new business opportunities—regardless of the type of property or its location. With properties in some 130 municipalities and offices nationwide, Kungsleden is responsive to its tenants' local needs. Kungsleden tenants

are both small enterprises and large corporations, while school students and pensioners occupy and live in Kungsleden properties. Kungsleden's business model focuses on continually enhancing its property portfolio with the objective of improving portfolio risk-adjusted returns.

Its ambition is that cash flow from operations will always remain high and stable. Thanks to its committed and skilled professionals, Kungsleden enables valuable solutions for customers, which help create high and stable returns for the long term.

## KUNGSLEDEN'S STRATEGY

Enhance a skilled and businesslike organisation

Pursue customer satisfaction through the active management and improvement of the property portfolio

Assure high long-term returns proceeding from the existing portfolio, and through acquisitions and divestments

## KUNGSLEDEN'S RESULTS FOR JANUARY–JUNE

Profit after tax for the period was SEK 137 (237) m. The lower figure is mainly due to lower negative unrealised value changes on financial instruments.

The property yield for the period was 6.8 (7.5) per cent after a severe winter.

Net sales in the interim period were SEK 1,142 (1,439) m, divided between rental revenues of SEK 1,062 (1,301) m and sales revenues from modular buildings of SEK 80 (138) m. The background to this reduction is the part-sale of Public Properties, which were still wholly owned during the first four

months of 2009, and negative rent indexation in 2010.

Gross profit fell by 21 per cent to SEK 752 (954) m. If we include the public properties part-sold to the AP Fund in 2009, rental revenues would have decreased by 1 per cent and operating net would have decreased by 4 per cent year on year. This reduction is fully attributable to indexation and higher costs for heating and snow clearance.

Property trading generated a SEK 14 (–128) m profit. The divestments meant that value changes of SEK –13 (1,177) m for the whole holding period have now been realised.

Sales and administration costs decreased to SEK 137 (152) m. This reduction is partly a consequence of only half of Hemsö's administration costs now being charged to Kungsleden.

The net financial position changed positively by SEK 111 m, and was SEK –364 (–475) m, primarily explained by lower loan volumes in 2010 compared to the corresponding period of 2009.

Value changes on properties and financial instruments in the period amounted to SEK 96 (–150) m and SEK –194 (116) m respectively, totalling SEK –98 (–34) m. The positive value change on properties is a net of new value

## Profit for calculating dividends

SEK m	2010	2009
	Jan–June	Jan–June
Gross profit	752	954
Sales and administration costs	–137	–152
Net financial position	–364	–475
<b>Sub-total</b>	<b>252</b>	<b>327</b>
Realised items		
Trading net on divestment	14	–128
Realised value changes, property	–13	1,177
Realised value changes, financial instruments	–4	–158
<b>Sub-total</b>	<b>–3</b>	<b>891</b>
Tax payable	–30	–360
<b>Profit for calculating dividends</b>	<b>219</b>	<b>858</b>



appraisals and investments completed, corresponding to 0.4 per cent of book value. The value change is primarily attributable to Public Properties. Valuations of financial instruments were negatively affected as a result of falling long yields.

Tax on net profit was SEK -30 (72) m, of which SEK 42 m is a positive effect of property divestments. The properties divested via companies have a larger reported reserve for deferred tax than the deductions that occurred in the corporate divestments.

Profit for calculating dividends for the interim period was a total of SEK 219 (858) m.

### THE PROPERTY PORTFOLIO

As of 30 June 2010, the portfolio comprised 559 (585) properties, of which Kungsliden had 50 per cent ownership of 251, with area for Kungsliden's part of 2,631,000 (2,684,000) sq.m. and book value of SEK 21,866 (21,861) m.

Kungsliden values its properties from an internal valuation model, which is an integrated component of its business process, where every property has a business plan. A combination of the reconciliation of location pricing and present value calculations of cash flows with a five-year forecast period, plus subsequent residual values, form the basis of valuations. Factors considered include rent levels, vacancies, operation

and maintenance costs, property age, status and usage. The transactions Kungsliden has conducted in the period corroborate the company's valuations. Previously, activity levels on the Swedish property market have been low. An increase in the number of transactions over the past year offers further guidance in valuation work.

Of book value, 43 (46) per cent relates to Commercial Properties, 43 (39) per cent to Public Properties in Sweden, 7 (8) per cent to retirement homes in Germany and 7 (7) per cent to Nordic Modular.

Of property book values, 39 per cent were located in the three major city regions of Greater Stockholm, Greater Gothenburg and the Öresund region.

The properties were located in 129 municipalities, of which 54 per cent of book value was located in municipalities with populations of less than 100,000.

The property portfolio in Germany amounts to SEK 1,597 (1,739) m of total book value. This value has reduced somewhat in 2010 as a consequence of progress of exchange rates of the euro. 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 surplus margin in the German operations is higher than in the Swedish.

Investments in existing properties amounted to SEK 145 (234) m. Investments are mainly conversions and extensions on existing properties in consultation with the tenant so that the customer's operations can be conducted in a superior, more efficient way. Investments increase property values through higher rent levels, and often, longer contract terms.

### PROPERTY TRADING

After a few weak years, the property market is showing clear signs of recovery in terms of the number of transactions completed.

Ten properties were acquired in the period with area of 83,000 sq.m. for a value of SEK 799 m. Of these acquisitions, three were of the Industrial/warehouse type, four were Schools and three are of the type designated 'Other Public.' The acquisitions were conducted at an estimated property yield of 7.4 per cent.

39 properties with area of 130,000 sq.m. were sold for SEK 906 m. The book value of the sold properties was SEK 892 m and acquisition cost was SEK 904 m. The sales were conducted at a property yield of 6.5 per cent. Most of these properties were sold to Corem Property Group on 31 March.

### EARNINGS CAPACITY

The normally high transaction rate in Kungsliden's operations means that

### Property portfolio changes

SEK m	2010	2009
	April-June	Jan-June
Properties at the beginning of the period	21,239	21,861
Acquisitions	799	799
Investments	84	145
Divestments	-292	-892
Exchange rate fluctuations	-48	-143
Value changes	84	96
<b>Properties at the end of the period</b>	<b>21,866</b>	<b>21,866</b>

### Property trading



### Earnings capacity

	30 June 2010 <sup>1</sup>	31 Dec 2009 <sup>1</sup>
No. of properties	559	585
Leasable area, 000 sq. m.	2,631	2,684
Book value of properties, SEK m	21,866	21,861
Rental value, SEK m	2,373	2,399
Rental revenues, SEK m	2,191	2,237
Operating net, SEK m	1,483	1,527
Economic occupancy, %	92.2	93.2
Property yield, %	6.8	7.0
Operating surplus margin, %	67.7	68.2

<sup>1</sup> 251 (244) of the public properties in Sweden are 50 per cent owned by Kungsliden. They are all included in the number of properties line, and 50 per cent on other lines, corresponding to their effect on the results of Kungsliden's operations and financial position.

# 1 January – 30 June 2010

the Income Statement does not offer the most accurate view of the group's future earnings capacity. Earnings capacity shows the outcome as if the holding as of 30 June 2010 had been held for the past 12 months.

At the end of the period, average property yield was 6.8 (7.0) per cent in terms of earnings capacity.

Transactions in the period and progress of the existing holding resulted in a 3 per cent reduction of the operating net from SEK 1,527 m to SEK 1,483 m.

## MODULAR BUILDINGS

Nordic Modular is a division of Kungsleden, alongside Commercial Properties and Public Properties. Flexible and cost-efficient modular buildings are a strong complement to Kungsleden's offering, mainly to the public sector.

As of 30 June, modular buildings had total area of approximately 226,000 (226,000) sq.m. and book value of SEK 1,507 (1,467) m.

In the interim period, rental revenues from modular buildings were SEK 119 (126) m with gross profit of SEK 101 (116) m.

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. Normally, the estimated lifespan is 15–20 years if the modules are relocated, and if not relocated, they can, in principle, have the same lifespan as conventional buildings. After standard depreciation, property yield at the end of the period was 6.6 per cent.

Sales of modules including changes in stock were SEK 80 (138) m with gross profit of SEK 12 (28) m. Demand has reduced due to the recession. Production capacity was modified to the new conditions in 2009. No further reduction in demand is expected as the number of enquiries has increased.

## CUSTOMERS

Kungsleden's success is based on satisfied customers and the company's ability to do good deals. Kungsleden's customers are a cross-section of the Swedish private and public sectors. Its tenants are both small enterprises and large corporations, while school students and pensioners occupy and live in Kungsleden properties. Just over 40 per cent of the total property holding is let to the public sector, with tenants whose operations are publicly financed.

The commercial holding is divided into the Industrial/warehouse, Office and Retail types. Manufactured goods, transportation and retail are some other sectors where Kungsleden is active. Its largest tenant is ABB Fastighets AB, which represents 6 per cent of total rental revenues. The average remaining contract term for customers in the public operation is some eight years, and in the commercial operation, about six years.

## KUNGSLEDEN—SAVING ENERGY WITH THE SWEDISH SOCIAL INSURANCE OFFICE AT SOLLENTUNA, NEAR STOCKHOLM

In the second quarter, Kungsleden arranged an Environment Day in partnership with the Swedish Social Insurance Office in Sollentuna, near Stockholm. Kungsleden presented the company's environmental work and the work it is doing in their building. A discussion of various energy-saving measures was conducted with the aid of Kungsleden's Energy Saver application. This tool can be applied to offices, industrial/warehouse premises, schools and retail premises. The Energy Saver is available in Swedish for download at [www.lokalamojligheter.se](http://www.lokalamojligheter.se)



### Customers—key facts:

- New lettings: 352 contracts with total annual rental value of SEK 37 m.
- Remaining contract term: average 6.7 years. 7.7 years for Public Properties and 5.8 years for Commercial Properties respectively.
- Economic occupancy: 92.2 (93.2) per cent.

### CUSTOMER SATISFACTION

Recently conducted brand research indicates that 98 per cent of Kungsliden's customers recognize the company. 70 per cent of customers have a fairly or very positive image of Kungsliden. In this research, the company ranked well for its commitment, responsiveness, service and uncomplicated manner.

When measuring Kungsliden's commitment, 53 per cent of customers stated that Kungsliden is generally respected and has a high level of credibility on the market. As many custom-

ers responded that Kungsliden is a company that customers have a close personal relationship with. As many as 47 per cent are active ambassadors that are pleased to recommend Kungsliden to other people. These figures are very high scores in terms of brand ratings and are indicative of our people's close and strong customer relations in their day-to-day work.

### FUNDING

Kungsliden's loan portfolio is based on agreements with banks and a syndicated credit facility. Loan agreements are normally signed with five to seven year terms, which can be considered customary in the Swedish market for property credits. In current market conditions, agreements are somewhat shorter. In its agreements, Kungsliden endeavours to secure short interest fixings, to obtain the greatest possible flexibility, and so it can manage interest risk at an overall group level. The desired risk level of interest fixing structure is

achieved using instruments called interest swaps or interest caps. Currency forwards are only used to hedge foreign investments.

At the end of the period, the loan portfolio totalled a nominal SEK 14,139 (14,425) m, and SEK 15,478 (15,575) m, with a market valuation of loans and financial instruments. Un-utilised credit facilities were SEK 3,754 (2,960) m.

The average interest rate on the loan portfolio was 5.0 per cent as of 30 June 2010, which is comparable with the beginning of the year. The average fixed interest term was 2.6 years, which is unchanged since 1 January.

Kungsliden's derivative portfolio was SEK 14.8 (14.5) bn, which is somewhat more than nominal loan amounts. With its current derivative portfolio, interest costs are not significantly affected by changed market interest rates.

The short interest rate, 90-day Stibor, rose somewhat in the period, and at the end of the second quarter, was quoted at 0.79 per cent. As of 30 June,

### Interest fixing period

As of 30 June 2010 Maturity	Nominal amount, SEK m	Interest derivatives, SEK m	Share, %	Average interest, %
2010	14,139	7,350	47.8 <sup>1</sup>	5.9
2011		-	-	-
2012		400	2.8	4.4
2013		2,000	14.1	4.2
2014		1,500	10.6	4.2
2015		1,800	12.7	4.3
2016		400	2.8	4.4
2017		300	2.1	4.5
2018		1,000	7.1	4.5
<b>Total</b>	<b>14,139</b>	<b>14,750</b>	<b>100.0</b>	<b>5.0</b>
Market valuation of loans and derivatives	1,339			
<b>Total</b>	<b>15,478</b>			

<sup>1</sup> The share of interest maturities in 2010 is 47.8 per cent of total loan volumes of SEK 14,139 m. Interest maturities in 2010 for underlying loans are SEK 6,739 m and interest maturities for derivatives without underlying loans are SEK 611 m.

Kungsliden's average interest rate of 5.0 per cent is due to its relatively large derivative portfolio, which still exceeds its loan portfolio. The derivatives portfolio amounts to SEK 14.8 bn, while the loan portfolio is SEK 14.1 bn. SEK 7.4 bn of the derivatives portfolio consists of what are termed cancellable interest swaps. These are reported as short fixed interest periods because the bank can cancel them quarterly. The cancellable swaps are long fixed interest periods where Kungsliden has issued an option to the bank conferring it the right to cancel them. For this right, Kungsliden receives reduced interest in the interest swap. The cancellable derivatives have terms of 3–8 years with fixed interest of between 2.9 and 4.1 per cent. Progress of market interest rates largely determines whether the bank cancels the derivatives in advance. Derivatives volumes maturing in 2010 of SEK 7.4 bn exceed underlying loans, which explains the higher average interest this year. Because interest on the whole loan portfolio is fixed using derivatives, changes in market interest rates will only have a marginal impact on Kungsliden's net financial position, see the sensitivity analysis below.

### Credit maturity structure (inclusive un-utilised credit facilities)

As of 30 June 2010 in	Credit, SEK m	Share, %	Average conversion time, years
2010	893	5.0	
2011	1,857	10.4	
2012	11,919	66.6	
2013	2,169	12.1	
2015	399	2.2	
2018	656	3.7	
<b>Total credit</b>	<b>17,893</b>	<b>100.0</b>	<b>2.3</b>
Un-utilised credit	-3,754		
<b>Total utilised credit</b>	<b>14,139</b>		<b>2.4</b>

### Sensitivity analysis, interest rate changes

As of 30 June 2010, SEK m	Effect on net financial position (12 mth.)
Average interest of the loan portfolio changes, +/- 1% point	-/+ 141
Short market rate (<6 mth.) changes, +/- 1% point	+/- 10

# 1 January – 30 June 2010

five-year yields were 2.42 per cent, somewhat lower than the 2.88 per cent quoted at the beginning of the year. Ten-year yields have also fallen since the previous year-end and were at 3.00 per cent on 30 June. This interest rate downturn has had a negative effect on the value of financial instruments, causing an unrealized value change of SEK –194 m in the Income Statement.

In the period, Kungsleden issued an unsecured bond in Norway. This bond matures in 2015 and has a nominal amount of NOK 325 m. The yield is Nibor plus 3 per cent. Using a basis swap, an SEK loan of SEK 399 m has been created, with Stibor as its base. Kungsleden is continuing to consider new alternative funding sources. The AGM in May granted the Board of Directors authorization to take decisions to issue convertibles.

In the period, Kungsleden also took on a secured overdraft facility of SEK 344 m through its joint venture Hemsö Fastighets AB.

In the remainder of 2010, loans and overdraft facilities of SEK 893 m expire, of which SEK 310 m are overdraft facilities. Discussions regarding the autumn's re-financing are well advanced.

## TAX POSITION

As previously reported, Kungsleden has received rulings from the Stockholm

Administrative Court relating to transactions conducted in a similar manner to those covered by what is termed the 'Cyprus ruling', which the Swedish Supreme Administrative Court referred back to the Council for Advance Tax Rulings for consideration. The Administrative Court's rulings imply further tax claims on Kungsleden of some SEK 200 m including tax surcharge. Kungsleden has appealed against the rulings at the Stockholm Administrative Court of Appeal.

In 2010, the Swedish Tax Agency contended that the Administrative Court should consider whether the Swedish Tax Evasion Act is applicable to three transactions Kungsleden conducted. The Swedish Tax Agency contends that the Court should consider increasing assessed income corresponding to a tax claim of some SEK 920 m.

In total, the tax claims amount to SEK 1,120 m, and Kungsleden provisioned SEK 325 m for one of the transactions in 2009. It should be noted that regulatory decisions corresponding to only SEK 200 m that relate to rulings based on what is known as the 'Cyprus ruling' have been made.

If the Swedish Tax Agency's claims prevail, Kungsleden judges that the majority of the re-assessment can be offset against tax loss carry-forwards. Thus, given a potential negative out-

come of proceedings, the liquidity effect would not exceed SEK 300 m, which is unchanged from our estimate in the First-quarter Interim Report. Against the background of Kungsleden having tax loss carry-forwards that have not been capitalized in its accounting, the company's judgment is that a negative outcome of proceedings would have a limited impact on consolidated equity.

Kungsleden considers that the Swedish Tax Agency's claims are erroneous and the company's judgment regarding these transactions has not changed, which is why there is no further provisioning.

Kungsleden's firm opinion is that it has complied fully with the laws and practice in place when submitting each tax return. The company continuously verifies its own judgments on tax issues with external experts. However, this does not rule out the risk that fiscal courts could assess completed transactions in a different manner to the company. Moreover, it can be assumed that in certain cases, the Swedish Tax Agency will initiate proceedings against different companies in the group to increase their assessed income.

Kungsleden's assessments and computations will be reassessed at the end of each reporting period. Accordingly, final outcomes may be either higher or lower than its current assessment.

## Shareholders

As of 30 June 2010	No. of shares	% of vote and capital
Florén Olle and companies	3,104,800	2.3
Nordea Funds	2,898,674	2.1
Norwegian Government	2,771,587	2.0
SHB Funds	2,657,100	2.0
SEB Funds	2,443,770	1.8
Danske Invest Funds (Sweden)	2,442,169	1.8
Länsförsäkringar Funds	2,120,704	1.6
Avanza Pension Assurance	1,944,553	1.4
Second AP Fund/AP2	1,767,165	1.3
Swedbank Robur Funds	1,693,138	1.2
<b>Total, ten largest shareholders</b>	<b>23,843,660</b>	<b>17.5</b>
Board and management	402,890	0.3
Foreign shareholders, other	32,355,083	23.7
Other shareholders	79,900,431	58.5
<b>Total</b>	<b>136,502,064</b>	<b>100.0</b>

Source: SIS Ägarservice



### **EQUITY**

Equity was SEK 6,657 (7,079) m at the end of the period or SEK 49 (52) per share, equivalent to an equity ratio of 27 (29) per cent.

### **SECOND QUARTER (APRIL-JUNE)**

Net sales were SEK 571 (668) m, divided between rental revenues of SEK 525 (599) m and sales revenues from modular buildings of SEK 46 (69) m. Profit before tax was SEK 132 (244) m and net profit was SEK 80 (304) m. Profit before tax excluding value changes was up SEK 34 m quarter on quarter, mainly due to the seasonality of operating costs.

During the second quarter, 10 properties with area of 83,000 sq.m. were acquired for a value of SEK 799 m. Nine properties were sold with an area of 35,000 sq.m. Total sales revenues were SEK 303 m, implying a trading net of SEK 11 m and additional value changes in the holding period of SEK -38 m.

### **ORGANISATION AND HUMAN RESOURCES**

The average number of employees was 278 (334) in the interim period; 153 (201) work for Nordic Modular, 125 (175) of them on producing modules.

### **PARENT COMPANY**

The parent company had a net loss of SEK -517 (-121) m in the period; its sales were SEK 0 (0) m. Its full-year



profit is expected to be positive because significant dividends from subsidiaries are included late in the year. Assets at the end of the period, mainly consisting of shares in subsidiaries, were SEK 6,882 (6,659) m. Funding was mainly through equity, which was SEK 5,003 (6,031) m as of the end of the period, implying an equity ratio of 42 (47) per cent.

#### **THE SHARE AND SHAREHOLDERS**

The closing price on 30 June 2010 was SEK 47.50. Accordingly, compared to the year-end 2009 closing price of SEK 49.20, the share fell by 3 per cent. The OMX Stockholm Real Estate\_PI rose by 3 per cent in the same period. As of 30 June, Kungsliden had 25,833 shareholders, an increase of 4 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**

Kungsliden's operations, results of operations and financial position are affected by a number of risk factors, which in some cases, particularly in terms of property valuations, are based on judgments.

Those risks affecting profits and cash flow relate mainly to changes in rent levels, occupancy, the general progress of costs, interest levels and property market liquidity. The Balance Sheet predominantly consists of properties and funding. The aggregate risk in

property values depends on geographical diversity, property type, property size, contract term, tenant structure, technical standard, etc. Property values are assessed individually and progressively through the year based on a series of judgments and estimates of future cash flows and required rates of return in a transaction. The methodology of internal valuations is reviewed on pages 26–27 and 75 of the Annual Report for 2009.

Financial risks are primarily liquidity risk, re-financing risk and interest risk and are managed on the basis of Kungsliden's finance policy. More information on managing financial risks is stated in 'Funding' on pages 5–6, and on pages 38–41 of the Annual Report for 2009.

Reporting of taxation conforms to accounting standards, but it is notable that over time tax paid usually differs from that reported. Additionally, tax rules are complex and difficult to interpret. The application of rules can also change over time, see also the review of the tax position on page 6.

A more detailed review of Kungsliden's risks and uncertainty factors is provided on pages 34–37 and 69–70 of the Annual Report for 2009.

The parent company's results of operations and financial position are significantly affected by group companies' situations, and accordingly, the above review also applies to the parent company.

#### **ACCOUNTING PRINCIPLES**

Kungsliden 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. Applicable stipulations of the Swedish Annual Accounts Act and the Swedish Securities Markets Act have also been applied.

For 2009, a revised IFRS 3 Business Combinations and amended IAS 27 Consolidated and Separate Financial Statements have implications including the following changes: the definition of an operation is amended, transaction expenses in business combinations should be expensed, conditional purchase prices should be measured at fair value at acquisition date and the effects of revaluing liabilities related to conditional purchase prices should be reported as a revenue or expense in net profit/loss. Other news is that there will be two alternative ways to report minorities and goodwill, either at fair value, i.e. goodwill is included in the minority, or the minority consists of a share of net assets. The choice between the two methods is individual for each business combination.

IFRIC 15 Agreements for the Construction of Real Estate may affect the timing of when a property under construction that is sold is reported in the Income Statement.

Application of the new principles has not affected the accounts materially.

Otherwise, the accounting principles and measurement methods are unchanged since the Annual Report for the financial year 2009.

The following amendments and new application interpretations of accounting principles with future application are not judged to have any material effect on the group's reporting: IFRS 1 First-time Adoption of IFRS, IFRS 2 Share-based Payment, IAS 24 Related Party Disclosures, IAS 32 Financial Instruments: Presentation, IAS 39 Financial Instruments: Recognition and Measurement, IFRIC 12 Service Concession Arrangements, IFRIC 14 IAS 19—The Limit on a Defined-benefit Asset, Minimum Funding Requirements and their Interaction, IFRIC 16 Hedges of a Net Investment in a Foreign Operation, IFRIC 17 Distributions of Non-cash Assets to Owners, IFRIC 18 Transfers of Assets from Customers, IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments.

#### **FORECAST FOR 2010 (UNCHANGED)**

The Board's judgment is that profit for calculating dividends will be SEK 600 m, equivalent to SEK 4.40 per share.

The method for measuring profit for calculating dividends is unchanged and corresponds to profit before tax excluding unrealised value changes but including realised value changes and payable taxes.

#### **REVIEW OF DIVIDEND POLICY**

On 18 August 2010, Kungsleden's Board of Directors reviewed and clarified its dividend policy.

The Board's ambition is to maintain stable dividends and a high pay-out ratio. This policy means that dividends shall amount to 50 per cent of profit for calculating dividends. When judging the amount of dividends, consideration shall be given to the company's investment need, capital structure and financial position otherwise.

#### **SUBSEQUENT EVENTS**

No significant events have occurred after the end of the interim period.

#### **FORTHCOMING REPORTS**

- *Interim Report*, January–September, 21 October 2010.
- *Financial Statement*, January–December, 16 February 2011.

#### **FOR MORE INFORMATION, PLEASE CONTACT:**

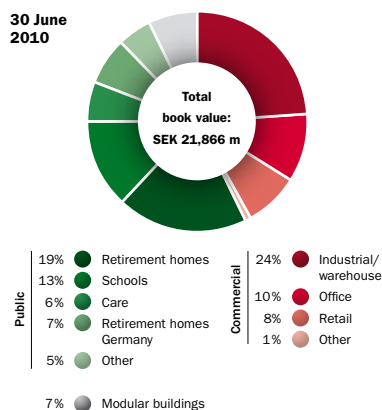
*Thomas Erséus*, Chief Executive,  
tel: +46 (0)8 503 052 04,  
mobile: +46 (0)70 378 20 24

*Johan Risberg*, Deputy Chief Executive/  
CFO, tel: +46 (0)8 503 052 06,  
mobile: +46 (0)70 690 65 65

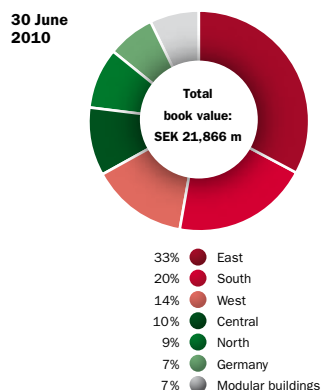


# 1 January – 30 June 2010

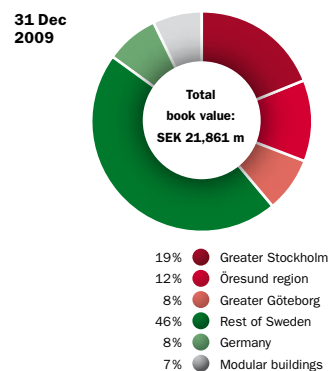
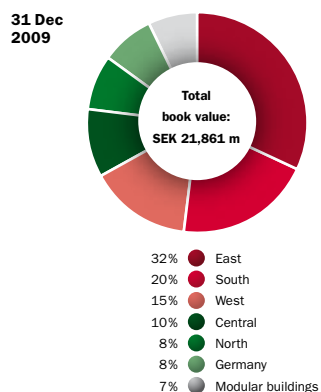
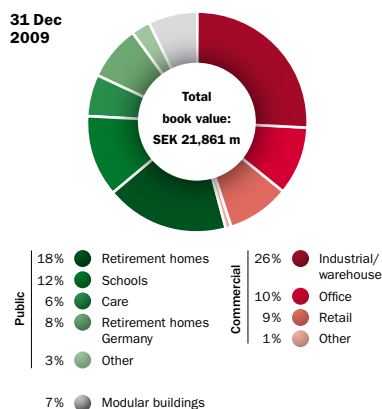
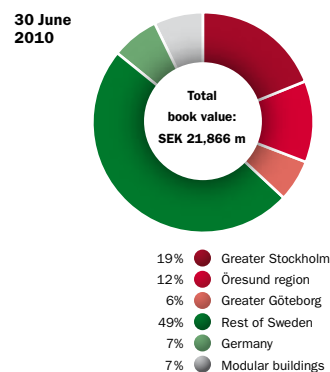
## Property portfolio by type



## Property portfolio by market area



## Property portfolio by city region



## Earnings capacity<sup>2</sup> by type

	Commercial properties				Public properties					Nordic Modular	Total <sup>2</sup>
	Industrial/warehouse	Office	Retail	Other	Retirement homes <sup>2</sup>	Schools <sup>2</sup>	Care <sup>2</sup>	Retirement homes Germany	Other <sup>2</sup>	Modular buildings	
No. of properties	107	74	53	15	112	90	74	19	15	0	559
Leasable area, 000 sq.m.	922	280	279	24	269	305	133	97	96	226	2,631
Book value, SEK m	5,204	2,196	1,770	269	4,035	2,906	1,245	1,597	1,137	1,507	21,866
Rental value, SEK m	563	281	193	23	329	305	141	123	111	304	2,373
Rental revenues, SEK m	518	241	177	23	329	297	133	123	108	242	2,191
Operating net, SEK m	413	123	131	17	229	195	79	118	78	100 <sup>3</sup>	1,483
Economic occupancy, %	92.8	86.5	91.3	98.0	98.8	94.8	95.4	100.0	98.2	79.6	92.2
Property yield, %	7.9	5.6	7.4	6.2	5.7	6.7	6.3	7.4	6.9	6.6 <sup>3</sup>	6.8
Operating surplus margin, %	79.8	51.0	73.8	73.4	69.7	65.8	59.1	95.9	72.6	41.2 <sup>3</sup>	67.7

## Earnings capacity<sup>2</sup> by market area

	East	South	West	Central	North	Germany	Nordic Modular	Total <sup>2</sup>
No. of properties	187	118	109	46	80	19	0	559
Leasable area, 000 sq.m.	728	549	365	342	324	97	226	2,631
Book value, SEK m	7,139	4,454	2,974	2,131	2,064	1,597	1,507	21,866
Rental value, SEK m	692	446	312	226	270	123	304	2,373
Rental revenues, SEK m	653	420	294	217	242	123	242	2,191
Operating net, SEK m	453	302	192	176	142	118	100 <sup>3</sup>	1,483
Economic occupancy, %	93.4	95.1	93.2	96.0	90.1	100.0	79.6	92.2
Property yield, %	6.3	6.8	6.5	8.3	6.9	7.4	6.6 <sup>3</sup>	6.8
Operating surplus margin, %	69.4	72.0	65.3	81.1	58.5	95.9	41.2 <sup>3</sup>	67.7

1 Earnings capacity indicates the appearance of the Income Statement as if the properties owned as of 30 June 2010 had been owned for the previous 12 months.

2 Kungsliden owns 50 per cent of 251 of the Public properties in Sweden. They are all included in the number of properties line and at 50 per cent on other lines, corresponding to these properties' effect on Kungsliden's results of operations and financial position.

3 Operating surplus has been reduced by standard depreciation/value changes of SEK 126 m.

# Financial Reporting 1 January – 30 June 2010

## Income Statement

SEK m	Reporting period		Interim period		12 months	
	2010 April–June	2009 April–June	2010 Jan–June	2009 Jan–June	2009/2010 July–June	2009 Jan–Dec
Rental revenues	525.2	598.5	1,062.3	1,300.9	2,155.6	2,394.2
Sales revenues, modular buildings	46.0	69.2	80.0	137.7	150.5	208.2
<b>Net sales</b>	<b>571.2</b>	<b>667.7</b>	<b>1,142.3</b>	<b>1,438.6</b>	<b>2,306.1</b>	<b>2,602.4</b>
Property costs	-137.3	-158.5	-322.0	-374.3	-572.1	-624.4
Production costs, modular buildings	-36.9	-55.9	-68.1	-110.2	-118.6	-160.7
<b>Gross profit</b>	<b>397.0</b>	<b>453.3</b>	<b>752.2</b>	<b>954.1</b>	<b>1,615.4</b>	<b>1,817.3</b>
<b>Property trading</b>						
Sales revenues, net	303.4	7,295.2	905.7	7,516.9	1,197.1	7,808.3
Book value						
Acquisition cost	-329.8	-6,307.1	-904.4	-6,468.4	-1,191.1	-6,755.1
Realised value changes	37.6	-1,127.0	12.6	-1,176.9	1.0	-1,188.5
<b>Trading net</b>	<b>11.2</b>	<b>-138.9</b>	<b>13.9</b>	<b>-128.4</b>	<b>7.0</b>	<b>-135.3</b>
<b>Sales and administration costs</b>	<b>-70.3</b>	<b>-72.7</b>	<b>-136.7</b>	<b>-152.4</b>	<b>-270.7</b>	<b>-286.4</b>
<b>Net financial position</b>						
Financial revenues	5.2	3.8	10.1	11.2	36.9	38.0
Financial costs	-179.9	-233.5	-355.3	-480.0	-745.6	-870.3
Other financial costs	-13.1	4.4	-18.4	-5.7	-27.0	-14.3
	<b>-187.8</b>	<b>-225.3</b>	<b>-363.6</b>	<b>-474.5</b>	<b>-735.7</b>	<b>-846.6</b>
<b>Unrealised value changes</b>						
Investment properties	83.6	-81.7	95.7	-150.3	-65.5	-311.6
Financial instruments	-101.6	308.9	-193.9	115.9	-196.6	113.2
	<b>-18.0</b>	<b>227.2</b>	<b>-98.2</b>	<b>-34.4</b>	<b>-262.1</b>	<b>-198.4</b>
<b>Profit/loss before tax</b>	<b>132.1</b>	<b>243.6</b>	<b>167.6</b>	<b>164.4</b>	<b>353.8</b>	<b>350.6</b>
<b>Tax</b>	<b>-52.3</b>	<b>59.9</b>	<b>-30.3</b>	<b>72.2</b>	<b>-203.6</b>	<b>-101.1</b>
<b>Profit/loss after tax<sup>1</sup></b>	<b>79.8</b>	<b>303.5</b>	<b>137.3</b>	<b>236.6</b>	<b>150.2</b>	<b>249.5</b>
<b>Earnings per share<sup>2</sup></b>	<b>0.60</b>	<b>2.20</b>	<b>1.00</b>	<b>1.70</b>	<b>1.10</b>	<b>1.80</b>

1 All the profit/loss after tax for the period is attributable to the parent company's shareholders.

2 Before and after dilution effect. The outstanding number of shares and average number of shares is 136,502,064 for all periods.

## Statement of Comprehensive Income

SEK m	Reporting period		Interim period		12 months	
	2010 April–June	2009 April–June	2010 Jan–June	2009 Jan–June	2009/2010 July–June	2009 Jan–Dec
Net profit/loss from Income Statement	79.8	303.5	137.3	236.6	150.2	249.5
Other comprehensive income						
Change in fair value of currency forwards (after tax)	4.4	1.9	17.9	9.5	13.7	5.3
Translation differences for the period when translating foreign operations	-18.1	-10.4	-65.9	-13.5	-88.0	-35.6
<b>Comprehensive income for the period<sup>1</sup></b>	<b>66.1</b>	<b>295.0</b>	<b>89.3</b>	<b>232.6</b>	<b>75.9</b>	<b>219.2</b>

1 All the comprehensive income for the period is attributable to the parent company's shareholders.

## Statement of Financial Position

SEK m	30 June 2010	31 Dec 2009
<b>ASSETS</b>		
Goodwill	201.4	193.2
Properties	21,866.2	21,860.5
Receivables, etc.	1,619.1	1,465.6
Cash and cash equivalents	631.4	689.1
<b>TOTAL ASSETS</b>	<b>24,318.1</b>	<b>24,208.4</b>
<b>LIABILITIES AND EQUITY</b>		
Equity	6,656.6	7,079.2
Interest-bearing liabilities	14,152.9	14,437.3
Non interest-bearing liabilities	3,508.6	2,691.9
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>24,318.1</b>	<b>24,208.4</b>

# Financial Reporting 1 January – 30 June 2010

## Statement of Changes in Equity

SEK m	30 June 2010	31 Dec 2009
<b>At beginning of period</b>	<b>7,079.2</b>	<b>7,064.8</b>
Dividend	-511.9	-204.8
Total recognised gains and losses for the period	89.3	219.2
<b>At end of period</b>	<b>6,656.6</b>	<b>7,079.2</b>

## Statement of Cash Flows

SEK m	Reporting period		Interim period		12 months	
	2010 April–June	2009 April–June	2010 Jan–June	2009 Jan–June	2009/2010 July–June	2009 Jan–Dec
<b>Operating activities</b>						
Profit before tax	132.1	243.6	167.6	164.4	353.8	350.6
Trading net/capital gains, divested properties	-11.2	138.9	-13.9	128.4	-7.0	135.3
Unrealised value changes	18.0	-227.2	98.2	34.4	262.2	198.4
Adjustment for items not included in cash flow from operating activities	21.2	1.1	14.3	1.3	15.8	2.8
Tax paid	-15.0	-25.3	-30.0	-35.0	-67.7	-72.7
<b>Cash flow from operating activities</b>	<b>145.1</b>	<b>131.1</b>	<b>236.2</b>	<b>293.5</b>	<b>557.1</b>	<b>614.4</b>
Change in working capital	-176.8	-344.6	246.3	-193.4	-731.5	-1,171.2
<b>Cash flow from operating activities after change in working capital</b>	<b>-31.7</b>	<b>-213.5</b>	<b>482.5</b>	<b>100.1</b>	<b>-174.4</b>	<b>-556.8</b>
<b>Cash flow from investment activity</b>	<b>-202.9</b>	<b>2,426.2</b>	<b>165.9</b>	<b>2,350.2</b>	<b>-0.2</b>	<b>2,184.1</b>
<b>Cash flow from financing activity</b>	<b>-399.2</b>	<b>-1,967.3</b>	<b>-701.3</b>	<b>-2,346.8</b>	<b>71.4</b>	<b>-1,574.1</b>
<b>Cash flow for the period</b>	<b>-633.8</b>	<b>245.4</b>	<b>-52.9</b>	<b>103.5</b>	<b>-103.2</b>	<b>53.2</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,266.8</b>	<b>499.8</b>	<b>689.1</b>	<b>641.6</b>	<b>744.1</b>	<b>641.6</b>
Exchange rate difference in cash and cash equivalents	-1.6	-1.1	-4.8	-1.0	-9.5	-5.7
<b>Cash and cash equivalents at end of period</b>	<b>631.4</b>	<b>744.1</b>	<b>631.4</b>	<b>744.1</b>	<b>631.4</b>	<b>689.1</b>

## Parent Company Income Statement

SEK m	Reporting period		Interim period		12 months	
	2010 April–June	2009 April–June	2010 Jan–June	2009 Jan–June	2009/2010 July–June	2009 Jan–Dec
Administration costs	-7.8	0.6	-11.7	-2.1	-17.7	-8.1
Net financial position	-120.6	55.3	-237.7	-164.1	516.6	590.1
<b>Profit before tax</b>	<b>-128.4</b>	<b>55.9</b>	<b>-249.4</b>	<b>-166.2</b>	<b>498.8</b>	<b>852.0</b>
Tax on profit for the period	-299.1	-13.3	-267.3	45.1	-290.6	21.8
<b>Net profit</b>	<b>-427.5</b>	<b>-42.6</b>	<b>-516.7</b>	<b>-121.1</b>	<b>208.2</b>	<b>603.8</b>

## Parent Company Balance Sheet

SEK m	30 June 2010	31 Dec 2009
<b>ASSETS</b>		
Shares in group companies	6,882.0	6,659.0
Receivables from group companies	4,119.9	5,344.6
External receivables, etc.	562.5	820.1
Cash and cash equivalents	241.0	123.4
<b>TOTAL ASSETS</b>	<b>11,805.4</b>	<b>12,947.1</b>
<b>LIABILITIES AND EQUITY</b>		
Shareholders equity	5,002.7	6,031.3
Interest-bearing liabilities	1,132.7	754.9
Liabilities to group companies	4,812.1	5,413.3
Other liabilities	857.9	747.6
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>11,805.4</b>	<b>12,947.1</b>

## Segment reporting

SEK m	Commercial properties		Public properties in Sweden		Retirement homes		Nordic Modular		Other/group-wide <sup>1</sup>		Total Kungsliden	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	Jan–June	Jan–June	Jan–June	Jan–June	Jan–June	Jan–June	Jan–June	Jan–June	Jan–June	Jan–June	Jan–June	Jan–June
Net sales	492.9	513.8	392.2	614.9	58.7	45.8	198.5	264.1			1,142.3	1,438.6
Gross profit	334.3	355.9	248.2	411.0	56.9	43.8	112.8	143.4			752.2	954.1
Profit before tax	-18.5	81.6	130.0	-10.3	16.8	20.8	51.2	87.3	-12.0	-15.0	167.6	164.4
Properties	9,439.5	10,138.2	9,322.7	8,243.5	1,597.2	1,333.5	1,506.8	1,447.5			21,866.2	21,162.7
Acquisitions and investments	116.3	141.4	785.6	142.7	0.4	83.5	42.1	24.8			944.4	392.4
Sales price, net	890.3	248.5	10.9	7,265.4			4.5	3.0			905.7	7,516.9

1 Other/group-wide is Transaction & Analysis and Central Administration functions.

## Key figures

SEK m	Reporting period		Interim period		12 months	
	2010	2009	2010	2009	2009/2010	2009
	April–June	April–June	Jan–June	Jan–June	July–June	Jan–Dec
<b>Property-related</b>						
<i>Earnings capacity</i>						
Property yield, %					6.8	7.0
Economic occupancy, %					92.2	93.2
Operating surplus margin, %					67.7	68.2
<i>Actuals</i>						
Property yield, %		7.2	7.1	6.8	7.5	7.4
Economic occupancy, %		90.4	93.5	90.7	94.1	91.2
Operating surplus margin, %		73.8	73.5	69.7	71.2	73.5
<b>Financial</b>						
Net profit, SEK m		80	304	137	237	150
Profit for calculating dividends, SEK m		93	635	219	858	383
Return on total capital, %		5.6	3.5	5.2	4.9	5.6
Return on equity, %		4.6	17.2	4.0	6.7	2.2
Return on capital employed, %		6.5	4.2	6.0	5.6	6.6
Interest coverage ratio		1.8	1.1	1.7	1.4	1.8
Equity ratio, %						27.4
Gearing, multiple						2.1
Mortgage ratio, %						64.4
Cash flow from operating activities, SEK m		145	131	236	294	557
<b>Data per share</b>						
Share price, SEK						47.50
Resolved dividend, SEK						3.75
Total yield, %						44.0
Dividend yield, %						7.9
P/E ratio, multiple						43.2
P/CE ratio, multiple						12.7
Gross profit, SEK		2.90	3.30	5.50	7.00	11.80
Net profit, SEK		0.60	2.20	1.00	1.70	1.10
Profit for calculating dividends, SEK m		0.70	4.70	1.60	6.30	2.80
Property book value, SEK						160.20
Equity, SEK						48.80
Cash flow from operating activities, SEK m		1.10	1.00	1.70	2.20	4.10
Outstanding shares/free float <sup>1</sup>		136,502,064	136,502,064	136,502,064	136,502,064	136,502,064
Average number of shares <sup>1</sup>		136,502,064	136,502,064	136,502,064	136,502,064	136,502,064

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

For definitions, see Kungsliden's website, [www.kungsliden.se](http://www.kungsliden.se)

# Financial Reporting 1 January – 30 June 2010

## BOARD OF DIRECTORS' ASSURANCE

The Interim Report for the period January – June 2010 gives a true and fair view of the parent company's and group's operations, financial position

and results of operations, and states the significant risks and uncertainty factors facing the parent company and group companies.

## Stockholm, Sweden, 18 August 2010

Per-Anders Ovin  
*Chairman*

Leif Garph  
*Board member*

Magnus Meyer  
*Board member*

Jan Nygren  
*Board member*

Jonas Nyrén  
*Board member*

Kia Orback Pettersson  
*Board member*

Charlotta Wikström  
*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 2010 and for the period 1 January 2010 to 30 June 2010. 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, 18 August 2010

Björn Flink  
*Authorized Public Accountant*



# Five-year summary

## Summary Income Statement

SEK m	2009	2008	2007	2006	2005
Net sales	2,602	3,060	2,612	2,349	1,845
Gross profit	1,817	1,982	1,705	1,528	1,304
Trading net	-135	12	580	853	318
Sales and administration costs	-286	-390	-316	-246	-152
Net financial position	-847	-986	-720	-681	-546
Unrealised value changes	-198	-1,803	1,372	2,120	1,191
<b>Profit/loss before tax</b>	<b>351</b>	<b>-1,185</b>	<b>2,621</b>	<b>3,575</b>	<b>2,116</b>
Tax	-101	223	-221	-1	-129
<b>Profit/loss after tax</b>	<b>250</b>	<b>-962</b>	<b>2,400</b>	<b>3,574</b>	<b>1,987</b>

## Summary Statement of Financial Position

SEK m	2009	2008	2007	2006	2005
<b>ASSETS</b>					
Goodwill	193	193	197	-	-
Properties	21,861	28,576	25,737	23,106	25,750
Receivables, etc.	1,465	1,311	6,213	1,049	1,556
Cash and cash equivalents	689	642	634	107	164
<b>TOTAL ASSETS</b>	<b>24,208</b>	<b>30,722</b>	<b>32,781</b>	<b>24,262</b>	<b>27,470</b>
<b>LIABILITIES AND EQUITY</b>					
Equity	7,079	7,065	9,040	9,700	6,649
Interest-bearing liabilities	14,437	20,743	21,068	12,781	18,004
Non-interest-bearing liabilities	2,692	2,914	2,673	1,781	2,817
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>24,208</b>	<b>30,722</b>	<b>32,781</b>	<b>24,262</b>	<b>27,470</b>

## Key figures

	2009	2008	2007	2006	2005
<b>Property-related</b>					
Property yield, %	7.0	6.5	6.4	6.5	7.2
Economic occupancy, %	93.2	95.0	94.4	90.2	90.0
Book value of properties, SEK m	21,861	28,576	25,737	23,106	25,750
<b>Financial</b>					
Profit/loss after tax, SEK m	250	-962	2,400	3,574	1,987
Profit for calculating dividends, SEK m	1,022	840	2,019	2,913	1,001
Return on total capital, %	5.1	5.1	6.9	8.3	7.0
Return on equity, %	3.5	-11.9	25.6	43.7	37.5
Return on capital employed, %	5.8	5.6	7.6	9.1	7.7
Interest cover, multiple	1.6	1.6	2.7	3.1	2.7
Equity ratio, %	29.3	23.0	27.6	40.0	24.2
Mortgage ratio, %	66.0	72.6	81.9	55.3	69.9
Cash flow from operating activities, SEK m	614	572	554	542	598
<b>Data per share</b>					
Profit/loss after tax, SEK <sup>1,2</sup>	1.80	-7.00	17.60	26.20	16.00
Profit for calculating dividends, SEK <sup>1</sup>	7.50	6.20	14.80	21.30	8.10
Resolved dividend/share redemption, SEK <sup>1</sup>	3.75	1.50	19.50	11.00	4.00
Resolved dividend/redemption, SEK <sup>1</sup>	4.50	4.20	4.10	4.00	4.40

1 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.

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

# Property register 1 January – 30 June 2010

## ACQUIRED PROPERTIES

Name	Municipality	Location	Address	Year of construction/ conversion	Gross leasable area sq.m.							Rental revenue	Rental value	Economic vacancy, %	
					Retail	Industr./ ware- house	Offices	School	Care	Retire- ment homes	Other				Total area
<b>Market Area North</b>															
<b>Other properties, Public</b>															
Del av Karlslund 5:2	Östersund	Östersund	Fyrvallavägen 1-4		475	3,208	36,457	11,122			2,700	53,962	49,934	53,994	1.9
<b>Market Area South</b>															
<b>Industrial/warehouse properties</b>															
Ädelmetallen 15	Jönköping	Jönköping	Grossistgatan 14	2003		5,000						5,000	3,203	3,203	
<b>School properties</b>															
Intendenten 1	Hässleholm	Hässleholm	Wendesvägen 5-7	1991				1,580				1,580	1,687	1,687	
Part of Karlskrona 3:3	Karlskrona	Karlskrona	Arenavägen 1-11		4,929	3,473	14,604			7,576	30,582	19,959	20,683	20,683	3.5
Landsdomaren 7	Lund	Lund	Margaretavägen 1-5			3,258	16,597				19,855	24,257	24,257	24,257	
Landsdomaren 14	Lund	Lund	Margaretavägen 5												
<b>Other properties, Public</b>															
Part of Visborg 1:13	Gotland	Visby	Visborgsallen 2-49				17,830				17,830	31,183	31,183	31,183	
<b>Market Area West</b>															
<b>Other properties, Public</b>															
Part of Ösdal 3:2	Borås	Borås	Mannerfelts plats 2-11		1,762	478	7,845	3,893			6,140	20,118	16,794	17,790	4.8
<b>Market Area East</b>															
<b>Industrial/warehouse properties</b>															
Galjonen 1	Linköping	Linköping	Gillbergsgatan 30	1985	590						590	567	567	567	
Plinten 4	Norrköping	Norrköping	Malmgatan 35	1974		5,450					5,450	3,976	3,976	3,976	

## DIVESTED PROPERTIES

Name	Municipality	Location	Address	Year of construction/ conversion	Gross leasable area sq.m.							Rental revenue	Rental value	Economic vacancy, %	
					Retail	Industr./ ware- house	Offices	School	Care	Retire- ment homes	Other				Total area
<b>Market Area Central</b>															
<b>Industrial/warehouse properties</b>															
Viren 13, Karlskoga	Karlskoga	Karlskoga	Maskinvägen 22	1989		2,850								2,850	
<b>Market Area North</b>															
<b>Industrial/warehouse properties</b>															
Syllen 11	Umeå	Umeå	Industrivägen 24	1968		1,255		45						1,300	
<b>Market Area South</b>															
<b>Retail properties</b>															
Ljungby 16:92	Kalmar	Ljungbyholm	Mörevägen 22	1981		1,145								1,145	
Smörbollen 12	Malmö	Malmö	Cypressvägen 12	1970		2,528	993	257						3,778	
<b>Industrial/warehouse properties</b>															
Åreporten 3	Jönköping	Jönköping	Fridhemsvägen 12	1985/2006		1,285								1,285	
Ädelmetallen 5	Jönköping	Jönköping	Kabelvägen 2	1976			2,974	1,719						4,693	
Ädelkorallen 1	Jönköping	Jönköping	Bultvägen 2	1976			1,132							1,132	
Ädelkorallen 10	Jönköping	Jönköping	Bultvägen 6 A	1978			435							435	
Öronlappen 8	Jönköping	Jönköping	Bangårdsgatan 3	1999		668		1,295						1,963	
Ädelmetallen 12	Jönköping	Jönköping	Grossistgatan 12	1987			480	1,538						2,018	
Öronskyddet 9	Jönköping	Jönköping	Gnejsvägen 2	1997				1,713						1,713	
Överlappen 8	Jönköping	Jönköping	Granitvägen 8	1974			1,858							1,858	
Ädelkorallen 17	Jönköping	Jönköping	Bultvägen 4	1986			2,313							2,313	
Öronlappen 7	Jönköping	Jönköping	Bangårdsgatan 1	1967		3,383								3,383	
Överlappen 15	Jönköping	Jönköping	Granitvägen 10	1900			976	968						1,944	
Ventilen 10	Kristianstad	Kristianstad	Mossvägen 6	1980			900							900	
Kullen 5	Malmö	Malmö	Sturkögatan 5	1962/1981			4,689	357						5,210	
Bredaryd 41:10	Värnamo	Bredaryd	Industrivägen 14	1990/2000 /2001			841						164	841	
Kopparslågaren 3	Sävsjö	Sävsjö	Kopparslågaregatan 8	1800/1978 /1988				401						401	
Lärkrådet 3	Värnamo	Värnamo	Ringvägen 63	1983/1990 /2002			1,091							1,091	
Sadelmakaren 1	Värnamo	Värnamo	Fredsgatan 2 B	1982			1,302							1,302	
<b>Office properties</b>															
Vildanden 9	Malmö	Limhamn	Geijersgatan 2	1990		325		5,771						6,096	
<b>School properties</b>															
Part of Klostergården	Lund	Lund	S:t Lars väg 1-38, S:t Lars väg 70-90	1929					388					388	
<b>Market Area West</b>															
<b>Retail properties</b>															
Pantängen 19	Borås	Borås	Getängsvägen 32	1965		2,213								2,213	
Glimmern 1	Skövde	Skövde	Gamla Kungsvägen 54	1947		6,697	349	1,919						8,989	
Trasten 2 & 4	Vara	Vara	Stora Torget 4	1974		3,024	96	1,855					24	4,975	
<b>Industrial/warehouse properties</b>															
Fjädem 3	Borås	Borås	Industrigatan 31	1950			750							750	
Fjädem 4	Borås	Borås	Industrigatan 29	1950			5,830							5,830	
Backa 30:4	Gothenburg	Gothenburg	Importgatan 23-25				10,375							10,375	
Backa 21:8	Gothenburg	Hisings backa	Exportgatan 19-21	1960/1997, 1972			15,382	1,526						16,908	
Backa 96:2	Gothenburg	Hisings backa	Exportgatan 23	1983, 1986, 1990			6,634							6,634	
Lexby 11:236	Partille	Partille	Laxfiskevägen 4 B	2007			14,756							14,756	
<b>Care properties</b>															
Part of Klöver 7	Vänersborg	Vänersborg	Östergatan 1	1910, 1966, 1977					123					123	
<b>Market Area East</b>															
<b>Retail properties</b>															
Nollplanet 12	Eskilstuna	Eskilstuna	Mått Johanssons Väg 30	1990/1994		2,038								2,038	
<b>Industrial/warehouse properties</b>															
Slakthuset 14	Norrköping	Norrköping	Lindövägen 70	1929/1985			2,805							2,805	
Generatoren 16	Stockholm	Bromma	Lintavägen 4	1958			2,060							2,060	
Viby 19:53	Upplands-Bro	Kungsängen	Kraftvägen 30, Kraftvägen 32	1992/1994			1,961							1,961	
Viby 19:54	Upplands-Bro	Kungsängen	Kraftvägen 26, Kraftvägen 28	1992			2,089							2,089	
<b>Office properties</b>															
Kansliet 1	Solna	Solna	Signalistgatan 9	1940/1994		2 000								2 000	

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