

Press release**December 14 2012**

Kungsleden sells 50% stake in Hemsö, signs agreement on property purchase, upgrades estimate

Listed Swedish property company Kungsleden AB (publ) is selling its 50% stake in Swedish community services property company Hemsö Fastighets AB to AP3 (the Swedish Third Pension Insurance Fund) and receiving repayment of its shareholders' loan for total proceeds of SEK 3,320 m. The price of the shares is SEK 1,820 m and repayment of the shareholders' loan is SEK 1,500 m. Simultaneously, Kungsleden is signing an agreement to purchase 15 properties from Hemsö for a total purchase price of approximately SEK 1,600 m at a property yield of 7.0%.

Sale of shareholding

The price of the shareholding exceeds its book value by about SEK 650 m including transaction costs. In total, shareholders' equity increases by about SEK 850 m, after items including a tax effect of around SEK 200 m. The sale affects profit for calculating dividends for 2012 by about SEK 1,500 m.

This transaction is part of implementing Kungsleden's new strategy, the key characteristics of which were communicated in the Third-quarter Interim Report. The sale is a component of focusing business operations on wholly owned properties in Sweden's growth regions.

This transaction enhances Kungsleden's financial flexibility. In connection with a capital markets day early next year, Kungsleden will offer more detail on how it will be investing this freed-up capital within the auspices of its new strategy.

Completion is scheduled for 15 February 2013. Kungsleden will be able to include its share of profits from property management from Hemsö until this date.

Property purchase

In tandem with the share transaction, Kungsleden and Hemsö are signing an agreement for Kungsleden to purchase 15 properties for community services with significant office and retail accommodation. Total rental value amounts to SEK 165 m and gross leasable area is about 147,000 sq.m. These properties are located in central Sweden and on the island of Gotland. They generate stable cash flow with long-term contracts and stable counterparties. Remaining contract terms amount to eight years.

Liquidity effect

The direct effect of the sale of the shares, the loan repayment and property purchases consolidates Kungsleden's liquidity of SEK 1,750 m. In addition, the properties generate increased loan to value capacity of over SEK 900 m.

New estimate

The sale of the shareholding in Hemsö means Kungsleden upgrading its estimate from the SEK 300 m previously reported. The new estimate for the full year 2012 is SEK 1,800 m.

"I'm very satisfied that we've now sold our holdings in Hemsö and have done a good deal. The build-up and development of properties for community services has been positive for Kungsleden and I'm pleased about the shareholder value created. AP3 is a solid and strong owner of this holding. Kungsleden will continue to progress in line with our new strategy and I see good potential in today's market," commented Kungsleden's Chief Executive Thomas Erséus.

The equity transaction is subject to approval by the Swedish Competition Agency and the property transaction to customary "access conditions" and the transactions are expected to be completed during the first quarter of 2013.

Pangea Property Partners and Mannheimer Swartling Advokatbyrå have acted as advisers.

For more information, please contact:

Thomas Erséus, Chief Executive of Kungsleden | tel +46 (0)8 503 05204 |
mobile +46 (0)70 378 2024

Anders Kvist, Deputy Chief Executive of Kungsleden | tel +46 (0)8 503 05211 |
mobile +46 (0)70 690 6563

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 14 December 2012 at 13:00 p.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.