

Stable profit in line with expectations

- 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.

“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.”

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Chief Executive

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Detta pressmeddelande finns tillgängligt på svenska på www.kungsleden.se

Kungsleden's strategy is to ensure sustainable high and stable returns proceeding from its existing holding, and through acquisitions and divestments. As of 30 June 2010, the property portfolio comprised 559 properties with a book value of SEK 21.9 bn. The holding was located in a total of 129 municipalities, although concentrated on the Swedish provinces of Götaland and Svealand, and the Öresund region. Kungsleden has been quoted on the Nasdaq OMX Stockholm since 1999.