

Press release

28 November 2012

Kungsleden issues update on previously reported statement of opinion on tax

On 25 October 2012, in tandem with its Third-quarter Interim Report, listed Swedish property company Kungsleden reported that the Swedish Tax Agency had issued a statement of opinion questioning the indirect sale of properties through Dutch subsidiaries. The Swedish Tax Agency has now reported its decision and is claiming taxation of capital gains on the transfer of participations in limited partnerships for the year of assessment 2007.

As previously reported, Kungsleden is contesting this tax claim and intends to file an appeal against this decision at the administrative court level. In fiscal terms, this is a problematic and untried issue, and there is no practice in place in this area, as corroborated by the Swedish Tax Agency halving its tax surcharge on the decision in relation to its statement of opinion. Kungsleden judges that this decision will not conclude in a negative outcome, and accordingly, no provisioning has been made.

Profit and liquidity effect

In a negative outcome in this case, the estimated profit effect for Kungsleden would be SEK 1,380 m and the estimated liquidity effect would be SEK 1,360 m, which can be set against the previous judgement of SEK 1,700 m and SEK 1,650 m, as Kungsleden stated in its Third-quarter Interim Report based on the Swedish Tax Agency's initial statement of opinion. In its decision, the Swedish Tax Agency has permitted deductions for a portion of the transaction costs and halved the tax surcharge, which explains the decrease in relation to the statement of opinion.

Estimates of maximum negative effects

Due to the Swedish Tax Agency's aforementioned decision, and the Swedish Parliamentary decision on a reduced corporation tax rate effective 1 January 2013, Kungsleden has updated its computation of a maximum negative effect if all proceedings are found against it.

The maximum negative effect on equity would be SEK 2,790 m in addition to provisions of SEK 1,050 m. Simultaneously, the maximum outstanding negative liquidity effect including tax surcharge and interest is estimated at SEK 2,920 m. These estimated effects have been reduced by SEK 290 m and SEK 280 m respectively. The amounts were positively affected by the decision reported in relation to the statement

of opinion, and to a lesser, negative extent, by the reduced corporation tax rate for measuring loss carry-forwards in un-provisioned proceedings.

SEK m	Effect on equity	Liquidity effect
Provision, Q2 2009	325	0
Provision, Q2 2012	725	260
Deposited in anticipation of ruling	-	-100
Total provision for tax cases	1,050	160
Tax cases not provisioned	2,790	2,920
Deposited in anticipation of ruling	-	-160
Total	3,840	2,920

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

Kungsleden AB (publ) discloses the information in this press release according to the Swedish Securities Markets Act and/or the Swedish Financial Trading Act. The information was provided for public release on 28 November 2012 at 11:55 a.m.

Kungsleden's strategy is to ensure sustainable high and stable returns proceeding from its existing holding, and through purchases and sales. As of 30 September 2012, the property portfolio comprised 281 properties with a book value of SEK 14.8 bn. The holding was located in a total of 101 municipalities, mainly in southern and central Sweden. Kungsleden has been quoted on Nasdaq OMX Stockholm since 1999.