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Property register 2007

Invitation to Annual General Meeting  
and addresses

The audited Annual Report consists  
of pages 38–59.

This Annual Report is a translation from a Swedish original. In the event of any inconsistency between the original and the translation, the Swedish Annual Report (Årsredovisning) will take precedence.



# This is Kungsleden

## BUSINESS MODEL

Kungsleden owns and manages properties, and views a property's returns as more important than its type or geographical location. Its business model focuses on continually enhancing the composition and quality of its property portfolio, with the objective of improving portfolio risk-adjusted returns. In practice, this implies many acquisitions and divestments. Simultaneously, Kungsleden prioritises being a good and efficient

Returns are more important than building type or location

landlord through the active management and enhancement of properties.

Kungsleden's ambition is to maintain high and stable cash flow from operating activities. Operating risk is minimized by diversifying property type and geographical location, through different types of tenants, and rental contract maturities. About half of the total property holding is let to the public sector or to tenants whose operations are publicly financed.

## ORGANISATIONAL RESOURCES

Operations are organised into four divisions, with each division responsible for the management and letting of its property holding. Commercial Properties concentrates mainly on the Office, Industrial/warehouse and Retail property types. Public Properties are divided between the Retirement Home, School and Care types. Retirement Homes Germany processes the acquisition and management of retirement home properties on the German market. The fourth division, Nordic Modular,

Commercial, Public, Germany and Modules

primarily conducts lettings, but also the production and sale, of modular buildings.

Kungsleden has flexible organisational resources with good local links and substantial expertise in property transactions. Its head office is in Stockholm, and the company has offices in another 10 or so locations in Sweden, as well as Munich, Germany.

## NEW INITIATIVES

In 2006, Kungsleden started a geographical expansion. Its intention is to accumulate a retirement homes property portfolio in Germany. Kungsleden regards the German retirement homes market as attractive because of its substantial size, and because of favourable demographics. The customer base for retirement homes is forecast to more than double by 2040.

Kungsleden also started a modular buildings initiative in 2006. Renting flexible and cost-efficient premises in modular buildings, for schools, day care centres and offices, for example, offers a range of benefits for customers with slightly more temporary or varying needs. Modular buildings are a strong complement to Kungsleden's offering in Public Properties, and the company expects the demand for this type of premises to keep rising.

## VISION

By means of skilled entrepreneurship and a high level of expertise, Kungsleden will become Sweden's most profitable and successful property company.

## BUSINESS CONCEPT

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

## FINANCIAL TARGETS

- A minimum return on equity of 15 per cent
- A minimum interest coverage multiple of 2

## DIVIDEND POLICY

The Board's ambition is for Kungsleden to maintain stable dividends and a high pay-out ratio, which means that Kungsleden will pay out at least 50 per cent of profit for calculating dividends. This profit measure corresponds to the cash flow statement item cash flow from operating activities.

## KUNGSLEDEN'S BACKGROUND

Since inception, Kungsleden has experienced rapid changes and a high rate of turnover in its property portfolio. As part of the Retriva AB and the Securum AB groups, Kungsleden's original assignment was to liquidate several substantial property holdings, and in 1996 and 1997, the company completed over 500

The name Kungsleden alludes to the feeling of a mountain hike – the broad perspective, overview and destination, clear in the distance.

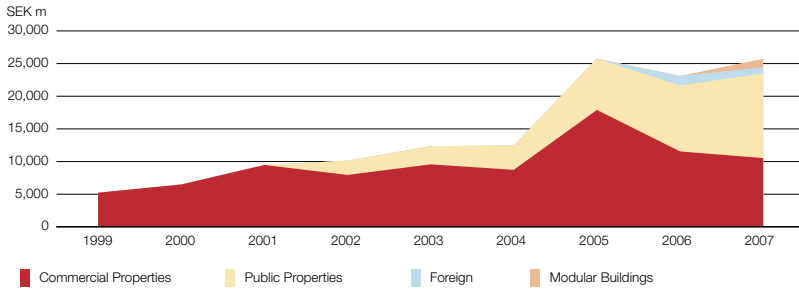
property divestments, involving approximately 800 properties with an aggregate value of over SEK 4.5 bn.

In December 1997, its former main owner, the government-owned Agilia Holding AB, spun off Kungsleden to a group of institutional investors. The

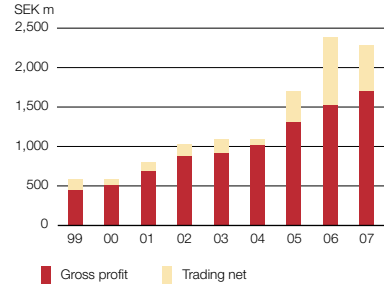
business concept was realigned to the present objective, linked to the express intention of utilising and enhancing the company's skills in structuring heterogeneous property holdings. When ownership changed hands, the ambition to float Kungsleden on the Stockholm Stock Exchange was also established – this occurred in April 1999. The share has been on the OMX Nordic Exchange large-cap list since 2006.

## BRISK EXPANSION OF PROPERTY PORTFOLIO AND PROFITS

Property portfolio growth in 1999–2007

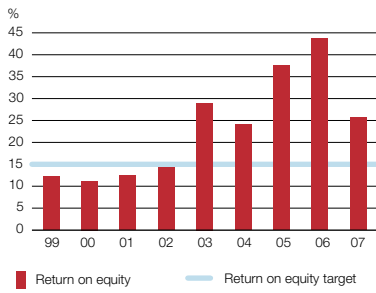


Gross profit and trading net

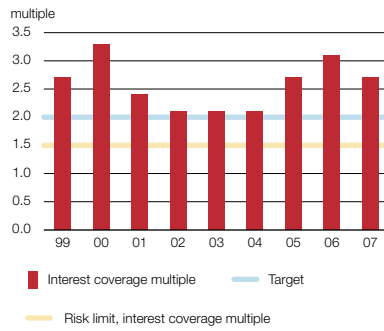


## REALISING OBJECTIVES

Return on equity



Interest coverage multiple



Interacting employees – a complete prerequisite for successful entrepreneurship, and Kungsleden is no exception. Kungsleden offers a working environment featuring happiness, innovative thinking, drive and...collaboration. This is what the images in this Annual Report are intended to illustrate. Welcome to Kungsleden.

# 2007 in brief

- Net sales increased by 11 per cent to SEK 2,612 (2,349) m.
- Profit before tax was SEK 2,621 (3,574) m. Net profit was SEK 2,400 (3,574) m, equivalent to SEK 17.60 (26.20) per share.
- As of 31 December, the property holding comprised 575 (591) properties with a book value of SEK 25,737 (23,106) m.
- In the year, 213 properties were acquired for SEK 9,625 m; 222 properties were also divested for SEK 9,475 m, generating a profit of SEK 580 m. Overall, divestments changed profit for calculating dividends by SEK 1,465 m.
- Profit for calculating dividends for 2007 was SEK 2,019 (2,913) m.
- The Board is proposing dividends of SEK 8 (11) per share.
- The forecast for the financial year 2008 is profit for calculating dividends of SEK 900 m.



## Earnings capacity

	31 Dec. 2007	31 Dec. 2006
No. of properties	575	591
Lettable floor-space, 000 m <sup>2</sup>	3,052	2,935
Book value of properties, SEK m	25,737	23,106
Rental revenues, SEK m	2,366	2,236
Operating net, SEK m	1,653	1,512
Economic occupancy, %	94.4	90.2
Operating surplus margin, %	69.9	67.6
Property yield, %	6.4	6.5

The high transaction rate of Kungsleden's operations implies that the income statement does not offer the most accurate impression of the group's future earnings capacity. Earnings capacity indicates the situation as if the properties owned at 31 December had been owned for the full year, and thus offers a more accurate impression of the property holding and its earnings capacity.

## Property yield

	2007	2006
Property yield, as of 1 Jan, %	6.5	7.2
Change in property yield in the year		
– Acquisitions and divestments, %	0.6	0.2
– Management of properties owned for the full year, %	–0.1	–0.1
– Value changes, %	–0.6	–0.8
<b>Property yield, as of 31 Dec, %</b>	<b>6.4</b>	<b>6.5</b>

## Profit for calculating dividends

SEK m	2007	2006
Gross profit	1,705	1,528
Sales and administration costs	–316	–246
Net financial position	–720	–681
<b>Sub-total</b>	<b>669</b>	<b>601</b>
<i>Property divestments</i>		
Trading net on divestment	580	853
Realised value changes	885	1,518
<b>Sub-total</b>	<b>1,465</b>	<b>2,371</b>
Tax paid and other items not affecting cash flow	–115	–59
<b>Profit for calculating dividends *</b>	<b>2,019</b>	<b>2,913</b>

\* Profit for calculating dividends also corresponds to the cash flow statement item cash flow from operating activities.

# Consolidated operations

## – a secure foundation for our future

Last year was another year of healthy returns for our shareholders thanks to a sustained high transaction level, with a lot of good deals. Internally, we focused on preparations for a more challenging market, with an increased share of long rental contracts, and re-financed our borrowings. Despite a substantial transfer of capital to shareholders in the year, we retain a strong Balance Sheet.

In spite of prevailing uncertainty on the financial markets, we still see a solid underlying market. Growth is expected to remain brisk, although not matching the same high rates as previously. We foresee unemployment continuing to fall this year, generating a greater need for premises.

### INCREASED PORTFOLIO STABILITY

The year 2007 was another transaction-intensive period, when we acquired a total of 213 properties for SEK 9.6 bn, and divested 222 properties for SEK 9.5 bn. Our divestment of some 80 commercial properties to Norwegian-based asset manager Orkla Finans for over SEK 4.7 bn was one of the major transactions. This deal was completed late in the year, and increased our profit for calculating dividends by over SEK 700 m. Being able to complete this deal despite prevailing turbulence on the financial markets was a sign of strength.

The acquisition of about 40 properties from the Municipality of Härnösand in northern Sweden was another key-note deal. Coincident with this transaction, the Municipality signed rental agreements with average terms of 17 years. This deal offers more corroboration that with its secure positioning in public properties, Kungsleden represents an attractive alternative to property ownership for Sweden's municipalities. The deal is a good reference for continued dialogue with other municipalities on potential collaboration.

We also did good deals on our commercial side, with keynote transactions including the acquisition of 20 industrial and warehousing properties with major tenants like Frigoscandia and ABB, whose rental contracts average over 12 years. Overall, last year's deals contributed to Kungsleden now having longer

average contract terms on its commercial and public portfolios.

At year-end, the rental contract terms for commercial properties averaged 4–5 years, and 7–8 years in the commercial and public portfolios. Kungsleden was represented in 134 of the country's 290 municipalities – pleasing progress because it confers our portfolio with balance and stability in terms of returns and cash flow for the long term.

### STRONGER POSITIONING IN GERMANY

We made significant advances in the year, building on our retirement homes initiative in Germany, which began in 2006. At year-end, we owned properties and development projects in over 20 locations with a number of care providers as tenants. Our investments so far amount to some SEK 2 bn, divided more or less evenly between properties we already hold and development projects, where we will take possession in 2008–2009.

We are retaining our ambition of a strong local presence, because we still believe in the German market. Our focus is on retirement homes, where we intend to create a holding with good geographical diversification and a broad base of care providers as tenants. Meanwhile, I'd also like to emphasise that the quality of properties is important for us, we will not make investments unless our quality standards are satisfied.

We appointed Albrecht von Malortie to head up our German operations in the year, and as a new player, Kungsleden has enjoyed positive publicity in Germany. From our Munich base, we will continue to work on enhancing our prospects of doing good deals. Good relations and direct contacts with care providers and property owners are central in these activities.

### NORDIC MODULAR ENJOYING BRIGHT PROSPECTS

Positive progress in Nordic Modular in 2007 has corroborated our opinion that this is a good initiative. In pro forma terms, sales increased by 17 per cent on the previous year. We added the acquisition of Hyrab to our operations, advancing our positioning in Modular lettings in western Sweden. We opened a third modular property production facility in Eslöv, southern Sweden, and upgraded production capacity at our existing plants. At year-end, the order status at these plants had never been better.

There are clear synergies between Nordic Modular and our Public Properties business area, which share customers and contacts. Because we see attractive opportunities in a pan-Nordic modular business in the longer term, we also started expansion outside Sweden. During the year, we signed our first contracts in Norway and Denmark. Moving into new territory in this business does not imply the same risks as traditional property business because modular buildings are mobile. Overall, we see good prospects ahead for Nordic Modular.

### THE PROPERTY MARKET

The autumn and winter featured turbulence on the world's financial markets, triggered by escalating problem credits on the US housing mortgage market. Despite this, the underlying market continued to make good progress in Sweden, with increased growth and a greater need for premises resulting. Kungsleden's vacancy levels reduced by 4 percentage points in the year, and were 5 per cent at year-end. For Kungsleden, this means good prospects for increased management profits and operating net.



We expect the market to be changeable until the state of the economy becomes clear in Sweden and internationally. The market is no longer as liquid; it is more difficult and takes longer to fund acquisitions, while a number of foreign property players have left the Swedish market – for the time being at least. This has resulted in a shift on the property market, from highly geared to more traditional players such as pension fund managers and listed property companies. Overall, this means we expect lower transaction volumes in 2008, even if volumes still remain high on the Swedish market. We are also likely to keep seeing attractive deal opportunities being created.

#### CONSOLIDATION OF OUR BUSINESS

Kungsleden's constant endeavour to enhance our portfolio has resulted in us now having a high share of properties where public activities such as schools and retirement homes are operated. Municipalities and similar tenants often sign long rental contracts, conferring the portfolio with stability. We are noting increased investor interest in public properties, which is positive from a valuation perspective, while it is a strength in a weaker business cycle.

We actively pursue shorter interest fixings and use swap instruments to

keep average interest levels down. Meanwhile, I would also like to remind readers that even if interest levels do change by one percentage point, at present, this would exert a profit impact of approximately SEK 200 m, which is relatively modest in proportion to the profits we are achieving.

In the year, we strengthened our organisational resources, and as planned, appointed several key executives. Apart from our new German country manager, we appointed Cecilia Gannedahl as group HR & Corporate Communications Director, Per Johansson to lead Nordic Modular and Maria Ljung as Environmental Manager in early 2008. Kungsleden is now a more mature organisation that is well equipped to take on new challenges.

In this context, I'd like to take this opportunity to express my thanks to our customers and shareholders for the trust they have shown in us. I'd also like to thank my colleagues for their great commitment and substantial efforts in the year. Those of us who work for Kungsleden have to embrace a high rate of change, and I'd especially like to thank those who worked for us previously, and have gained a new employer when properties changed hands.

#### HEALTHY RETURNS

Last year, our shareholders were able to benefit from record yields through ordinary dividends of SEK 11 per share and a redemption package worth the equivalent of SEK 11.50 per share in December. Our financial objective is to generate a minimum return on equity of 15 per cent. In 2007, our return on equity was 26 per cent.

Our forecast profit for calculating dividends in 2008 is SEK 900 m. Although this is lower than the previous year, it should be viewed in light of the extremely robust market we've enjoyed in recent years. In the market we foresee, generating the corresponding returns would be difficult.

Expectations of rising interest rates have been restrained, as have the price increases on properties, which means there is scope to do good deals. Overall, I'm convinced that our business model will work well even in a more challenging market, and that's why I see good prospects for continued positive profit performance.

Thomas Erséus  
*Chief Executive*

Stockholm, Sweden, March 2008

# Business model and implementation

Kungsleden works continuously on enhancing the property portfolio's risk-adjusted returns, which in practice, involves multiple property acquisitions and divestments, while efficiency and value creation are the guiding principles of property management. To limit operating risk, the property portfolio is diversified by type and geographical location, through different types of tenant and rental contract maturities. Its work is based on a control model which provides a continuous stream of decision support data for every property.

## FINANCIAL TARGETS

Kungsleden's objectives are:

- A minimum return on equity of 15 per cent
- A minimum interest coverage multiple of 2

## STRATEGY

Kungsleden will achieve its objectives by:

- Enhancing a skilled and businesslike organisation
- Pursuing customer satisfaction through the active management and enhancement of the property holding
- Proceeding from its existing holding, and through acquisitions and divestments, assuring high long-term returns

## RISK LIMITS

Kungsleden limits risk by:

- Sourcing a maximum of 30 per cent of rental revenues from industrial and warehouse properties
- Sourcing a maximum of 30 per cent of rental revenues from properties located in municipalities with populations of less than 25,000
- A minimum interest coverage multiple of 1.5

## OPTIMISING THE PROPERTY PORTFOLIO

The returns on a property cannot be evaluated without considering risk levels. Kungsleden utilises a business control model to continuously identify measures that improve portfolio risk-adjusted returns. The model compares the return of each property to its cost of capital. Properties are then compared with each

other, demonstrating how risk-adjusted returns could be improved by changing portfolio composition and/or management measures. This model provides Kungsleden with the supporting data to take a standpoint on every individual property.

The identified improvement measures are conducted within the auspices of the dual focus of operations, property management and property trading.

## PROPERTY MANAGEMENT

Within management, the objective is to increase the returns on properties and reduce risk levels in the holding. This is achieved by improving and adapting properties in accordance with customer needs and by optimising each properties' tenant structure and operating net. Significant elements of this endeavour include attracting the right tenants and setting the right rent levels, and ensuring that each property has the right cost base. Because the property holding is in constant change, Kungsleden utilises a dynamic control model based on rolling forecasts and moving objectives. The model provides continuously updated financial information that captures changes to external factors, providing a good foundation for making the right business decisions. The ambition is that the model will increase the efficiency of staff at all levels, thereby contributing to increased profitability.

## PROPERTY TRADING

The objective of each property acquisition or divestment is to enhance portfolio risk-adjusted returns. This sets high demands for being able to value

every property in any given transaction situation. Kungsleden pursues an internally developed methodology facilitating systematic analysis of potential acquisition and divestment targets, and the structured execution of the complete transaction process. Last year, Kungsleden continued to consolidate its resources for all parts of the process, including financial and technical analysis, negotiation, legal reviews, environmental analysis, drawing up contracts and settlement.

## BUSINESS PLANS

In the transaction-intensive business Kungsleden is involved in, it is essential to maintain an accurate perception of the value of individual properties, and what they could raise through sale. Accordingly, business plans and internal valuations are highly significant. A business plan includes a present value calculation that enables a comparison between the present value of cash flow for a property and the estimated prevailing market value. Thus, for any given value or price, Kungsleden has a clear indication of whether each property is a portfolio asset, or should be divested. For more information, see Property Portfolio – valuation on page 14.

## REALLOCATING THE HOLDING

As part of its endeavour to increase risk-adjusted returns from the portfolio, in recent years, Kungsleden has taken a goal-oriented approach to expanding its holding in public properties, mainly retirement homes, care and school properties. Such properties feature stable tenants, long-term tenant relationships and good funding



prospects. At year-end 2007, approximately half of the number of properties were public, representing 54 per cent of a total book value of SEK 25.7 bn.

There has also been reallocation in commercial properties, towards longer rental contracts and more stable long-term returns. The average term in the commercial holding is now 4–5 years. In 2007, Kungsleden acquired a substantial number of commercial properties with long contracts, with tenants such as nationwide building supplies retailer BYGGmax, ABB and Frigoscandia.

Overall, this reallocation and enhancement of the holding has generated a still more attractive risk and return level in the portfolio, consistent with Kungsleden's business concept.

#### NEW INITIATIVES

In 2006, Kungsleden started operations in Germany, a country with many similarities to Sweden in terms of demographics, welfare system and standard of living, for example. The German property market is ten times larger and more fragmented than Sweden's. The older population is also expected to outgrow Sweden's, as is the number of retirement home residents. From this background, Kungsleden expects retirement homes in Germany to enjoy healthy value growth in the future.

These operations are managed from an office in Munich because Kungsleden considers that local organisational resources will ease understanding of, and activities on, the German property market. By year-end 2007, Kungsleden had acquired retirement homes in Germany with a book value of SEK 933 m.

Agreements were signed regarding the acquisition of a further total of 11 retirement homes for SEK 937 m. The majority of these properties are under construction and Kungsleden will take possession in 2008 and 2009.

In 2007, Kungsleden acquired Nordic Modular Group, which produces, sells and lets premises in modular buildings. Its modular buildings offering gives Kungsleden better prospects of satisfying customer needs for more temporary premises. The access to proprietary production resources also enables higher returns. Moreover, the extension of its offering means Kungsleden can strengthen its relationships, and expanding its interfaces, primarily with municipalities and county councils.

Kungsleden considers that the demand for modular buildings will rise as customers increasingly value the benefits of flexible and cost-efficient premises for schools, day care centres, retirement homes and offices, for example.

# Market

The substantial interest in investing in Swedish properties sustained through 2007, with turnover of SEK 147 bn, which can be set against the record year of 2006, with turnover of SEK 153 bn. Turnover was at a record high in the first half-year 2007, but increasing turbulence on the financial markets and rising interest rates probably exerted a restraining effect in the second half-year.

## ANOTHER EVENTFUL YEAR FOR PROPERTY

Economic progress was robust in Sweden in 2007, and although growth rates are expected to slow somewhat in 2008, they are forecast to remain above the Eurozone average.

The labour market also firmed substantially in 2007, with high employment growth over much of the country, and as high as 3.9 per cent in southern Sweden, according to Nordea. Employment is forecast to grow still further in 2008, and because the highest growth is forecast in the services sector, demand for office premises is expected to progress positively.

Increasing inflation is a restraining factor on optimism, and was one of the factors that caused the Riksbank to tighten its benchmark rate on several occasions in 2007. Simultaneously, growth estimates were downgraded worldwide, while concerns for the global credit market are substantial, in turn affecting the investor market. It has also become more difficult to secure funding for property transactions, even if investors that use a high share of shareholders' equity such as European pension funds and other institutional investors are continuing to acquire. Because such

investors want to increase their property exposure, this means that substantial volumes of capital will be invested on the market, supporting sustained high pressure on the Swedish property market.

## THE INVESTOR MARKET

Swedish commercial property is one of Europe's largest property markets, and by far the largest in the Nordic region. The substantial interest in investing in Swedish properties sustained through 2007, with turnover of SEK 147 bn<sup>1</sup>, which can be set against the record year of 2006, with turnover of SEK 153 bn. Turnover was at a record high in the first half-year 2007, but increasing turbulence on the financial markets and rising interest rates probably exerted a restraining effect in the second half-year.

Foreign investor activity has increased progressively through the 2000s, and from playing a fairly modest role on the Swedish property market at the start of the millennium, these investors now represent a substantial share of investments. The fundamental factors favouring Sweden as a country for investment are that in international terms, the market is simple and transparent with information on properties

readily available, relatively uncomplicated legislation and standardized rental agreements. Moreover, transaction costs are relatively low and property turnover high. At present, foreign investors are also attracted by a strong economy and labour market, creating expectations of rising rent levels. In the first three quarters of 2007, foreign investors were also buyers in the majority of property transactions, while in the final quarter, Swedish and Nordic buyers were in the majority.

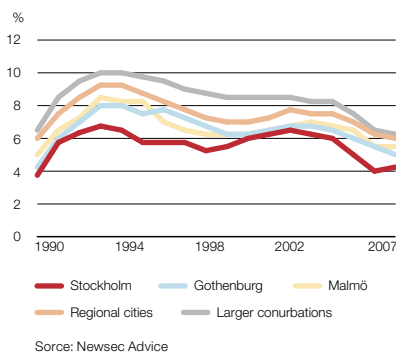
Substantial interest in Swedish property in recent years has been a contributor to the downward pressure on property yields across most types of property and regions. Required property yields continued to reduce in early 2007, to then bottom out in the second half-year in the wake of higher interest levels and increased credit risks, and in some regions, also started to turn upwards.

## RENTAL MARKET

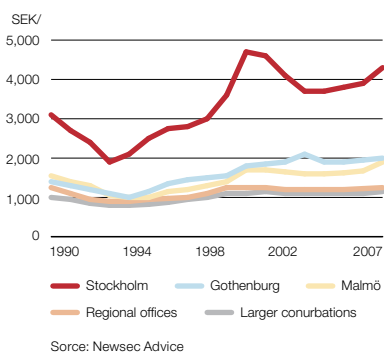
Employment growth has been most apparent in the major city regions, which is where demand for premises also increased most in the year. The demand for modern, efficient and flexible offices was particularly high, with vacancies reducing as a result.

<sup>1</sup> Transactions larger than SEK 100 m.

**Required property yields, modern offices in prime locations**



**Rent levels, modern offices in prime locations**



Tenants have become more attentive to the significance of having office premises that can be tailored to changes in their business through simple measures. Accordingly, it is reasonable to assume that looking ahead, attracting tenants to less modern, inefficient premises will be more difficult, and that the vacancy levels for such premises will increase.

In some cases, generally lower vacancy levels result in increased rent levels. This is now occurring more quickly in the Stockholm region than in large cities and regional cities, which historically have traced more stable rent growth as a result of more consistent demand and lower rates of new production.

The combination of relatively robust macroeconomic progress and healthy employment growth means that Newsec Advice estimates that in large cities particularly, the Swedish property market will progress positively in 2008 with lower vacancies and higher rent levels.

**PUBLIC PROPERTIES**

Public properties in attractive locations are a property market segment featuring an attractive risk and return level. This segment is characterized by premises used for publicly financed operations, with tenants that often sign very long-term rental contracts, thus generating secure cash flows.

This segment is currently undergoing restructuring, with an increasing volume of publicly financed operations being outsourced to private providers. Because many municipalities and

county councils do not view their primary task as providing and being responsible for premises with external tenants, many are choosing to leave their role as landlords, instead assigning the resources freed up to core operations.

Meanwhile, investors have started to value stable rental revenues increasingly, and Newsec Advice expects this trend to sustain. Instead of categorically concentrating on specific geographical markets, increasingly, the focus will be on future rental revenues. This applies particularly to Kungsleden, which focuses on care, school and retirement homes in its Public Properties division, and is easily the largest player in this segment in Sweden.

The transactions conducted in 2007 emphasise Kungsleden's status. When the Municipality of Härnösand in northern Sweden sold nearly all of its operational premises to Kungsleden (43 properties) for just over SEK 900 m, this was by far the largest public property transaction in the year. Kungsleden also acquired a substantial number of public properties from the Municipalities of Linköping and Landskrona. Other players acquiring public properties in 2007 include Akelius, which acquired retirement homes in Västerås, west of Stockholm and Umeå, northern Sweden, and Skandrenting, which acquired care properties in Eksjö and Markaryd, southern Sweden.

The illustration below shows the required property yield intervals where most public property acquisitions were conducted in recent years.

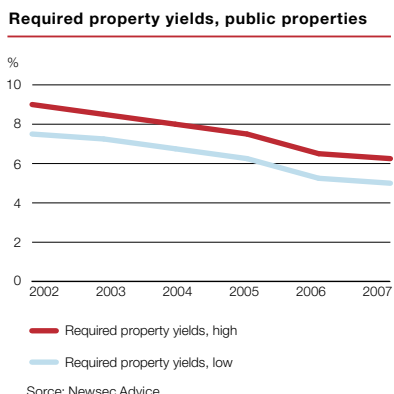
**RETIREMENT HOMES GERMANY**

Interest in the market for retirement homes in Germany is primarily based on the following factors:

- A large market with very favourable demographics. The customer base of care homes is expected to more than double by 2040, when the number of people needing geriatric care is estimated at some 3.4 million.
- Current occupancy is at around 90 per cent.

The trend that began in 2006, with institutional investors starting to take an interest in the German care home market, continued in 2007. Axion Consult's estimates indicate that transaction volumes exceeded EUR 700 m in the first half-year 2007, which was significantly higher than in the corresponding period of 2006. The international liquidity crisis left its mark on the second half-year, with volumes falling below EUR 400 m. Despite this, and considering the general market dynamics, there are clear signs of increasing investor interest in retirement home properties and the secure revenue streams they generate.

In Germany, *Pflegeversicherung* (care and assistance insurance) funds about half of care fees. The remainder is either funded by the recipients themselves, or for those that cannot afford it, through other parts of the social insurance system. Overall, central government bears about 70 per cent of the costs of care directly or indirectly.



## Market

Many commentators consider that the market for operating retirement homes and other types of care facility is on the verge of consolidation, similar to that occurring in the UK in the early 2000s. The market players here are German funds and large institutional investors from Germany and foreign countries.

In 2006, property yields on the market for German retirement homes reduced sharply. Property yields stabilised in 2007 at around 7–7.5 per cent, and down to 6.5 per cent for high-quality properties in the best locations. Usually, the prices of new or fairly new build properties are in the EUR 75–90,000 interval per bed. Rent levels vary significantly depending on location and property quality. For newer properties, rents are around EUR 15–18 per bed and day. The normal term of operating and rental contracts is 20–30 years.

For 2008, Axion Consult forecasts distinctly lower transaction volumes than in 2007, in anticipation of some players leaving the market as a result of difficulties in refinancing. Investors that

can secure funding will see property yields stabilise, or possibly increase somewhat, simultaneous with supply increasing and competition easing slightly. Although the legislation regulating *Pflegeversicherung* is expected to be reformed in 2008, this is not forecast to have any negative consequences on the retirement homes property market.



Source: Newsec Advice is responsible for the part of the market section on Sweden. Axion Consult, a German healthcare consulting practice based in Bad Homburg, has provided an assessment of the German market for care properties.

**Nina De Besche**, Area Manager, East

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**What's your view of modular buildings as a new segment within Kungsleden?**

As a good complement to the rest of our business. They allow us to offer solutions quickly to overcrowded tenants. I think there are good opportunities for synergies.

**What do you think Kungsleden's recipe for success is?**

That people take a lot of responsibility, and really get the opportunity to take the initiative, and we protect and nurture this entrepreneurial spirit.

**How do you use your keep-fit subsidy?**

I train at a SATS gym.

**Thomas Erséus**, Chief Executive

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**What do you think makes Kungsleden different from other property companies?**

The fact that our property portfolio is so diversified, with half our balance sheet with public tenants, and that we have relatively long rental contracts. This also applies to much of our commercial holding.

**Why do you think Kungsleden is so good at doing deals?**

Fundamentally, it's about good resources and lots of experience. We are also active in the market every day, which makes it easier to find the right properties to buy, while buyers know that we're prepared to sell if we get the right price.

**What do you think tenants like most about Kungsleden?**

That probably depends on who you ask, but I think many of them appreciate how flexible we are and good at satisfying their wants.

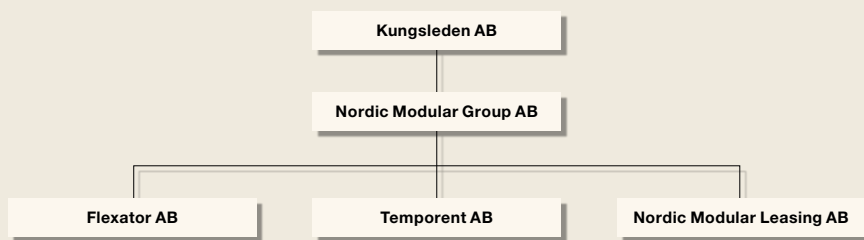
**How would you describe 'the Kungsleden spirit'?**

That we dare to think in new ways, are free-thinkers and have the ability to realise the ideas we believe in.



# Nordic Modular

## – the Nordic leader in modular buildings



Nordic Modular was created in 2005 when venture capital firm 3i acquired Skanska Modul and subsidiaries. Otherwise, the group companies have a long history, in Flexator's case, stretching right back to 1956. Kungsleden acquired Nordic Modular in January 2007, when Nordic Modular also took over Kungsleden subsidiary Flexihus Rent. In 2007, Nordic Modular acquired modular lettings business Hyrab Moduluthyrning, which is now part of the subsidiary Temporent.

In 2007, Nordic Modular had sales of SEK 503 m with profit before tax of SEK 126 m. At year-end, the group had 259 employees, 164 of them being in module production.

Nordic Modular's head office is in Upplands Väsby, north of Stockholm. The group also has sales offices in Solna, near Stockholm, Lund in southern Sweden, Umeå in northern Sweden, Oslo and Copenhagen, and offices and production facilities near Nässjö southern Sweden, Gråbo near Gothenburg and Eslöv in southern Sweden.

- Portability means that premises can be erected directly adjacent to customers' existing activities. Portability also enables buildings to be constructed on land actually intended for other purposes, and to return or sell them when no longer needed.

**Thus modular buildings are a very attractive** alternative for those customers that need to expand their premises quickly, or whose need for premises is hard to predict over time. The idea of letting modular buildings also offers several financial benefits. Customers do not need to tie up any capital, and no investment is necessary. Nordic Modular provides servicing and maintenance, and customers know exactly what they will cost throughout the rental term. Moreover, the market values of new premises produced outside city centres often fall quickly below build costs. Thus, for companies that want to expand in rural areas, producing mobile modular buildings may be particularly advantageous.

Over 50 per cent of Nordic Modular's sales are sourced from the public sector, whose need for premises is highly dependent on demographics such as an increasing elderly population or variations in birth rates. Migration is another driver, which may result in the need for day care centres and schools varying fairly quickly, favouring temporary solutions. Increasing demands for capital efficiency



*Leasing.* Usually, customers are offered the option to buy these buildings when their lease terms expire. The predominant customer group is municipalities. Operations are conducted in Sweden.

**The majority of the modules** produced and let through Nordic modular have functionality and comfort that is fully comparable with traditional permanent buildings – and moreover, look attractive. The modular concept also has several benefits compared to permanent buildings:

- Production is conducted efficiently indoors in manufacturing facilities. Line production means that processes can be rationalised and the cost of materials optimized. Consequently, quality is often better and costs lower than for site-builds, which are built as one-offs and exposed to the elements during construction.
- Construction lead-times are short. While modular buildings are being produced in factories, foundations can be laid on site. This enables customers to expand their premises quickly without disrupting existing activities.
- The industrial process results in high precision in costings, reducing the risk of customers getting unpleasant surprises in the form of delays and extra costs.

**Kungsleden's Nordic Modular division** consists of a corporate grouping whose business is to produce, sell or let premises in modular buildings. In 2007, this group had sales of SEK 503 m, and is thus the Nordic market leader in modular buildings. Nordic Modular's operations are conducted through three subsidiaries:

*Temporent* lets temporary premises in modular buildings that are assembled on the customer's land and let as long as necessary, often for several years. The modular systems are developed within the company and are specially tailored for office, school or day care purposes. The main customers are

municipalities and large corporations. *Temporent* is active in Sweden, Norway and Denmark.

*Flexator* produces and sells modular buildings based on standard construction modules. Applications cover everything from simple storehouses to high-quality buildings for offices, retirement homes, schools and day care centres. The main customers are municipalities, county councils and large corporations. *Flexator* also produces the modules *Temporent* lets. The company is currently only active in Sweden.

*Flexator's* customers are offered operating leases on buildings as an alternative to purchasing through *Nordic Modular*



in the private and public sectors also mean that making fixed costs into floating costs is increasingly beneficial.

On the business side, demand is more dependent on the business cycle. However, Nordic Modular's cyclical nature is limited by the fact that the company has a large customer base in a wide range of sectors. The single biggest customer in its letting business, Ericsson, represented 5 per cent of sales in 2007.

**There are also good environmental reasons** for choosing modular buildings. Modular production is significantly more environmental than traditional site-builds. Trucks arrive at facilities with full loads, and standardized production means that the consumption of building materials is resource efficient with little waste. Traditional construction involves more site transports, frequently without optimal loads, and usually, with more waste. Nearly 100 per cent of the modules Temporent lets are also re-used.

Thus, increasing environmental consciousness in society is something that should benefit Nordic Modular, whose companies Temporent and Flexator have held ISO environmental and quality certification for a long time.

**The market for modular buildings** is in differing stages of maturity in the Nordic countries. In Sweden, high-quality modular buildings for letting have been in production since the 1980s, and this type of solution now enjoys broad acceptance. The Swedish market has been in healthy growth through recent years, with demand for modules, particularly for offices and schools, forecast to keep rising.

Estimating the size of the market is problematic because there is no consistent definition of what constitutes a modular building. However, Nordic Modular estimates that the Swedish modular lettings market was worth approximately SEK 1,000 m in 2007, and that the market for new sales of modular premises was also worth about SEK 1,000 m.

In Norway, modular housing and simpler trade premises



have been in production and on sale for a considerable time. However, the concept of letting high-quality modules for temporary purposes is fairly recent in Norway, with few market players. However, this market is now evolving rapidly, driven primarily by increased demand for modules for schools and pre-schools.

Denmark and Finland remain undeveloped markets, where basically, modular buildings are only produced and let as simple storage.

Overall, the Nordic modular buildings market has characteristics implying a range of attractive opportunities for Nordic Modular. In Sweden, the company is the leader in a market that is fairly mature but with good development prospects. In Norway, the company also has a strong position in the as-yet small but fast-growing segment of modular lettings. Nordic Modular also has a good platform to build on in Denmark, and with its size and experience, could drive development towards higher-quality modular concepts.

**For Kungsleden**, the modular buildings business is an initiative in an exciting segment with good future potential, and a strong

complement to Kungsleden's core business of owning and managing properties. While there are clear links between these operations, there are also differences in market drivers and business logic. Nevertheless, the synergies are obvious: Kungsleden can offer its existing customers new premises very quickly, and can offer customers with time-finite needs flexible,

temporary solutions for precisely as long as they need them. For Nordic Modular, being part of the same group has implications including the ability to exploit Kungsleden's knowledge and contact network to develop its offering in schools and retirement homes, for example, and that as a developer, Kungsleden can drive market development in modular buildings.



*For more information and contacts, go to [www.nordic-modular.com](http://www.nordic-modular.com).*

# Organisational and human resources

With a de-centralised organisational structure and secure local links, Kungsleden is paving the way for thorough market knowledge and close customer relationships. Additionally, its employees' deep commitment and business skills are key factors for Kungsleden's long-term success.

## ORGANISATIONAL STRUCTURE

Kungsleden utilises an organisational structure that clarifies the parts and focus of its various operations. There are four divisions, each with responsibility for its holdings and associated functions for management, lettings and sales issues.

Commercial Properties is a Swedish property portfolio mainly comprising Offices, Industrial/Warehousing and Retail properties, managed from offices in Stockholm, Gothenburg, Malmö, Gävle, Umeå and Karlstad.

Public Properties is also a Swedish property portfolio, mainly of the Retirement Home, School and Care property types. These operations are managed from offices in Stockholm, Gothenburg, Malmö, Jönköping, Linköping, Uddevalla and Härnösand.

The Retirement Homes Germany division was started in 2006 to accumulate and manage a large-scale retirement homes property holding in Germany. These activities are managed from a local office in Munich.

Nordic Modular was created by the acquisition of Nordic Modular Group in January 2007. These operations are managed from an office in Upplands Väsby, north of Stockholm, with production facilities in Anneberg near Nässjö and Eslöv in southern Sweden, and Gråbo near Gothenburg.

Central Staff functions operate as a group-wide service centre within

finance, legal, environment, HR, communication and IT. Central Staff functions are mainly based at the head office in Stockholm, although some staff are stationed at the Gothenburg and Malmö offices. Accordingly, the Central Staff functions are independent of the geographical location of properties and have good prospects of attracting specialists. The Transaction & Analysis unit also services the whole organisation and is located in Stockholm.

## CORPORATE CULTURE AND EMPLOYEE DEVELOPMENT

Kungsleden's corporate culture features pronounced employee commitment and a creative, fast-moving business climate. Its primary values are comradeship, innovative thinking and flexibility.

Kungsleden's ability to attain positive long-term profit growth are heavily dependent on skilled and professional employees. The combination of its organisational structure and business model means that work at Kungsleden is in constant development. The high transaction tempo and sheer volume of transactions also contribute to making Kungsleden a workplace that offers scope for development.

Employee development is a central part of business development, and is reviewed annually at appraisal interviews between staff and their line managers. These interviews are intended to monitor and evaluate work and results achieved

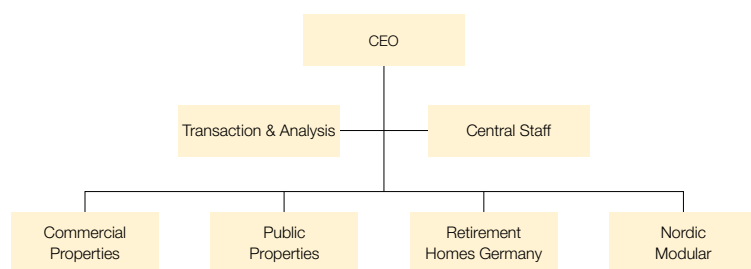
in the previous period, to set objectives and activities for the forthcoming period, and to review employees' development and focus for the immediate future and the slightly longer term.

In 2007, most of Kungsleden's property management employees participated in an internal training package on entrepreneurship. This package is intended to attain high and consistent quality in customer and business relationships. To stay up to date, regular training packages in various activities are held in IT, accounting and legal issues, for example.

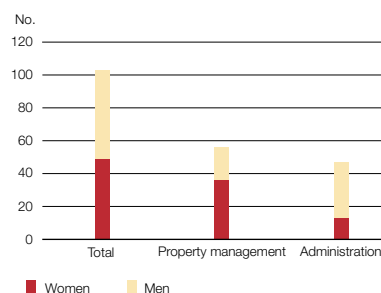
Apart from stimulating tasks with good developmental prospects, Kungsleden's ambition is to offer a performance-related incentive scheme. In recent years, all employees have been eligible for a bonus scheme, where half the outcome is related to the company's profits and the remainder to individual objectives. For the financial year 2007, this meant most employees of Kungsleden AB outside the corporate management received an extra month's salary.

## SKILLS SEGMENTS

Kungsleden's staff primarily work within property management or administration. On local markets, within the field of property management, staff work in teams comprising managers, management assistants and property technicians. These teams harbour consider-



Positions – salaried employees





able know-how within property management and local property and rental markets. They are also very familiar with the development potential of such players and markets. A businesslike approach and flexibility are key concepts in customer relations, and in enhancing Kungsleden's property holding and working methods.

Primarily, administration staff operate on group-wide issues. Service and specialist skills are the central concepts of the administration function's work in supporting property management, to continuously improve Kungsleden's working methods and to bear responsibility for legal compliance.

**WELL-BEING, HEALTH AND EQUALITY**

In autumn 2007, Kungsleden conducted an extensive employee survey which 88 per cent of all employees responded to. The results showed that as many as 94 per cent of employees are strongly committed to their work. 87 per cent often talk positively about the company to other people, and describe it as a good place to work. These are figures worth being proud of. The survey also indicated segments that could be developed and improved. Respondents wanted more clarity of objectives and monitoring them at departmental level, for example.

Well-being in the workplace is important to motivation and results. Kungsleden also encourages physical activity at and outside the workplace, partly through a keep-fit subsidy to all employees, but also in activities that include daily exercise. Employees are also offered regular health-checks.

In 2007, Kungsleden had sickness absence of 4 per cent, unchanged on the previous year. Staff turnover, defined as the number of full-time employees that terminate employment in the year divided by the average number of employees, was 19 per cent, of which 10 per cent related to the transfer of operations.

Kungsleden continues to operate an equal opportunities plan to achieve a favourable division between genders and age groups across the organisation, including a more even gender distribution in executive positions. In 2007 a female HR & Corporate Communications Director joined the group management, which previously, consisted of men exclusively. The company takes a positive view of parental leave and offers attractive terms. At year-end, 3 (6) Kungsleden employees were on parental leave.

**OTHER HR STATISTICS**

At year-end 2007, the Kungsleden group had a total of 384 (137) full-time employees of which 259 were employed by subsidiary Nordic Modular. The subsidiary is operated as an independent unit with its own central functions.

At year-end, Kungsleden had 125 (137) employees of which 103 (114) were salaried employees and 22 (23) were janitors. The first diagram below illustrates the division of employees between salaried employees in property management and administration, and janitors. The figure also illustrates the distribution between men and women. There were 56 (91) people in property management and 47 (41) in administration. The share of women in administration is somewhat higher than men, while

the reverse applies within property management. All janitors were men. Overall at year-end, 43 per cent of staff were women.

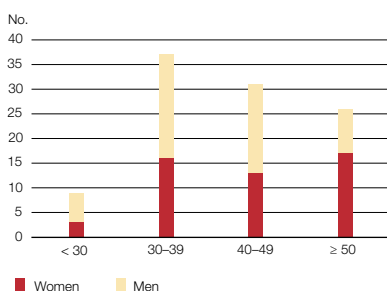
The average age of salaried employees was 42 (44). By gender, the average age is slightly higher among men than women, at 45 and 40 respectively. Women are a clear majority in the age group under 40, while the division between genders for employees over 40 is very consistent. 55 (64) per cent of salaried employees are 40 or older.

Overall, the statistics demonstrate that Kungsleden has a favourable mix of younger and older employees of varying age and experience. 55 (71) per cent have worked for Kungsleden for four years or more, 17 (24) per cent between one and three years and the remaining 28 (5) per cent for less than one year.

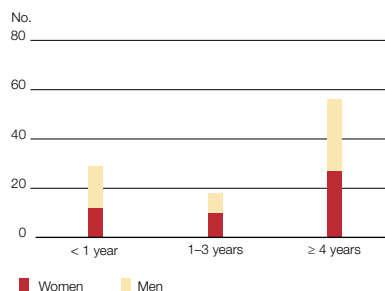
**PARTNERSHIP WITH CHILDREN'S CHARITY SOS CHILDREN'S VILLAGES**

In 2006, Kungsleden started a partnership with children's charity SOS Children's Villages. Over a three-year period, Kungsleden is making donations to fund the building and operation of one of the homes in a new children's village in Brovary, north of Kiev, the Ukrainian capital. Ukraine has high unemployment, low educational standards and severe social problems. Many Ukrainian children live in difficult circumstances, which mean help is urgently needed. The children's village will have a total of 13 family homes, and will be able to house about 100 children in the 2-15 age group. Each house has a foster mother with 6-8 children. The first children are scheduled to be housed in spring 2008.

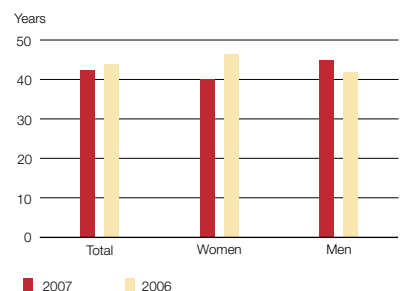
**Age distribution – salaried employees**



**Length of service – salaried employees**



**Average age – salaried employees**



# Property portfolio – valuation

In Kungsleden's business, it is essential to maintain an accurate perception of the value of individual properties, and what they could raise through sale. Kungsleden's professionals are active in the market daily, conducting multiple acquisitions and divestments, which provides a solid foundation for highly accurate valuations.

## INTERNAL VALUATION

Kungsleden's property holding, valued at fair value, had a book value of SEK 25,737 (23,106) m as of 31 December 2007. Fair value is an accounting term, which for properties, in principle is synonymous with market value.

Kungsleden has chosen to base its fair value on internally conducted valuations.

Kungsleden conducts valuations on an ongoing basis, as an integrated element of its business process. Every property always has a business plan, updated at least annually, and includes internal valuations, the most recent external valuation, a standpoint statement regarding whether the property should be divested or retained and an action-plan for measures to optimise the property's operating net and value.

## VALUATION METHOD

The internal valuation is based on a present value calculation with a five-year forecast term. The properties intended for letting are valued by calculating the present value of the properties' free cash flows during the calculation term, and the present value of the market value at the end of the calculation term, called the residual value. The fifth year of the valuation should reflect an estimated long-term sustainable cash flow for the property.

Future rent payments are calculated for each property on the basis of current rental contracts. Rent payments of future rental periods, and vacant premises, are calculated on a case-by-case basis for each property. The cash

flow for operating and maintenance costs is estimated individually for each property. The cost history for each property is used as the supporting data for estimating future costs. Age, maintenance status and usage are also considered when estimating future costs.

## EXTERNAL VALUATION

With the aim of quality-assuring and verifying Kungsleden's internal valuations, regular valuations are also conducted by an external independent party. Every third year, a comprehensive external valuation, including property inspections, is conducted on a representative selection of properties, amounting to some 70 per cent of the total holding value every third year. In the intervening years, previous valuations are updated through what are termed desktop valuations of properties owned at the beginning of the year. Normally, these valuations are conducted in the autumn, with December as the usual valuation date. However, comprehensive valuations are always conducted for new properties, and for properties with special circumstances.

In 2007, and with valuation date in December, Newsec conducted desktop valuations of all properties in Sweden owned for the full year. A comprehensive external valuation on 60 per cent of constituent properties was also conducted in conjunction with re-financing a syndicated loan facility. Comprehensive valuations were conducted on properties acquired in the year (although not on modular buildings and retirement

homes in Germany). Overall, this means that properties corresponding to 90 percent of total book value were valued externally. These valuations are consistent with internal valuations and thus corroborate book value, see table at bottom.

## REALISED VALUES

In Kungsleden's transaction-intensive business, it is essential to always maintain an accurate perception of the value of individual properties, and what they could raise through sale. However, the true value of a property does not become a reality until it is divested. As part of its quality initiatives, Kungsleden also conducts ongoing updates of how internal and external valuations relate to realised sales prices.

The sales prices raised in the year exceeded internal and external valuations by 7 (7) per cent and 15 (15) per cent respectively. Historically, prices received are usually above internal and external valuations, which readily become the case in the rising market the sector has experienced for several years now. Generally, internal valuations are closer to the prices attained than external valuations.

One key explanation for sales prices achieved in 2007 being higher than internal and external valuations was that market prices for the type of properties divested had risen, and that portfolio premiums were received for larger divestments.

## Property value summary 2007

Type, SEK m	Commercial				Public				Valued properties	Not valued <sup>1</sup>	Total
	Office	Industrial/warehouse	Retail	Other	Retirement homes	Care	School	Other			
Book value	2,638	5,734	1,787	330	6,912	2,827	2,987	4	23,219	2,518	25,737
External valuation	2,856	5,891	1,881	413	6,576	2,703	2,750	0	23,070		

<sup>1</sup> Commercial properties represented SEK 46 m of properties not valued, public properties SEK 233 m, Germany SEK 933 m and Nordic Modular SEK 1,306 m.

# Property portfolio – transactions in 2007

As in previous years, 2007 also featured a high transaction tempo of acquisitions and divestments. One central motivation for property trading has been to increase the average length of rental contracts in the property portfolio. Completed divestments contributed to a strong trading net and created good shareholder value.

## SUCCESSFUL PROPERTY TRADING

With a clear foundation in Kungsleden's strategy and business model, all acquisitions and divestments are conducted with the objective of improving the property portfolio's risk-adjusted returns. Property trading in 2007 was again successful in this respect. The average term of rental contracts in the property portfolio increased, partly due to the share of public properties overall increasing, but also as a result of the average contract term in the commercial holding rising. The acquisitions were conducted at an estimated property yield of 7.3 per cent while the property yield of divested properties was 4.5 per cent. The low property yield is mainly due to a portion of divested properties being development projects with low operating nets, while others were centrally located and maintenance costs were expensed before their sale.

Overall, transactions in the year contributed to a still more advantageous risk/return relation in the portfolio.

## ACQUISITIONS

In the year, 213 (198) properties were acquired for SEK 9,625 (6,550) m; 80 of the acquisitions were of the Industrial/warehouse type, 28 were Offices, 18 were Retail, 42 were Schools, 20 were Care properties, 17 were Retirement

homes (of which four in Germany) and eight were of the 'Other' type.

The year's major acquisitions are reviewed in what follows.

In January, Kungsleden acquired Nordic Modular Group from venture capital firm 3i for a purchase price of SEK 918 m. Nordic Modular produces and lets temporary premises in modular buildings, and at the acquisition date, had some 220 employees.

The majority of Nordic Modular's customers are in the public sector and vacancies are very low. The calculated operating net of the letting operation is some SEK 68 m, implying a property yield of approximately 7.4 per cent.

In June, Kungsleden acquired eight logistics properties in Stockholm, Norrköping (near Stockholm), Vetlanda (southern Sweden), Gothenburg and Copenhagen from Papyrus, which is part of the Stora Enso paper, packaging and forest products group. The purchase price was SEK 532 m with an estimated property yield of 6.9 per cent. Lettable floor-space is 61,600 sq.m. with a rental value of SEK 44 m. Papyrus is the tenant in all premises with an average contract term of around 5.5 years.

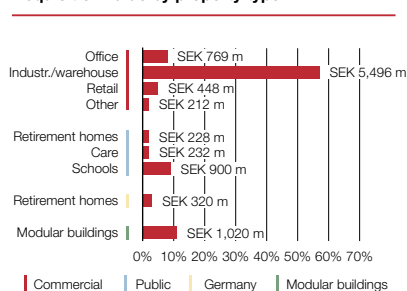
In July, Kungsleden acquired 35 properties in Umeå, Härnösand, Luleå, Nordmaling and Sollefteå (all in northern Sweden) from property company Midn-

attssolen Fastigheter AB for a purchase price of SEK 540 m. The estimated property yield is 7.2 per cent. The portfolio has total lettable floor-space of 99,600 sq.m., the majority being office and retail accommodation, and has a rental value of SEK 63 m. The largest tenants are surplus retailer Överskottsbolaget, building supplies wholesaler Ahlsell AB, the University of Umeå, the Swedish Social Insurance Agency, the Swedish National Tax Board, the County Labour Board and the Swedish National Courts Administration.

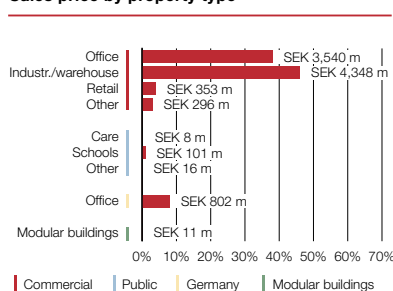
In September, Kungsleden acquired 43 properties from the Municipality of Härnösand for SEK 913 m including acquisition costs. This acquisition was of basically all the properties were the municipality conducts its operations such as retirement homes, pre-schools and schools. Total lettable floor-space is 154,000 sq.m. and rental value is SEK 114 m, of which 80 per cent is sourced from the Municipality of Härnösand. The average contract term for the rental agreements the Municipality of Härnösand is party to is 17 years, and for the whole portfolio, 14 years.

Kungsleden also acquired four logistics properties in September for SEK 545 m excluding transaction costs at an estimated property yield of approximately 7 per cent. The seller was Bockasjö AB

Acquisition value by property type



Sales price by property type



and the acquired properties are located in Borås, south-western Sweden. These properties have lettable floor-space of around 107,000 sq.m. and total rental value of over SEK 49 m.

In December, 20 properties were acquired from Northern European Properties Ltd. for a purchase price of SEK 2,900 m. The estimated property yield is about 7.2 per cent. This acquisition was of freezer storage premises, all let to Frigoscandia Distribution AB and industrial premises mostly let to ABB Fastighets AB. The acquired properties are mainly located in central and southern Sweden. The lettable floor space is 445,000 sq.m. Total rental value amounts to SEK 242 m and the average remaining contract term is 12.5 years.

#### DIVESTMENTS

In 2007, 222 (388) properties were divested for SEK 9,475 (12,258) m. Of these properties, 102 were Offices, 86 were Industrial/warehouse properties, 23 were Retail, two were Schools, one was a Care property and eight were of the 'Other' type. The book value of divested properties amounted to SEK 8,895 (11,405) m and the acquisition value was SEK 8,010 (9,887) m.

In April, Kungsleden divested four properties in Malmö and one property in Västerås, west of Stockholm, to NLI Eiendomsinvest AS. The sales price was SEK 605 m, which is SEK 85 m above book value and SEK 230 m above acquisition value. The property yield calculated on sales price was nearly 7 per cent. The total lettable floor-space of these properties was 97,600 sq.m., the

majority being industrial/warehouse premises, with a smaller share of offices. Rental value was just over SEK 55 m.

In August, Kungsleden divested 97 properties in the cities of Karlstad, Västerås, Köping, Kumla, Gävle, Piteå, Skellefteå and Sundsvall. The buyers were property companies Klöver and Diös. The sales price was SEK 1,700 m, which was SEK 300 m above acquisition value. The total lettable floor-space of these properties was 340,000 sq.m., the majority being offices and industrial/warehouse properties. The rental value was just over SEK 222 m.

The single biggest transaction in the year was conducted in December when 82 commercial properties were divested to Norwegian asset manager Orkla Finans Kapitalförvaltning ASA and Norwegian investment bank DnB NOR Markets. The sales price was SEK 4,750 m, which was SEK 375 m above book value and SEK 710 m above acquisition value. Lettable floor-space including offices, industrial and warehouse premises was over 751,000 sq.m. with rental value of SEK 473 m. The geographical diversification of these properties in Sweden corresponds to a cross-section of Kungsleden's commercial property portfolio.

In December, Kungsleden also divested 11 office premises to Diös & Kuylenstierna AB for SEK 600 m. The sales price exceeded book value by SEK 40 m and acquisition value by SEK 180 m. The total lettable floor-space of these properties was nearly 31,000 sq.m., primarily comprising office premises in central Malmö. The rental value was SEK 47 m.



**Henry Fors,**  
Business Developer, Public Properties

**What do you think makes Kungsleden different from other property companies?**

Our speed, flexibility and view of risk management with properties as an asset class.

**Kungsleden is now a major public sector landlord. What's your view of this?**

I work in this segment and think it's really exciting. The segment will keep growing, maybe faster than other parts of the property market, with increasing demands on municipalities and county councils to become efficient managers of property.

**How would you describe 'the Kungsleden spirit'?**

The fact that we don't set limits on our discussions, and that everyone understands the value of pulling in the same direction.

**Susanne Winqvist,** Accountant

**Why do you think Kungsleden is so good at doing deals?**

Mainly because we have skilled and experienced staff, with good judgment. We're good at tailoring our holding to match the prevailing market, and make the right initiatives at the right time.

**What's helped you develop at Kungsleden?**

Because the property sector is new to me, there are a lot of accounting segments for me to learn to manage.

**Is it hard to build a 'K'?**

No, but I wouldn't have liked to have to do it myself...

**How do you use your keep-fit subsidy?**

I bought a gym pass, but with three small kids, I spend most of my time just keeping up with all the things they do...



# Property portfolio – the holding at year-end

As of 31 December 2007, the holding comprised 575 (591) properties with a book value of SEK 25,737 (23,106) m and rental value of SEK 2,509 (2,474) m. Total lettable floor space was 3,052,000 (2,935,000) sq.m.

## PROPERTY TYPES

Kungsleden's property holding can be divided into seven property types on the basis of the primary activity associated with each type: Office, Industrial/warehouse, Retail, Retirement homes, Care, Schools and Other. Together, the first three types comprise the holding managed in the Commercial Properties division. A property is considered commercial if the majority of tenant operations are not publicly funded (for more information see below).

Retirement homes, Care and School properties, i.e. publicly financed activities, are in the Public Properties division. In 2007, Kungsleden continued to increase its public property holding. These properties normally have attractive risk and return levels, consistent with Kungsleden's business concept.

They are often located in attractive areas and have creditworthy tenants with long rental contracts, and accordingly, their prospects for securing funding are favourable.

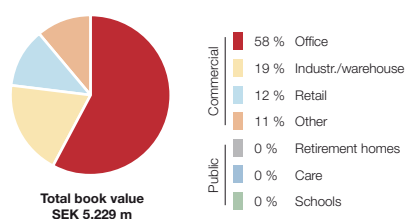
The smaller type, 'Other', consists of properties that do not fall into any of the above specific types. Examples of such properties are hotels, housing and land.

To some extent, the management of public properties differs from commercial properties. In the public sector, the number of tenants per unit area is usually fewer than in commercial premises, and accordingly, larger floor-areas can be managed with the same human resources. Meanwhile, rental contracts are longer, requiring a longer-term perspective. The legal framework regulating care and school activities differs in many respects from the legislation on

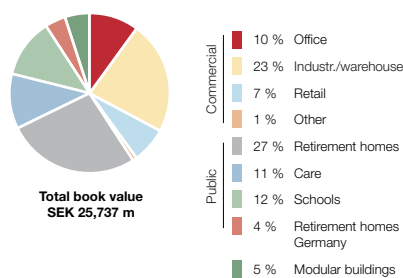
commercial activities, which in turn, necessitates specialist knowledge of the specific legal requirements regulating public properties. Kungsleden's lengthy experience and organisational resources means it has good prospects of conducting efficient management in the public sector, and to continue to make successful acquisitions.

At year-end, public properties in Sweden represented 50 (46) per cent of total holding book values and 47 (41) per cent of rental values, conferring the group as a whole with attractive operating risk and value risk. The retirement homes holding in Germany, which at year-end represented 4 per cent of total book value and 3 per cent of rental value, is additional.

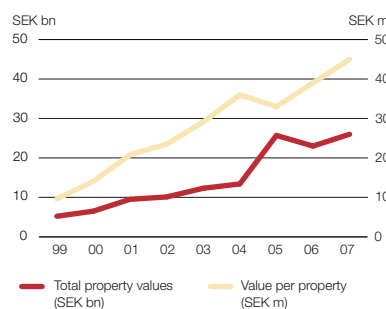
Property holding by type 1999



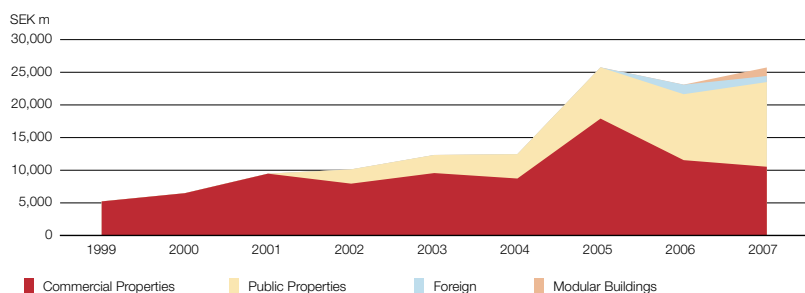
Property holding by type 2007



Property values, total and per property



Property portfolio growth in 1999–2007



In the period 1999–2007, the value of Kungsleden's property portfolio increased from SEK 5.2 bn to SEK 25.7 bn, equivalent to annual growth of 15 per cent. The greatest change to Kungsleden's property holding are the initiatives in Retirement Homes, Care and Schools in recent years. At year-end 2007, these property types represented some 54 per cent of total portfolio values. The biggest property type in terms of book value is retirement homes.

The average value per property increased from SEK 10 m to SEK 45 m in 1999–2007. Obviously, general property value growth in Sweden was a contributor, as was the increasing portfolio share of retirement home properties. Such properties normally have higher unit values than other properties. Meanwhile, average floor-space per property increased from 2,400 sq.m. to 4,900 sq.m. Thus, the size of the management units were significantly larger in 2007 than 1999.

**NORDIC MODULAR**

Kungsleden extended its offering in the year, mainly to the public sector, by acquiring Nordic Modular Group, which produces, sells and lets modular buildings. These operations are conducted in the subsidiary Nordic Modular, which is an independent division in organisational terms. Modular buildings do not stand on permanent foundations, and accordingly in legal terms in Sweden are not considered as properties as such, even if they have long useful lives, and are often let for the longer term to a single customer. Over half of Nordic Modular’s revenues are sourced from the public sector, primarily municipalities and county councils, where average rental terms are approximately four years. At year-end

2007, modular buildings represented 5 per cent of total holding book values, and 9 per cent of rental values.

**GEOGRAPHICAL LOCATION**

Kungsleden’s property holding can also be divided into seven market areas: East, South, West, Central, North, Germany and Modular. Changes to the property holding’s geographical diversification are a natural consequence of Kungsleden’s ongoing ambition to strike the right balance between the return and risk of properties. If pricing and the market change, new opportunities to do good deals arise.

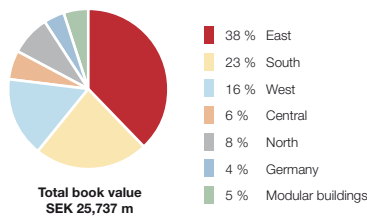
Transactions in the year meant the total number of properties at year-end, excluding Modular, reduced from 591 properties to 575, located in 134 (128)

Swedish municipalities and in two German Federal States.

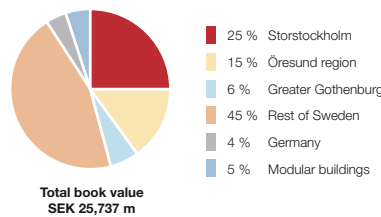
Thus the property portfolio has good risk diversification in terms of geography, and in terms of the split between larger and smaller municipalities. Kungsleden adheres to a risk limitation policy, whose stipulations include a maximum of 30 per cent of rental revenues being sourced from properties in municipalities with populations of less than 25,000. At year-end, the actual figure was 9 (10) per cent.

Thus a substantial share of property values are allocated to larger municipalities. However, the focus of the Swedish holding on the three major city regions of Greater Stockholm, Greater Gothenburg and the Öresund region reduced in 2007, and was 46 (53) per cent at year-end, calculated as the regions’ share of the book value of the total holding. The holding in Greater Stockholm decreased to 25 (28) per cent and the Öresund region to 15 (20) per cent, while Greater Gothenburg increased to 6 (5) per cent.

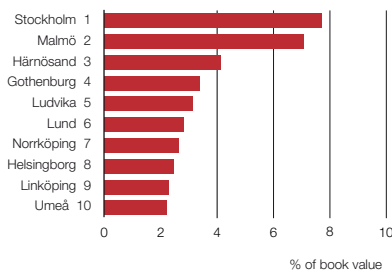
Property holding by market area



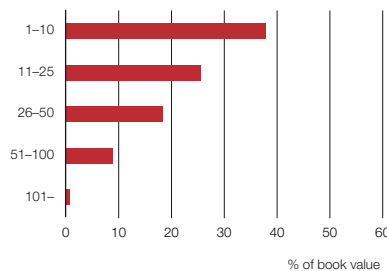
Property holding by major city regions



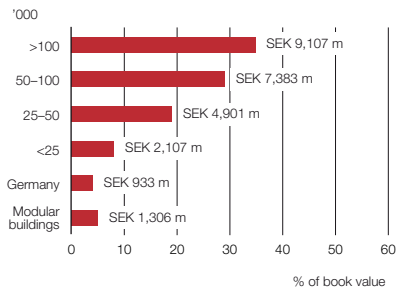
Kungsleden’s ten largest municipalities



Municipalities by size



Municipalities by population



# Property portfolio – rental contracts

In recent years, Kungsleden has endeavoured to increase average rental contract terms, partly by increasing the share of public properties, but also through active efforts on the commercial holding.

## STABLE RENTAL REVENUES

With the aim of keeping an updated and accurate idea of operating risks and revenue stability, Kungsleden continuously analyses rental revenues on the basis of factors such as premises type, customers and rental contract term. However, Kungsleden's extensive property trading and changes to the property portfolio mean that contracted rental revenues at any time are not consistent with earnings capacity, due to factors such as tenants taking up occupancy in the future, whose contracts have yet to be recorded.

In recent years, Kungsleden has consciously reduced its exposure to commercial properties in favour of public properties. Public sector bodies like central and local government are very creditworthy tenants and often have long rental contracts, which contribute to good rental revenue stability.

Rental contracts are also often very long in properties where private sector operators conduct publicly financed activities. Meanwhile, it should be noted that as a result of acquisitions and divestments in the year, Kungsleden has also been successful in increasing the average contract term in its commercial holding.

## VACANCIES

Changes in vacancy levels affect rental revenues quite quickly. At year-end 2007, vacancies in the total property holding were 5 (9) per cent of rental revenues, corresponding to a rent shortfall of SEK 143 (238) m. The reduced vacancies are mainly a result of Kungsleden working actively on letting existing properties in combination with acquired properties having lower vacancies than those divested.

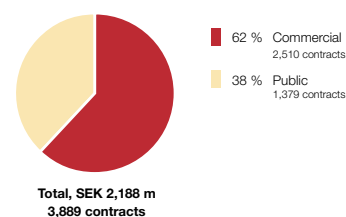
## DIVISION OF REVENUES

The figure below illustrates rental revenue maturity structures as of 31 December 2007 divided between commercial and public properties. The division shows the difference in rental contract terms between commercial and public properties and the lower risk associated with public bodies as tenants. 34 per cent of the rental revenues from public properties mature in 2018 or later.

The diversification of rental contracts across societal sectors also illustrates low operating risk. The following figure shows that 38 per cent of total rental revenues were attributable to public properties.

In 2007, the ten largest tenants represented 29 per cent of rental revenues, or SEK 623 m, divided between 257 rental contracts. Several of the largest tenants are in the public sector.

### Contracted annual rents, 31 December 2007

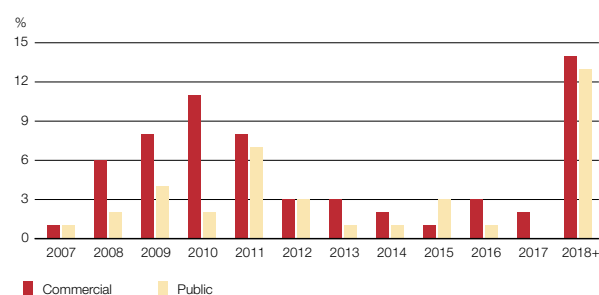


Excl. Germany and Nordic Modular

### Largest tenants

Tenant	Rental revenues, SEK m	Share of rental revenues, %	No. of contracts
ABB	118	5.4	4
Västra Götaland County Council	95	4.3	82
Municipality of Härmösand	94	4.3	77
Frigoscandia	80	3.7	12
Vittra	54	2.5	8
Attendo Care	52	2.4	31
Ö & B Överskottsbolaget AB	33	1.5	9
Municipality of Gävle	33	1.5	15
ICA Sverige AB	32	1.5	15
Papyrus Sverige AB	32	1.4	4
<b>Total</b>	<b>623</b>	<b>28.5</b>	<b>257</b>

### Rental revenue maturity structure





# Property portfolio – earnings capacity

The property yield of the property portfolio was 6.4 per cent at year-end, against 6.5 per cent in the previous year. The primary explanation for this variation lies in value changes on existing properties.

## EARNINGS CAPACITY

Kungsleden's business model focuses on the continuous enhancement of the property portfolio's composition and quality, with the objective of improving the portfolio's risk-adjusted returns. In practice, this means Kungsleden working very actively on property acquisitions and divestments. However, the high rate of transactions means that the property holding is in continuous change, and thus, that the Income Statement, which illustrates historical earnings for a specified period, does not provide the most accurate impression of the group's future earnings capacity.

By reviewing the group's earnings capacity, Kungsleden's wish is to help facilitate assessments of the group's future revenue and profits. Earnings capacity illustrates the appearance of the Income Statement as if the property holding as of 31 December 2007 had been held throughout 2007. Another aim is to illustrate how changes in the property holding affect various key figures.

## PROPERTY YIELD

Property yield is a central parameter for evaluating earnings capacity. It functions as a measure of profitability and also an indicator that Kungsleden is valuing its properties at a reasonable level, given the property portfolio the company is working with. As the table below indicates, property yield at year-end 2007 was 6.4 (6.5) per cent. The explanation for the development of the property yield can be divided into three components: property management, property trading and value changes.

- Property management affects earnings capacity positively if the same properties generate a higher property yield this year than in the previous year.
- Property trading affects earnings capacity positively if divested property yields are lower than, and acquired property yields are higher than, the portfolio average yield.
- Positive value changes exert downward pressure on the portfolio yield level.

## PROPERTY MANAGEMENT

The contribution of property management to the progress of earnings capacity is analysed by comparing properties that have been owned for the full year. Rent levels on comparable properties progressed positively in the year as a result of increased demand and active letting, while there were no negative tendencies in discounting and rental losses remained low. Vacancies could be isolated to a number of larger properties, mainly offices in major city regions and larger municipalities.

The contribution of property management to the progress of earnings capacity was negative, and reduced portfolio returns by –0.1 (–0.1) percentage points. This is mainly explained by increased maintenance costs, which in turn, are due to commitments relating to lettings and general needs for maintenance. However, operating costs were stable in the year.

### Earnings capacity, SEK m

	31 Dec. '07	SEK/sq.m.	31 Dec. '06	SEK/sq.m.
Rental revenues	2,366	775	2,236	761
Operating and maintenance costs	–662	–217	–660	–224
Property tax	–38	–12	–46	–16
Ground rent	–14	–4	–18	–6
<b>Operating net</b>	<b>1,653</b>	<b>542</b>	<b>1,512</b>	<b>515</b>
No. of properties	575		591	
Book value	25,737		23,106	
Property yield, %	6.4		6.5	
Economic occupancy, %	94.4		90.2	
Operating surplus margin, %	69.9		67.6	
Floor-space, 000 sq.m.	3,052		2,935	

### Property yield

	2007	2006
Property yield at 1 Jan., %	6.5	7.2
Change in property yield of the year		
– Acquisitions and divestments, %	0.6	0.2
– Management of properties owned for the full year, %	–0.1	–0.1
– Value changes, %	–0.6	–0.8
<b>Property yield at 31 Dec., %</b>	<b>6.4</b>	<b>6.5</b>

**PROPERTY TRADING**

Property trading in the year exerted a positive impact on the risk-adjusted returns of the property portfolio, because divested properties had lower risk-adjusted returns than the portfolio average, while acquired properties had higher risk-adjusted returns than the average.

Thus, property trading improved the property portfolio's yield by 0.6 (0.2) percentage points. Divested properties' yields in terms of sales price were 4.5 (5.7) per cent, indicating that the market is retaining good willingness to pay. The low property yield is also due to a portion of divested properties being development projects with low operating nets, while others were centrally located or maintenance costs were expensed before their sale.

The estimated property yield of properties acquired in the year was 7.3 (7.1) per cent. This yield can be considered positive against the background of acquisitions being conducted in a market where prices were still rising and required rates of return were declining.

**VALUE CHANGES**

The most significant factor underlying the development of property yields in 2007 is positive value changes on properties, which contributed to reducing portfolio property yields by 0.6 (0.8) percentage points.

The past year featured intense competition on the property market, resulting in rising property prices. The second half-year also featured increased interest rates, especially after the global financial market turbulence, with ensuing liquidity crisis in the banking sector. However, Kungsleden re-financed properties held in the year that had increased in value on good terms. During the year, increased competition and lower market required rates of return, mean it is particularly important to weigh risk against returns coincident with property acquisitions and divestments.

One effect of the positive value changes is that the mortgage ratio on properties declines, which can result in inefficient capital tied-up. An important part of the Kungsleden business model is to modify the property portfolio continuously to enhance capital efficiency and return on equity.

**MORE DETAIL ON EARNINGS CAPACITY**

The earnings capacity of the property holding by division, type and market area is published in table form on the following pages.

**Geographical division**

	Greater Stockholm	Öresund region	Greater Gothenburg	Other	Germany	Modular buildings	Total
No. of properties	103	81	37	342	12	0	575
Lettable floor-space, '000 sq.m.	513	440	217	1,623	49	210	3,052
Book value, SEK m	6,406	3,830	1,681	11,581	933	1,306	25,737
Rental value, SEK m	548	383	136	1,146	65	231	2,509
Rental revenues, SEK m	510	350	133	1,097	65	211	2,366
Operating net, SEK m	368	240	91	793	63	98	1,653
Economic occupancy, %	92.6	91.5	97.7	96.2	100.0	91.3	94.4
Property yield, %	5.8	6.3	5.4	6.8	6.8	7.5	6.4
Operating surplus margin, %	72.2	68.5	68.7	72.3	97.0	46.4	69.9

## Property portfolio – earnings capacity

### Earnings capacity by market area, group

	East	South	West	Central	North	Germany	Modular buildings	Total
No. of properties	188	149	109	31	86	12	0	575
Lettable floor-space, '000 sq.m.	896	738	549	295	315	49	210	3,052
Book value, SEK m	9,782	5,901	4,132	1,610	2,073	933	1,306	25,737
Rental value, SEK m	836	580	412	158	227	65	231	2,509
Rental revenues, SEK m	797	533	393	151	216	65	211	2,366
Operating net, SEK m	584	386	262	129	131	63	98	1,653
Economic occupancy, %	94.9	92.2	96.2	95.6	95.8	100.0	91.3	94.4
Property yield, %	6.0	6.5	6.4	8.0	6.3	6.8	7.5	6.4
Operating surplus margin, %	73.3	72.5	66.9	85.5	60.0	97.0	46.4	69.9

### Earnings capacity, Commercial Properties

<b>Offices</b>	East	South	West	Central	North	Germany	Modular buildings	Total
No. of properties	23	32	8	3	20			86
Lettable floor-space, '000 sq.m.	106	121	22	7	61			317
Book value, SEK m	932	1,084	221	40	361			2,638
Rental value, SEK m	104	127	20	5	44			300
Rental revenues, SEK m	89	106	19	5	40			259
Operating net, SEK m	54	67	12	3	28			164
Economic occupancy, %	88.6	85.5	94.3	96.9	91.0			88.2
Property yield, %	5.8	6.2	5.2	8.0	7.6			6.2
Operating surplus margin, %	60.8	63.2	62.1	67.4	67.7			63.1
<b>Industrial/warehouse</b>	East	South	West	Central	North	Germany	Modular buildings	Total
No. of properties	40	57	19	7	15			138
Lettable floor-space, '000 sq.m.	262	327	169	232	56			1,046
Book value, SEK m	1,506	1,999	997	965	267			5,734
Rental value, SEK m	138	166	77	107	25			513
Rental revenues, SEK m	137	154	75	100	24			490
Operating net, SEK m	104	134	62	89	14			403
Economic occupancy, %	99.4	93.3	98.8	93.8	98.3			96.1
Property yield, %	6.9	6.7	6.2	9.2	5.4			7.0
Operating surplus margin, %	76.6	87.2	81.6	89.1	58.9			82.4
<b>Retail</b>	East	South	West	Central	North	Germany	Modular buildings	Total
No. of properties	20	14	12	7	6			59
Lettable floor-space, '000 sq.m.	121	44	36	20	18			239
Book value, SEK m	812	316	330	214	115			1,787
Rental value, SEK m	95	31	29	15	11			181
Rental revenues, SEK m	75	30	28	15	11			159
Operating net, SEK m	52	22	21	13	8			116
Economic occupancy, %	78.5	97.8	97.8	98.7	97.9			87.8
Property yield, %	6.4	6.9	6.4	6.1	6.7			6.5
Operating surplus margin, %	69.9	71.8	75.4	86.3	71.2			72.9
<b>Other</b>	East	South	West	Central	North	Germany	Modular buildings	Total
No. of properties	3	6	3	6	2			20
Lettable floor-space, '000 sq.m.	13	16	0	3	1			33
Book value, SEK m	144	179	1	46	6			376
Rental value, SEK m	11	17	0	5	0			33
Rental revenues, SEK m	10	16	0	5	0			31
Operating net, SEK m	10	6	0	3	0			19
Economic occupancy, %	100.0	87.8	0.0	99.6	100.0			93.5
Property yield, %	6.6	3.2	-0.4	7.4	3.8			5.0
Operating surplus margin, %	92.5	36.6	0.0	69.8	55.4			60.5
<b>Total, Commercial Properties</b>	East	South	West	Central	North	Germany	Modular buildings	Total
No. of properties	86	109	42	23	43			303
Lettable floor-space, '000 sq.m.	502	508	227	262	136			1,635
Book value, SEK m	3,394	3,578	1,549	1,265	749			10,535
Rental value, SEK m	348	341	126	132	80			1,027
Rental revenues, SEK m	311	306	122	125	75			939
Operating net, SEK m	220	229	95	108	50			702
Economic occupancy, %	90.5	90.5	97.9	94.7	94.2			92.3
Property yield, %	6.5	6.4	6.1	8.6	6.6			6.7
Operating surplus margin, %	71.0	74.8	77.2	87.2	65.3			74.7

## Property portfolio – earnings capacity

### Earnings capacity, Public Properties

	East	South	West	Central	North	Germany	Modular buildings	Total
<b>Retirement homes</b>								
No. of properties	52	25	14	2	8			101
Lettable floor-space, '000 sq.m.	270	84	83	14	40			491
Book value, SEK m	4,345	1,314	779	163	380			6,981
Rental value, SEK m	314	113	75	10	35			547
Rental revenues, SEK m	321	110	73	10	33			547
Operating net, SEK m	236	81	43	8	22			390
Economic occupancy, %	99.8	98.3	98.2	100.0	100.0			99.3
Property yield, %	5.4	6.2	5.7	4.3	6.0			5.6
Operating surplus margin, %	73.1	75.1	61.0	69.0	65.4			71.3
<b>Care</b>								
No. of properties	22	4	39	2	10			77
Lettable floor-space, '000 sq.m.	60	77	151	8	31			327
Book value, SEK m	726	560	1,167	63	310			2,826
Rental value, SEK m	74	70	141	6	32			323
Rental revenues, SEK m	65	68	134	6	32			305
Operating net, SEK m	46	40	80	4	21			191
Economic occupancy, %	88.4	93.9	94.8	100.0	99.6			93.7
Property yield, %	6.3	7.2	6.8	7.0	6.8			6.8
Operating surplus margin, %	71.1	58.7	59.4	74.1	65.2			62.6
<b>Schools</b>								
No. of properties	28	9	14	4	25			80
Lettable floor-space, '000 sq.m.	64	69	88	11	108			340
Book value, SEK m	1,317	445	637	119	634			3,152
Rental value, SEK m	100	56	70	10	80			316
Rental revenues, SEK m	100	49	64	10	76			299
Operating net, SEK m	82	36	44	9	38			209
Economic occupancy, %	99.5	87.6	94.1	100.0	94.2			94.8
Property yield, %	6.3	8.0	7.0	7.2	6.0			6.6
Operating surplus margin, %	82.7	71.8	69.5	87.7	50.0			70.0
<b>Other</b>								
No. of properties		2						2
Lettable floor-space, '000 sq.m.		0						0
Book value, SEK m		4						4
Rental value, SEK m		0						0
Rental revenues, SEK m		0						0
Operating net, SEK m		0						0
Economic occupancy, %		0.0						0.0
Property yield, %		0.6						0.6
Operating surplus margin, %		71.1						71.1
<b>Total, Public Properties</b>								
No. of properties	102	40	67	8	43			260
Lettable floor-space, '000 sq.m.	394	230	322	33	179			1,158
Book value, SEK m	6,388	2,323	2,583	345	1,324			12,963
Rental value, SEK m	488	239	286	26	147			1,186
Rental revenues, SEK m	486	227	271	26	141			1,151
Operating net, SEK m	364	157	167	21	81			790
Economic occupancy, %	98.0	94.5	95.5	100.0	96.7			96.6
Property yield, %	5.7	6.8	6.5	5.8	6.2			6.1
Operating surplus margin, %	74.8	69.4	62.2	77.2	57.2			68.7

### Earnings capacity, Retirement Homes Germany

	East	South	West	Central	North	Germany	Modular buildings	Total
<b>Retirement homes</b>								
No. of properties						12		12
Lettable floor-space, '000 sq.m.						49		49
Book value, SEK m						933		933
Rental value, SEK m						65		65
Rental revenues, SEK m						65		65
Operating net, SEK m						63		63
Economic occupancy, %						100.0		100.0
Property yield, %						6.8		6.8
Operating surplus margin, %						97.0		97.0

### Earnings capacity, Nordic Modular

	East	South	West	Central	North	Germany	Modular buildings	Total
<b>Modular buildings</b>								
No. of properties							0	0
Lettable floor-space, '000 sq.m.							210	210
Book value, SEK m							1,306	1,306
Rental value, SEK m							231	231
Rental revenues, SEK m							211	211
Operating net, SEK m							98	98
Economic occupancy, %							91.3	91.3
Property yield, %							7.5	7.5
Operating surplus margin, %							46.4	46.4

# Financing and financial risks

Kungsleden bases its business model on properties being financed with shareholders' equity and external borrowings, so that returns on invested capital are stable and at the desired level. This also means that operations are exposed to various forms of financial risk. To manage, and to some extent exploit, these risks, the company utilises a Financial Policy, approved by the Board of Directors.

## FINANCING AND RISK MANAGEMENT

Financial risks are the risks of fluctuations in the company's profits and cash flow resulting from changes in market interest rates, re-financing and credit risks, and exchange rates. The group's financial policy for managing financial risks has been prepared by the Board and provides a framework of guidelines and rules, expressed as risk mandates and limits for financing operations. Responsibility for the group's financial transactions and risks is managed centrally by the group's Finance function.

The overall objectives of the Finance function are:

- To ensure the long and short-term access to capital;
- To adapt Kungsleden's funding strategy according to the company's operations in order for a sustainable and stable capital structure to be achieved and maintained;
- To achieve the optimal net financial position within established limits for risk exposure.

### Financial risks

Interest risk is defined as the risk of a profit and cash flow impact of a change in market interest rates.

Funding risk is defined as the risk of funding not being forthcoming, or only available on unfavourable terms. Credit risk is defined as the risk that a counterparty does not fulfil all or parts of its commitment. Counterparty risk is in swap agreements and investments of surplus liquidity.

Liquidity risk is defined as the risk of not having access to liquid funds or unutilised credits to satisfy payment commitments.

### Loan financing

Kungsleden's properties are financed with shareholders' equity and external borrowings. Kungsleden's loan portfolio is based on loan agreements with banks

and a syndicated credit facility.

Kungsleden's policy stipulates the maximum share of the loan portfolio that may be held by a single lender. The policy also regulates the share of loans that may become due for re-financing within one year. The guidelines, combined with good advance planning, limit Kungsleden's re-financing risk.

Loan agreements are often signed with maturities of 5–7 years, which can be considered customary on the Swedish market for property credit. In these agreements, Kungsleden endeavours to secure short interest fixings to retain the greatest possible flexibility, and works with interest risk at an overall group level, and to minimize the cost of potential early closures of swaps. As of 1 January, Kungsleden had an average capital tie-up period of 3.1 years, and at year-end, 4.0 years.

### Interest fixing strategy

Kungsleden works with interest risk at an overall group level. The interest fixing strategy is expressed in maturity intervals and divergence intervals. Adjustments between short and long interest fixings are made on the basis of the state of the bond market, the company's capacity to cope with negative scenarios and the Board's view of risk. The Board determines intervals for the share of loan interest that should be fixed in various maturity intervals (1 year, 2–3 years, etc.) annually.

The desired risk level is achieved through interest swaps or interest caps. All the financial instruments Kungsleden trades in must be liquid, and the Finance function must maintain thorough knowledge of such instruments' function, risk and pricing.

An interest swap implies entering a contract with a predetermined duration, and swapping interest flows with a counterparty. For example, Kungsleden may pay for fixed interest and receive variable interest. An interest cap implies

entering a contract of a predetermined duration and, against payment, insuring that interest costs never exceed a predetermined level.

Interest swaps and interest caps are valued by comparison with similar instruments or discounted cash flows.

The average interest fixing period in 2007 was a maximum of two years. Late in the year, Kungsleden took a conscious decision to allow its interest fixings to become somewhat shorter, due to the substantial amortization that would occur in the loan portfolio when divesting properties to Orkla Finans.

### Liquidity

In its liquidity management, Kungsleden will endeavour to maintain the scale of its liquid financial assets to satisfy its needs for liquidity reserves only. Primarily, surplus liquidity will be used to redeem interest-bearing loans. Kungsleden also utilises an overdraft facility to maintain flexible cash management. At any time, Kungsleden's liquidity should correspond to at least three months' loan payments, including interest payments and loan re-arrangements.

### Currency risks

Currency risks consist mainly of the translation risk on foreign investments. Kungsleden's Finance Policy stipulates that properties denominated in foreign currency should be financed in that country's currency. If investments through shareholders' equity in foreign currencies exceed SEK 500 m, the Board will take a standpoint on currency hedging such capital on a yearly basis. When divestments are decided, at least 50 per cent of the expected surplus values will be currency hedged,

### Sensitivity analysis, interest rate changes

As of 31 December, SEK m	Impact on net financial position (12 mth.)
Average interest changes, +/-1 percentage point	206
Short yield (<6 months) changes, +/-1 percentage point	98

assuming that this is not re-invested in local currency.

Kungsleden's current investments have not implied any currency hedging in terms of translation risk, but only currency forwards for interest flows regarding internal reserves. Currency forwards imply the company entering a contract and fixing rates of exchange at a pre-determined time. As of 31 December 2007, Kungsleden had EUR-denominated currency forwards of SEK 24 (55) m.

Currency forwards are valued on the basis of discounted cash flows for the currency on the balance sheet date.

#### Credit risk

Credit risk mainly comprises the risk of a counterparty not fulfilling its payments of rent or sales proceeds. Historically, Kungsleden's rental losses have been low, and were SEK 9 (9) m in 2007.

Property divestments are not recognised until the buyer has fully arranged funding. No reversals or significant write-downs have been made due to this in recent years.

#### THE BOND MARKET IN 2007

The bond market in 2007 can be divided between periods before and after the turbulence on international credit markets. In August, problems with US sub-prime loans were revealed and affected yields for the rest of the year. The resulting turbulence triggered an international liquidity crisis in the banking sector, which also exerted a major impact on Sweden's banks. Focus lay on events on the interbank market, and pricing rose to exceptionally high levels in the final

months of the year. The spread between fixed and floating interest reduced in the year, and was completely eliminated by year-end. As of 1 January, three-month STIBOR was priced at 3.28 per cent, and closed 2007 at 4.67 per cent. The five-year swap rate opened the year at 4.16 percent and closed at 4.64 per cent. Spreads between floating and fixed rates narrowing at the end of cyclical upturns is normal, although the upturn in three-month STIBOR is unusually high depending on the liquidity crisis in the banking system.

The Riksbank largely chose to implement the interest rate rises promised, with its attentions on increased cost pressure. In 2008, the Riksbank is expected to strike a balance between managing rising domestic inflation and declining international demand.

#### FINANCING IN 2007

In 2007, the loan portfolio expanded due to the substantial acquisitions completed, and approximately half of the sales proceeds raised in the year had not been received before January 2008. At year-end, liabilities to credit institutions were SEK 21,067 m, SEK 8,286 m higher than on 1 January. The syndicated credit facility was re-arranged in May 2007 and runs until May 2012. A total of SEK 5,850 (3,775) m of this facility totalling SEK 6,000 m had been drawn down at year-end. Other financing is arranged through individual loan agreements. Kungsleden entered 20 (41) such loan agreements in 2007, for a total of SEK 7,723 (9,252) m. Redemption and amortization was SEK

10,558 m in 2007, of which individual loans were SEK 1,458 m.

#### Costs and revenue

Interest costs and changes in fair values of loans and derivatives burden the Income Statement. Interest costs amounted to SEK -730 (636) m in 2007. An expanded loan volume explains the increase and higher interest rates, while the redemption of the costly loans and re-financing and new financing at lower margins and interest exerted downward pressure. Value changes on financial derivatives were positive due to rising interest rates, and amounted to SEK 66 (276) m, of which SEK 72 (276) m related to the interest portfolio, and SEK -6 (0) m related to currency forwards.

#### Liquidity

As of 31 December 2007, disposable liquidity including un-utilised overdraft facilities and the un-utilised portion of the syndicated loan facility was SEK 1,244 (2,582) m.

#### Financial structure

As of 31 December 2007, the group's total assets were SEK 32,781 (24,262) m, with properties representing SEK 25,737 (23,106) m and sales proceeds receivables on divested properties being SEK 5,350 (32) m. The equity ratio was 28 (40) per cent, and after the settlement from Orkla Finans in January, amount to 32 per cent. The table below illustrates bank loans and interest derivatives as of 31 December 2007, and a sensitivity analysis for changes in market interest rates.

#### Interest fixing periods<sup>1</sup>

As of 31 December Interest maturity	Loan, SEK m	Proportion, %	Average interest, %
2008	15,613	74.0	4.89
2009	400	1.9	5.01
2010	900	4.3	6.41
2011	800	3.8	4.84
2012	1,200	5.7	4.20
2013	700	3.3	4.63
2014	700	3.3	4.21
2015	600	2.8	3.82
2016	200	0.9	4.06
<b>Total loans</b>	<b>21,113</b>	<b>100.0</b>	<b>4.8</b>
Derivatives	-46		
<b>Total</b>	<b>21,067</b>		

#### Loan maturity structure credits (including un-utilised credit facilities)

As of 31 December Year	Credits, SEK m	Proportion, %	Average conversion term, years
2008	1,448	6.7	
2009	1,021	4.7	
2010	1,960	9.0	
2011	2,418	11.1	
2012	14,148	65.1	
2013	728	3.4	
2014	0	0.0	
2015	0	0.0	
2016	0	0.0	
<b>Total credits</b>	<b>21,723</b>	<b>100.0</b>	<b>4.0</b>
Un-utilised credit facilities	-610		
<b>Total utilised credit facilities</b>	<b>21,113</b>		

<sup>1</sup> Interest fixing periods are after considering the group's interest swaps.

# Environmental activities

Proceeding from the company's environmental policy, Kungsleden works to reduce the environmental impact from property acquisitions and management, with the aim of realizing the company's vision: by means of skilled entrepreneurship and a high level of expertise, Kungsleden will become Sweden's most profitable and successful property company.

Kungsleden's business concept is to own and manage properties with high and stable long-term returns. Returns are more important than property type or geographical location. High and stable returns are generated by owning properties that provide good returns in relation to their risk. In the transaction-intensive business Kungsleden conducts, it is important to manage environmental risk so that environmental losses in the property portfolio can be avoided as far as possible. Accordingly, environmental activities are a self-evident part of the business concept.

Kungsleden endeavours to achieve constant improvements to reduce its environmental risks and adverse environmental impact by offering the best possible technology and long-term sustainable properties from an environmental perspective, at the rate and extent that tenants demand.

Simultaneous with minimizing the hazardous environmental impact of its operations, Kungsleden will satisfy the requirements of quality, competitiveness and a positive working environment. The success factors for environmental activities are the knowledge and commitment of all employees, and an ambition to continuously gather and disseminate knowledge in the environmental segment.

## ENVIRONMENTAL ACTIVITIES IN 2007

In 2007, Kungsleden continued its efforts towards established environmental objectives:

- Work on minimizing energy consumption continued. The exchange of energy sources for more environmental heating systems began.

- The initiative on environmental issues was intensified by appointing an environmental manager.
- Environmental risks were identified coincident with property acquisitions and divestments.

## ENVIRONMENTAL OBJECTIVES FOR THE PERIOD 2008-2010

Kungsleden's environmental activities and objectives are focused on minimizing the environmental burden the company may cause, through the commitment and knowledge of its employees. As part of its consistent environmental activities, Kungsleden has formulated a number of overall objectives for its operations by 2010. In this period Kungsleden will:

1. Prepare energy declarations for affected properties.
2. Continue its work on minimizing energy consumption.
3. Increase its interaction with tenants on environmental issues.
4. Develop new working routines to map and audit potential environmental damage.
5. Conduct auditing of properties at risk of PCBs and prepare decontamination plans.
6. Increase employee knowledge of Kungsleden's environmental impact and environmental legislation.

# Five-year summary

## Summary Income Statement

SEK m	IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004	2003 <sup>1</sup>
Rental revenue	2,324	2,349	1,845	1,429	1,306
Sales revenue, modular buildings	288				
<b>Net sales</b>	<b>2,612</b>	<b>2,349</b>	<b>1,845</b>	<b>1,429</b>	<b>1,306</b>
Property costs	-653	-821	-541	-412	-388
Production costs, modular buildings	-254				
<b>Gross profit</b>	<b>1,705</b>	<b>1,528</b>	<b>1,304</b>	<b>1,017</b>	<b>918</b>
<b>Property trading</b>					
Sales revenues, net	9,475	12,258	2,917	2,704	1,323
Book value					
Acquisition value	-8,010	-9,887	-2,514	-2,520	-1,159
Realised value changes	-885	-1,518	-85	-117	
	<b>-8,895</b>	<b>-11,405</b>	<b>-2,599</b>	<b>-2,637</b>	<b>-1,159</b>
<b>Trading net</b>	<b>580</b>	<b>853</b>	<b>318</b>	<b>67</b>	<b>164</b>
<b>Sales and administration costs</b>	<b>-316</b>	<b>-246</b>	<b>-152</b>	<b>-139</b>	<b>-119</b>
<b>Net financial position</b>	<b>-720</b>	<b>-681</b>	<b>-546</b>	<b>-456</b>	<b>-433</b>
<b>Unrealised value changes</b>	<b>1,372</b>	<b>2,120</b>	<b>1,191</b>	<b>10</b>	<b>-45</b>
<b>Profit before tax</b>	<b>2,621</b>	<b>3,575</b>	<b>2,116</b>	<b>499</b>	<b>485</b>
<b>Tax</b>	<b>-221</b>	<b>-1</b>	<b>-129</b>	<b>377</b>	<b>260</b>
<b>Net profit for the year</b>	<b>2,400</b>	<b>3,574</b>	<b>1,987</b>	<b>876</b>	<b>745</b>

## Summary Balance Sheet

SEK m	IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004	2003 <sup>1</sup>
<b>ASSETS</b>					
Properties	25,737	23,106	25,750	13,452	12,343
Receivables, etc	6,410	1,049	1,556	994	562
Liquid assets	634	107	164	68	4
<b>TOTAL ASSETS</b>	<b>32,781</b>	<b>24,262</b>	<b>27,470</b>	<b>14,514</b>	<b>12,909</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
Shareholders' equity	9,040	9,700	6,649	3,954	2,828
Interest-bearing liabilities	21,068	12,781	18,004	9,832	9,480
Operating liabilities, etc.	2,673	1,781	2,817	728	601
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>32,781</b>	<b>24,262</b>	<b>27,470</b>	<b>14,514</b>	<b>12,909</b>

<sup>1</sup> 2003 prepared on the basis of RR's (Redovisningsrådet, the Swedish Financial Accounting Standards Council) recommendations, and not IFRS as other comparative years. In 2003, unrealised value changes correspond to depreciation, amortization and write-downs.



## Five-year summary

### Key figures

SEK m	IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004	2003
<b>Property-related</b>					
<i>Earnings capacity</i>					
Property yield, %	6.4	6.5	7.2	7.8	8.3
Economic occupancy, %	94.4	90.2	90.0	93.7	93.9
Operating surplus margin, %	69.9	67.0	67.4	72.7	73.1
<i>Actuals</i>					
Property yield, %	6.8	6.3	6.7	7.6	8.2
Economic occupancy, %	91.9	89.5	91.4	93.2	93.3
Operating surplus margin, %	73.4	65.1	70.7	71.2	70.3
Market value of properties	25,737	23,106	25,750	13,452	13,291
Book value of properties	25,737	23,106	25,750	13,452	12,336
<b>Financial</b>					
Return on total capital, %	6.9	8.3	7.0	6.7	8.3
Return on equity, %	25.6	43.7	37.5	24.1	29.0
Interest coverage, multiple	2.7	3.1	2.7	2.1	2.2
Equity ratio, %	27.6	40.0	24.2	27.2	21.9
Proportion of risk-bearing capital, %	27.7	38.2	22.7	24.9	20.6
Gearing, multiple	2.3	1.3	2.7	2.5	3.4
Mortgage ratio, %	81.9	55.3	69.9	73.1	76.8
Adjusted equity	7,948	8,199	6,149	3,670	2,581
<b>Investments</b>					
Investments in machinery and equipment, net	15.4	-1.0	-7.4	-1.8	-1.3
<b>Employees</b>					
No. of employees at year-end	384	137	213	83	90
<b>Data per share</b>					
Share price, SEK <sup>1</sup>	72.00	105.00	77.00	42.00	32.00
Beta value	0.29	1.09	0.57	0.31	0.05
Dividend/share redemption, SEK <sup>1</sup>	22.50	11.00	3.67	2.50	2.17
Total yield, %	-14.6	41.7	88.9	36.8	41.4
Dividend yield, %	38.8	4.8	5.6	6.7	8.3
P/E ratio, multiple	5.2	4.9	4.2	2.6	4.9
P/CE ratio, multiple	7.2	3.6	3.8	5.2	4.1
Gross profit, SEK <sup>1</sup>	12.50	11.20	10.50	8.40	4.00
Profit, SEK <sup>1</sup>	17.60	26.20	16.00	7.20	6.50
Cash flow from operating activities, SEK <sup>1</sup>	14.80	21.30	8.10	4.80	5.90
Shareholders' equity, SEK <sup>1</sup>	66.20	71.10	48.70	34.80	24.90
Property book value, SEK <sup>1</sup>	188.50	169.30	188.60	118.30	108.40
No. of shares at year-end <sup>1</sup>	136,502,064	136,502,064	136,502,064	121,290,351	113,751,720
Average number of shares in the year <sup>1</sup>	136,502,064	136,502,064	123,846,384	113,751,720	113,751,720

<sup>1</sup> These key figures have been adjusted for 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.

For definitions, see page 64.

# The share

Compared to the closing price at year-end 2006, of SEK 105, Kungsliden's share price fell by 31 per cent in 2007. The share generated total returns of -15 per cent. In the same period, the SIX Return Index generated total returns of -3 per cent. A 2:1 split was conducted in 2007 as part of the company's decision on an automatic share redemption process. The number of shares was restored at year-end.

## MARKET CAPITALISATION AND TURNOVER

Kungsliden's share has been quoted on the Stockholm Stock Exchange since 14 April 1999. The closing price on 30 December 2007 was SEK 72, equivalent to market capitalization of SEK 9,828 m. A total of 226.8 million shares were traded, equal to 166 per cent of the total number of outstanding shares. The year low and high were SEK 66.00 and SEK 140.50 respectively. Against the closing price at year-end 2006 of SEK 105.00, the share price fell by 31 per cent. Dividends paid and share redemptions were SEK 22.50, implying a total yield of -14.6 per cent. Average total yields over the last five years have been 38.8 per cent. In 2007, the CREX (Carnegie Real Estate Index) declined by 29 per cent, while the OMX Stockholm fell by 6 per cent.

## SHARE CAPITAL

At year-end, Kungsliden's share capital was SEK 56,875,860 divided between 136,502,064 shares, each with a quotient value of SEK 0.42. Each share has one vote and confers equal rights to participation in the company's assets and profits. The number of outstanding shares temporarily increased in the year due to a 2:1 split, which was part of the

company's decision on an automatic share redemption process. The number of shares was restored at year-end to 136,502,064. The redemption amount was SEK 11.50 per redemption share.

## SHAREHOLDERS

Kungsliden had some 23,900 shareholders as of 31 December 2007, an 18 per cent increase on the previous year. At the time of its IPO, it had approximately 1,700 shareholders. At year-end, the ten largest shareholders controlled 13.6 per cent of the capital and votes. Private investors constituted 47 per cent of the total, and foreign owners 33.0 per cent.

## DIVIDEND POLICY

The Board of Directors' ambition is to maintain stable dividends, with a high pay-out ratio. This policy stipulates dividends of at least 50 per cent of profits for calculating dividends. This profit measure corresponds to the Cash Flow Statement item cash flow from operating activities. For the financial year 2007, the Board is proposing dividends of SEK 8 per share, equivalent to a dividend yield of 11.1 per cent in terms of the closing price at year-end 2007.

## ANALYST MONITORING

The following financial analysts monitor Kungsliden on an ongoing basis:

Bernd Stahli, Merrill Lynch London  
+44 (0)207 996 1205

Tobias Kaj, Handelsbanken  
+46 (0)8 701 8016

Jonas Andersson, ABG Sundal Collier  
+46 (0)8 566 28600

Daniel Andebring/Erik Nyman, Kaupthing Bank  
+46 (0)8 791 4800

Fredrik Skoglund, Carnegie  
+46 (0)8 676 8800

Andreas Daag, Swedbank Markets  
+46 (0)8 585 90000

Olof Nyström, Hagströmer & Qviberg  
+46 (0)8 696 1700

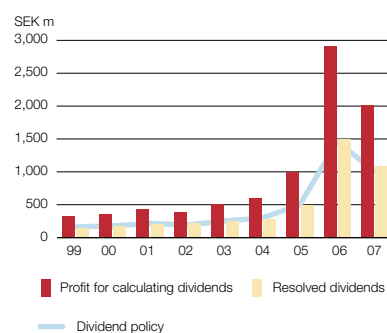
Hans Derninger, Deutsche Bank  
+46 (0)8 463 5515

Bengt Claesson, SEB/Enskilda  
+46 (0)8 522 29500

## Shareholders

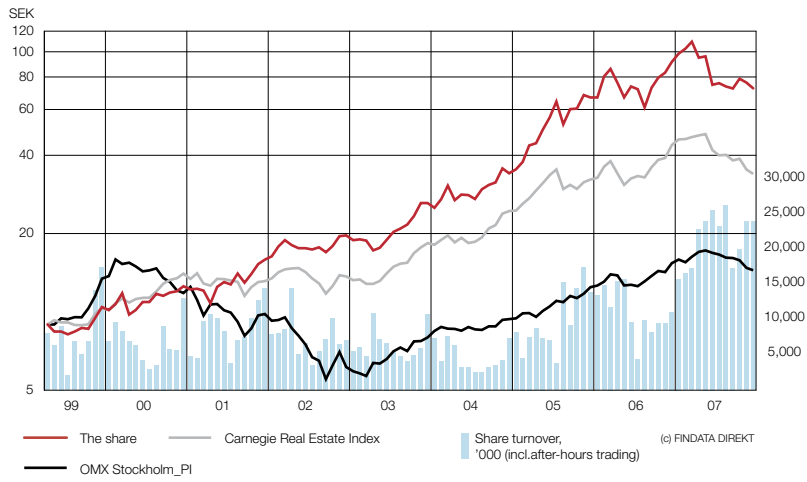
As of 31 December	No. of shares	% of vote and equity
Florén Olle and companies	2,860,000	2.1
Swedbank Robur mutual funds	2,631,250	1.9
DFA mutual funds (USA)	2,276,693	1.7
Kåpan Pensioner	2,149,560	1.6
SEB mutual funds	1,875,278	1.4
Second AP (National Pension Insurance) Fund	1,854,350	1.4
SHB/SPP mutual funds	1,801,346	1.3
AMF Pension	1,050,000	0.8
Crafoord Foundation	963,000	0.7
Swedish Red Cross	922,640	0.7
<b>Total, 10 largest shareholders</b>	<b>18,384,117</b>	<b>13.6</b>
Board and Management	536,090	0.4
Foreign shareholders, other	42,719,280	31.3
Other shareholders	74,862,577	54.7
<b>Total</b>	<b>136,502,064</b>	<b>100.0</b>

## Profit for calculating dividends, 1999-2007

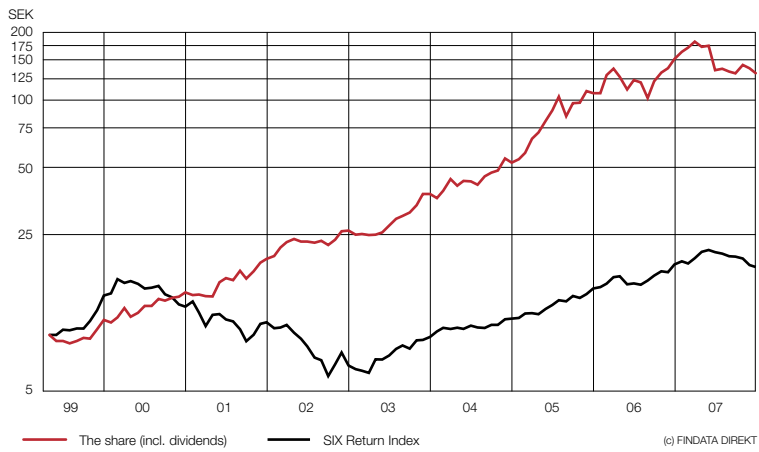


## The share

### The share



### Total yield



**Linda Eriksson**, Finance Manager

**What do you think makes Kungsleden different from other property companies?**

I think we've got a clear business concept, which makes it easy to work. I also think we're good at taking decisions and making things happen.

**What's your view of modular buildings as a new segment within Kungsleden?**

I think it's evidence that we can think outside the box to find good deals. I think it's a fun segment, and there are good opportunities for synergies with our public side.

**Why do you think Kungsleden is so good at doing deals?**

Good people – nothing else.

**What do you think Kungsleden could get better at?**

We could be better at environmental issues, big and small. I think that we could do more as a company, while as individuals, we could also take more responsibility for sustainable development.

**Tommy Andersson**, Technical Manager

**Kungsleden is now a major public sector landlord. What's your view of this?**

I think it emphasises our professionalism and long-term approach, which gives us credibility.

**What do you think Kungsleden's recipe for success is?**

A combination of intelligent transactions and good management, with a close-knit team with commitment to, and trust in, their employer.

**How would you describe 'the Kungsleden spirit'?**

The clearest thing for me is camaraderie, with colleagues at care for, cheer up and support each other.



# Corporate governance

Kungsleden AB (publ), corporate identity number 556545-1217, is a quoted property company. The property holding comprised 575 properties with a book value of approximately SEK 25.7 bn as of 31 December 2007. These properties were located in a total of 134 Swedish municipalities. The company has been quoted on the OMX Nordic Exchange in Stockholm since 14 April 1999.

## ADOPTION OF THE SWEDISH CORPORATE GOVERNANCE CODE

Kungsleden adopted the Swedish Corporate Governance Code ("the Code") on 1 July 2005 and has prepared this corporate governance report as part of its adoption of the Code.

The corporate governance report reviews how Kungsleden observed the Code in the financial year. There were no instances of non-compliance with individual Code stipulations. Readers should note that the report has not been reviewed by the company's auditors.

## Shareholders' Meetings

The Annual General Meeting for the financial year 2006 was held on 18 April 2007. The AGM approved the introduction of a performance-related staff stock option plan for key employees of the Kungsleden group. Granting, which depended on the Kungsleden group's profit for calculating dividends for the financial year 2007, resulted in 25 key staff of the Kungsleden group being offered the opportunity to acquire 249,000 shares in the company. The maximum term of the staff stock options is four years from the grant date, and accordingly, will become invalid on 31 March 2012. The staff stock options can be used to acquire shares from 1 June 2010 until 31 March 2012 (both dates inclusive) providing employees remain employed by the group. After re-statement due to a share redemption conducted, the exercise price is SEK 113.34. Because the staff stock option plan has limited scope, it implies only a marginal dilution effect. The cost of the plan as of 1 March 2008 was approximately SEK 50,000. More detailed information on the incentive scheme is available on Kungsleden's website: [www.kungsleden.se](http://www.kungsleden.se)

An Extraordinary General Meeting (EGM) on 19 November 2007 resolved on an automatic share redemption procedure. This redemption procedure

means that each share was divided into two shares, whereupon one share was redeemed for SEK 11.50, resulting in SEK 1,570 m being disbursed to shareholders. The payments were effected on 20 December 2007. The EGM also resolved on a bonus issue resulting in the parent company's share capital increasing by approximately SEK 28.5 m, and a transfer of the parent company's statutory reserve of about SEK 2,064 m to non-restricted reserves. The minutes of the AGM and EGM are available on Kungsleden's website.

The AGM for the financial year 2007 will be held at Hotel Rival, Mariatorget 3, Stockholm, Sweden on 17 April 2008. For more information on the AGM, please refer to the last page of this Annual Report and Kungsleden's website.

## Proceedings at shareholders' meetings

Considering Kungsleden's shareholders and economic viability, the Board of Directors cannot justify offering shareholders the opportunity to participate at shareholders' meetings remotely, nor offering simultaneous interpretation of shareholders' meetings or translations of the material presented at the AGM. The notice convening the AGM will be available in English, while other material for the AGM will only be produced in Swedish. After conducting the Meeting, an audiovisual recording of the Chief Executive's statement, and minutes from the Meeting, will be available at Kungsleden's website.

## NOMINATION PROCESS

The AGM 2007 adopted new instructions for the Election Committee's activities, stipulating that the Election Committee would comprise a minimum of three and a maximum of five members including the Chairman of the Board. Three other members would represent the shareholders, who as of 31 January each year, are among the largest shareholders in terms of voting rights, and who also wish to participate in Election Committee activities. The members are elected at the AGM for the period until the next AGM inclusive. The Election Committee's tasks include preparing and submitting proposals to the AGM regarding the Board composition, Directors' and auditors' fees, and when applicable, appointment of auditors.

## Election Committee

The AGM 2007 elected KG Lindvall (Election Committee Chairman, representing Swedbank Robur Fonder), Gunnar Balsvik (representing Kåpan Pensioner Försäkringsförening), Charlotta Wikström (representing Olle Florén and companies) and Chairman of the Board Bengt Kjell as members of the Election Committee. The Election Committee appointed Kungsleden's Company Lawyer Åke Theblin as its secretary. A statement of the Election Committee's activities has been uploaded to Kungsleden's website.

## Attendance at Board and Committee meetings in 2007

	Board of Directors		Audit Committee		Remuneration	
No. of meetings, total	26		2		2	
Bengt Kjell	x	o 26			x	o 2
Mats Israelsson	x	25			x	2
Jonas Nyrén	x	24	x	o 2		
Anna Weiner Jiffer	x	25	x	2		
Per-Anders Ovin	x	24	x	2		
Jan Nygren	x	23	x	2		
Thomas Erséus <sup>1</sup>	x	17				
Jens Engwall	x	24				
<b>Average attendance, %</b>	<b>95</b>					

x – Member of Board/Committee o – Chairman of Board/Committee  
<sup>1</sup> Elected at AGM 2007

## BOARD OF DIRECTORS

The parent company's current Articles of Association stipulate the company's Board of Directors comprising a minimum of three and a maximum of eight members with a maximum of two deputies. The Board members and deputies are elected annually at the AGM for the period until the end of the next AGM. The AGM in 2007 increased the number of Board members to eight, as the incumbent Board of Directors was re-elected and the company's Chief Executive Thomas Erséus was elected as a Board member. No deputies were elected.

### Board activities and procedural rules

Board activities conform to the procedural rules adopted, and the instructions issued regarding the division of responsibility between the Board of Directors and Chief Executive, and the forms for financial reporting to the Board. The

Board must meet a minimum of six times annually, with each meeting following an approved agenda. Decision-support data for each proposal on the agenda was sent to each Board member in advance. The procedural rules also stipulate that the Board ensures that Kungsliden's auditors personally attend at least one Board meeting per year, presenting their observations from their audit, and their evaluation of the company's internal controls.

### Board composition

The Board comprises eight members. Bengt Kjell was elected Chairman of the Board at the AGM 2007. The Board has been composed to actively and efficiently support the management in Kungsliden's development. Moreover, the Board will observe and monitor operations. Accordingly, skills and experience of segments including the property sector, finance, business

development and capital market issues are particularly important in the Board. Pursuant to the definitions of the Code, three members are not independent: Mats Israelsson, due to being a Board member for over 12 years, Jens Engwall, due to having been Kungsliden's Chief Executive for the last five years and Thomas Erséus, due to him being the company's current Chief Executive. Other members are independent of Kungsliden, the corporate management and major shareholders.

### Board activities in 2007

In 2007, the Board met on nine occasions, all in Stockholm. Per capsulam meetings were held on 17 occasions coincident with acquisition, divestment and funding issues. The attendance of each Board member is stated in the table on the preceding page. The Board considered issues including Kungsliden's strategy, objectives,

## BOARD OF DIRECTORS

**Mats Israelsson.** Board member. Born in 1940, B.Sc. (Eng.) Elected to the Board in 1993. Main employment: independent director. Other assignments: Chairman of Forsen Projekt AB and Culmen AB. Board member of Atrium Ljungberg AB, Akademiska Hus i Stockholm AB and Veidekke Bostad AB. Kungsliden shareholding: 28,800.

**Per-Anders Ovin.** Board member. Born in 1956, B.Sc. (Econ.) from the Stockholm School of Economics. Elected to the Board in 2003. Main employment: self-employed. Other assignments: Chairman of Mengus Stockholm AB, Board member of Catella Capital AB and EDX Ltd. Kungsliden shareholding: 0.

**Jens Engwall.** Board member. Born in 1956, B.Sc. (Eng.). Elected to the Board in 2006. Main employment: self-employed. Other assignments: Board member of Vasallen AB, Fast-Partner AB, Tengbomgruppen AB, Ruric AB, North European Properties Ltd., Cheng de Intressenter AB, Runsengruppen AB, Catella Financial Advisory AB, Bonnier Cityfastigheter and Reinhold Polska AB. Kungsliden shareholding: 150,000.

**Anna Weiner Jiffer.** Board member. Born in 1971, B.Sc. (Eng.) Elected to the Board in 2003. Main employment: independent consultant. Other assignments: Board member of Railcare Group AB, Ellen AB and Modul 1 Data. Kungsliden shareholding: 1,200.

**Bengt Kjell.** Chairman of the Board. Born in 1954, B.Sc. (Econ.) from the Stockholm School of Economics. Elected to the Board in 1996. Main employment: Deputy Chief Executive, AB Industrivärden. Other assignments: Chairman of Indutrade AB, Board member of Höganäs AB, Isaberg Rapid AB, Munters AB, Pandox AB and Helsingborgs Dagblad. Kungsliden shareholding: 40,000.

**Thomas Erséus.** Board member and Chief Executive. Elected to the Board in 2007. See page 37.

**Jonas Nyrén.** Board member. Born in 1951, B.Sc. (Econ.) from the Stockholm School of Economics. Elected to the Board in 2001. Main employment: Chief Executive of Bonnier Holding and Albert Bonnier AB. Other assignments: Board member of SkandiaBanken AB, Bisnode AB and a number of Bonnier group companies. Kungsliden shareholding: 22,050.

**Jan Nygren.** Board member. Born in 1950, senior high school graduate. Elected to the Board in 2006. Main employment: independent consultant. Other assignments: Chairman of ISAK Information AB and Prime-Key Solution AB, Board member of GE Moneybank, E.ON Sverige AB, the Industrial Liaisons Council of the Swedish Emergency Management Agency and Tiohundra AB. Chairman of the Swedish High Command's advisory board on societal contacts. Kungsliden shareholding: 600.



The above information for shareholdings is as of 31 December 2007, and includes holdings through companies and related parties.

business plan, markets, external reporting, property acquisitions and divestments, investments in existing properties, raising loans and other funding issues, preparing sales mandates, incentive schemes and share redemptions. Both Deputy Chief Executives, and the Company Lawyer, who also is the Board secretary, also attended Board meetings.

#### Directors' fees

Fees are payable to the Board pursuant to AGM resolution. Subject to proposals from the Election Committee, the Meeting also resolves on the division of fees between the Chairman and Board members. No fees are payable to Board members employed by Kungsleden. The AGM 2007 resolved on fees to ordinary members of SEK 200,000 annually and fees of SEK 400,000 annually to the Chairman of the Board. The AGM also

resolved on fees to members of the Remuneration Committee of SEK 20,000 annually, fees of SEK 40,000 annually to the Chairman of the Audit Committee and fees of SEK 20,000 annually to members of the Audit Committee.

#### BOARD COMMITTEES

The Board has inaugurated two internal committees, a Remuneration Committee and an Audit Committee, responsible for preparing issues in their relevant areas of responsibility.

#### Remuneration Committee

The Board meeting following election in April 2007 appointed a Remuneration Committee comprising Bengt Kjell and Mats Israelsson. This Committee submits proposals to the Board regarding the Chief Executive's employment terms, the terms for staff that report directly to the Chief Executive and

principle issues relating to pensions, salaries, redundancy pay, fees and benefits.

#### Audit Committee

The Board meeting following election in April 2007 appointed an Audit Committee comprising Jan Nygren, Jonas Nyrén, Per-Anders Ovin and Anna Weiner Jiffer. Jonas Nyrén was Chairman of the Audit Committee. The purpose of the Audit Committee is to provide a dedicated forum for accounting and audit issues. The Audit Committee's areas of responsibility include Kungsleden's internal monitoring and control systems, and quality-assuring external financial reporting. The Committee held two meetings in 2007. Kungsleden's auditors and representatives of the company attended both meetings.



#### INTERNAL CONTROLS

Pursuant to the Swedish Companies Act and the Code, the Board is responsible for internal controls. This report has been prepared pursuant to section 3.7.2 and 3.7.3 of the Code, and is thus confined to internal control of financial reporting.

The control environment the Board and management continually utilizes forms the foundation of internal controls, although decision-paths, authority and responsibility delegated and communicated within the organisation are also important. Kungsleden works continuously and actively on mapping, evaluating and managing the risks the company is exposed to in its operations. Kungsleden is a process-oriented company, and integrates risk assessment routines into

its essential business processes. The risks identified relating to financial reporting are managed through the company's control structure encompassing business controls and business planning processes including supporting IT systems. Examples of control documents are the tools for monitoring operations developed and used both as preparations ahead of property acquisitions and divestments, and for overall monitoring of operations, and as support in valuations.

Kungsleden has designed its internal controls so that it conducts expedient control activities at an overall level (such as ongoing profit analysis on the basis of operational and legal group structures and analysis of key figures) and

more routine and system-oriented controls such as reconciliation, and certification and similar controls intended to prevent, discover and rectify errors and exceptions. Control activities have been designed to manage the essential risks associated with financial reporting.

The Board of Directors receives ongoing financial reporting and each scheduled Board meeting considers the group's financial position. The company's auditors also personally report their observations from their audit, and their evaluation of internal controls, each year.

On assignment from the Board, the management is conducting a project to document the internal control of financial reporting in the company. Kungsleden has no internal audit function. At present,

#### GROUP MANAGEMENT

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internal controls are considered satisfactory and expedient for an organisation of Kungsliden's size. No indication that internal controls are insufficient has arisen, and accordingly, the Board and management do not see any need for an internal audit function.

#### AUDITORS

The AGM 2007, appointed Authorised Public Accountant Björn Flink from KPMG Bohlins AB as the parent company's auditor for the period until the AGM 2011 inclusive. Björn Flink was previously deputy auditor. Authorised Public Accountant Georg Pettersson from KPMG Bohlins AB was appointed deputy auditor for the period until the AGM 2011 inclusive. In addition to auditing, over the past three years,

KPMG has also provided other services, mainly tax advisory services. Fees are payable on approved account. In 2007, audit fees were SEK 5.2 m for the group.

#### GROUP MANAGEMENT

The group management comprises the Chief Executive, the Deputy Chief Executive/Chief Financial Officer, the Deputy Chief Executive/Business Development & Strategy, the Divisional Managers, the HR & Corporate Communications Manager and the Senior Company Lawyer.

#### Remuneration to the group management

Pursuant to the principles adopted at the AGM 2007 for remuneration and other employment terms for Kungsliden's senior executives,

remuneration to the group management consists of basic salary, performance-related pay, other benefits and pension. Similar guidelines resolved in 2007 will be proposed at the AGM 2008. A review of the principles of remuneration to the Board and group management and the scale of remuneration payable in 2007 is stated in Notes 6 and 7 of the Annual Report. Note 7 also provides information on the terms of bonus agreements. The group management is eligible for the performance-related staff stock option plan approved by the AGM 2007. 25,000 staff stock options were granted to the Chief Executive and each of the Deputy Chief Executives in 2008, and 12,000 staff stock options to each of the other senior executives that are members of the group management.



**Albrecht von Malortie.** Divisional Manager, Retirement homes Germany. Born in 1962, B.Sc. (Econ.), the University of Lund. Kungsliden employee since March 2007. Previous experience: CEO of Skanska's German operations, property consultant, Dresdner. Kungsliden shareholding: 0.

**Eskil Lindnér.** Divisional Manager, Commercial Properties. Born in 1959, B.Sc. (Eng.) from the University of Technology, Lund. Kungsliden employee since 1999, has been in current position since 2006. Previous experience: Property Manager, JM AB, Property Manager, Nordbanken Fastigheter AB. Kungsliden shareholding: 19,440.

**Åke Theblin.** Senior Company Lawyer. Born in 1961, LL.B. from the University of Stockholm. Kungsliden employee since 2001. Previous experience: Company Lawyer AP Fastigheter AB, Advokat Hellström Advokatbyrå AB. Kungsliden shareholding: 31,000.

**Per Johansson.** Divisional Manager Nordic Modular. Born in 1959, B.Sc. (Eng.) from the Royal Institute of Technology, Stockholm. Kungsliden employee since 2007. Previous experience: Chief Executive of Spokesman AB and of Skanska Modul AB. Kungsliden shareholding: 5,000.

**Thomas Erséus.** Chief Executive. Born in 1963, B.Sc. (Eng.) from Chalmers University of Technology, Gothenburg. Kungsliden employee since 2006. Other employment: Board member of HQ AB, Hallvarsson & Halvarsson AB and DSV Miljö

A/S of Denmark. Previous experience: President and CEO of WSP Europe AB, CEO of AB Jacobson & Widmark. Kungsliden shareholding: 70,000.

**Cecilia Gannedahl.** HR & Corporate Communications Manager. Born in 1962, B.Sc. (Econ.) from the University of Linköping. Kungsliden employee since 2007. Previous experience: Chief Executive of GCI Stockholm AB, Marketing/Business Area Manager, Roche AB. Kungsliden shareholding: 0.

**Göran Linder.** Divisional Manager, Public Properties. Born in 1968, has a B.Sc. (Econ.) from the University of Örebro. Kungsliden employee since 1998, has been in current position since 2006. Previous experience: Management Consultant, Ernst & Young, Controller, ABB. Kungsliden shareholding: 18,000.

**Lars Thagesson.** Deputy Chief Executive, Business Development & Strategy. Born in 1959, compulsory schooling qualifications. Kungsliden employee since 1993, in current position since 2008. Previous experience: HSB Lidköping, self-employed. Kungsliden shareholding: 0.

**Johan Risberg.** Deputy Chief Executive/Chief Financial Officer. Born in 1961, has a B.Sc. (Econ.) from the Stockholm School of Economics. Kungsliden employee since 1996, in current position since 1998. Previous experience: Group Controller, Securum AB, CFO/Business Controller, Convector Fastighets AB. Kungsliden shareholding: 150,000.

The above information for shareholdings is as of 31 December 2007, and includes holdings through companies and related parties.

# Report of the Directors

The Board of Directors and Chief Executive of Kungsleden AB (publ) hereby submit the Annual Report and Consolidated Financial Statements for the financial year 2007. The company has its registered office in Stockholm, Sweden, and has corporate identity number 556545-1217.

## KUNGSLEDEN'S BUSINESS MODEL AND OPERATIONS

Kungsleden is a property company that views a property's returns as more important than its type or geographical location. Its business model focuses on continually enhancing the composition and quality of its property portfolio, with the objective of improving portfolio risk-adjusted returns. In practice, this implies multiple transactions, primarily within commercial properties.

Operations are organized into four divisions, with each division responsible for the management and letting of its property holding. Commercial Properties concentrates mainly on the Office, Industrial/warehouse and Retail property types. Public Properties are divided between the Retirement Home, School and Care types. Retirement homes Germany consists of retirement home properties on the German market. The fourth division, Nordic Modular, primarily conducts lettings, but also the production and sale, of modular buildings.

Kungsleden was floated on the Stockholm Stock Exchange in 1999. The company has been quoted on the OMX Nordic Exchange list of Large Cap companies since 2006.

## FINANCIAL TARGETS

The group's financial targets are to achieve a minimum return on equity of

15 per cent and a minimum interest coverage multiple of 2.

## SUMMARY OF PROGRESS IN THE YEAR

The past year featured a high transaction rate on the market, with over SEK 147 bn of property transactions conducted in Sweden. The fact that Kungsleden was one of the most active players in the year through participation in over 13 per cent of total transaction volumes is reflected in net profits, which are the second strongest since operations began.

Property trading provided a very robust trading net, also contributing to increasing risk-adjusted returns on the portfolio with longer rental contracts. The second component of the business model, property management, also contributed to better profits through an increase of its operating net, sourced from changes in the property holding that now includes somewhat higher yielding properties.

The public sector initiative remained substantial, with acquisitions of some SEK 2 bn in Sweden and a continued start-up in Germany by acquiring retirement home properties.

As a result of the dividend and redemption process, shareholders received high dividend yields, totalling SEK 22.50 per share in 2007.

## REVENUE AND PROFITS

Net sales in 2007 were SEK 2,612 (2,349) m in 2007, divided between rental revenues of SEK 2,324 (2,349) m and sales revenues from modular buildings of SEK 289 (0) m.

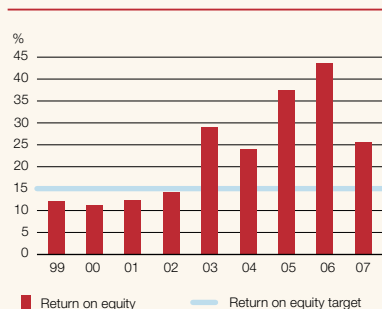
Rental revenue was consistent with the previous year despite a somewhat smaller property holding. Rental discounts are low in relation to total rental revenues and amounted to SEK 21 (22) m. As in the previous year, Kungsleden has low rental loss levels, with the figure for 2007 being SEK 9 (9) m.

Gross profit increased to SEK 1,705 (1,528) m, mainly because the property holding in 2007 had few low-yielding properties and more high-yielding properties. The property yield amounted to 6.8 (6.3) per cent.

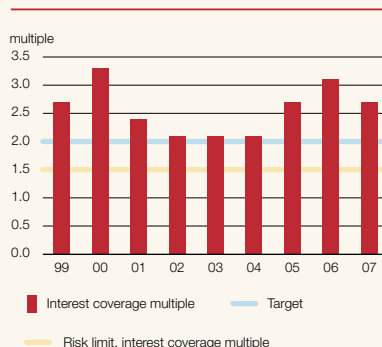
Profit from property trading was SEK 580 (853) m, including realized value changes of SEK 885 (1,518) m. The profit deterioration is mainly due to fewer divested properties in 2007 than in the previous year, and the difference between the sales price and cost of such divested properties was greater in 2006.

Value changes on properties and financial instruments in the year were SEK 1,305 (1,845) m and SEK 66 (276) m respectively. Value changes on properties are mainly attributable to the reduced required rates of return on the

Return on equity



Interest coverage multiple



public holding. Valuations of financial instruments increased due to rising interest levels.

Net profit was SEK 2,400 (3,574) m, with this lower figure due mainly to a lower trading net and lower value changes on the existing property holding. This figure corresponds to a return on equity of 26 (44) per cent, which exceeds the target of a 15 per cent return by a healthy margin.

Profit for calculating dividends for the year were SEK 2,019 (2,913) m. The following table states how profit for calculating dividends is calculated.

**COSTS**

Property costs were SEK 653 (821) m, with operating costs of SEK 517 (732) m, maintenance costs of SEK 186 (166) m and allocated tenant adaptations of SEK 82 (23) m being the largest items. A portion of these costs are subject to supplementary invoicing, which reduced property costs by a total of SEK 108 (104) m. In addition, SEK 553 (261) m was capitalized in the form of investments in existing properties, while new properties of SEK 91 (105) m were constructed.

Sales and administration costs were SEK -316 (-246) m, with this increase due to the sales and administration costs of the newly acquired operations of Nordic Modular. Administration costs include costs of the company's management and central functions such as accounting, finance, legal services, analysis and information technology, as well as costs associated with stock mar-

ket quotation. This also includes property administration including costs for rent billing, rent negotiations, rent demands, reporting and impairment of inventories.

The net financial position was reduced by SEK 39 m to SEK -720 (-681) m. This is mainly explained by a higher loan volume and higher interest rates in 2007 than 2006.

The tax cost increased to SEK -221 (-1) m, mainly due to differences in tax effects in property transactions between years. Transactions including direct sales of properties occurred in 2007. More information on Kungsläden's tax position is in Note 10.

**THE PROPERTY HOLDING**

As of 31 December 2007, the holding comprised 575 (591) properties with floor-space of 3,052,000 (2,935,000) sq.m. and a book value of SEK 25,737 (23,106) m. Basically all Swedish properties were valued by an external valuer as of 31 December 2007. These valuations are consistent with internal valuations and thus corroborate book value.

SEK 1,306 m of book value relates to modular buildings. Of the 575 properties, 303 (53 per cent) are commercial properties and 272 (47 per cent) are public properties.

Earnings capacity indicates the earnings ability of the current property holding at any given time as if the holding had been held throughout the reporting period. At year-end, annual rental revenue on the property holding

was SEK 2,366 (2,236) m, the operating net was SEK 1,653 (1,512) m and property yield was 6.4 (6.5) per cent.

The properties were located in 134 (128) municipalities, with 48 (56) per cent of book value located in municipalities with populations of less than 100,000. 46 (53) per cent of property book value was located in the three major city regions of Greater Stockholm, Greater Gothenburg and the Öresund region.

The property holding in Germany represents SEK 933 (613) m of total book value. In addition, Kungsläden signed agreements to acquire a total of 11 retirement homes in Germany for SEK 937 m. These properties are under construction and Kungsläden will take possession progressively in 2008 and 2009.

Property management in Germany differs from Sweden. For example, tenants basically bear all ongoing costs apart from tax and insurance, through what are known as triple net agreements. Thus, the operating surplus margin in the German operation is higher than in Sweden.

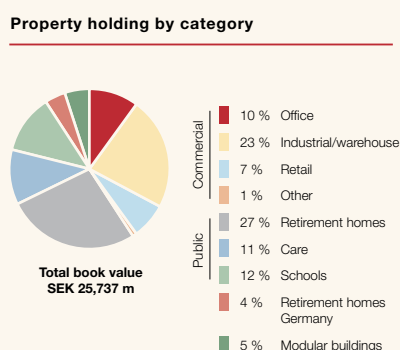
Investments in existing properties were SEK 644 (366) m.

**PROPERTY TRADING**

In the year, 213 (198) properties with floor-space of 1,526,000 sq.m. were acquired for a value of SEK 9,625 (6,550) m. Of these acquisitions, 133 were commercial properties and 80 were public properties. The acquisitions include four retirement homes in Germany. These acquisitions were conducted at an estimated property yield of 7.3 (7.1) per cent.

Profit for calculating dividends		
SEK m	2007	2006
Gross profit	1,705	1,528
Sales and administration costs	-316	-246
Net financial position	-720	-681
<b>Sub-total</b>	<b>669</b>	<b>601</b>
<i>Property divestments</i>		
Trading net on divestment	580	853
Realised value changes	885	1,518
<b>Sub-total</b>	<b>1,465</b>	<b>2,371</b>
Tax paid and other items not affecting cash flow	-115	-59
<b>Profit for calculating dividends *</b>	<b>2,019</b>	<b>2,913</b>

\* Profit for calculating dividends also corresponds to the cash flow statement item cash flow from operating activities.



Properties in Germany			
SEK m	Possession taken (12)	Possession not taken (11)	Total (23)
Possession taken by 31 Dec 2007	933		933
Possession taken in 2008-2009		937	937
<b>Total</b>	<b>933</b>	<b>937</b>	<b>1,870</b>

The major acquisitions in the year include:

- 20 industrial and warehouse properties acquired from Northern European Properties Ltd. for SEK 2,900 m.
- Nearly 4,500 modules with total floor-space of over 150,000 sq.m., valued at SEK 1,025 m, through the acquisition of Nordic Modular Group from 3i.
- 43 properties where municipal operations are conducted, acquired from the Municipality of Härnösand for SEK 913 m.

In the year, 222 (388) properties with floor-space of 1,393,000 sq.m. were sold for SEK 9,475 (12,258) m. Of these properties, 219 were commercial and three were public properties; eight of the divested properties are located in Brussels or Amsterdam, where as a result, Kungsliden no longer owns any properties.

The book value of divested properties amounted to SEK 8,895 (11,405) m and their acquisition value was SEK 8,010 (9,887) m. These divestments were conducted at a property yield of 4.5 (5.7) per cent. The low property yield is mainly due to some divested properties being development projects with low operating nets, while others were located centrally and maintenance costs were expensed ahead of divestment. The largest divestments were:

- A portfolio of 93 commercial properties sold to Orkla Finans for SEK 4,750 m.

- A portfolio of 92 commercial properties sold to Klöver and Diös for SEK 1,700 m.

#### NORDIC MODULAR

Nordic Modular is a Kungsliden division from 2007 onwards. Flexible and cost-efficient modular buildings are a strong complement to Kungsliden's offering, particularly to the public sector. The modular buildings initiative began in 2006 through the acquisition of Flexihus, and in January 2007, Kungsliden acquired Nordic Modular Group with its two business lines: modular lettings (through the companies Temporent and Nordic Modular Leasing) and the production and sale of modules (within Flexator).

At year-end, modular buildings had total floor-space of approximately 210,000 sq.m. and a book value of SEK 1,306 m. Rental revenues for modular buildings were SEK 214 m for the year with a gross profit of SEK 192 m. The direct costs for modular lettings are significantly lower than for properties on permanent foundations. However, over time, the value impairment due to use is greater on modular buildings.

Sales of modules including inventory changes amounted to SEK 289 m with gross profit of SEK 35 m.

#### FINANCIAL POSITION

As of 31 December 2007, total assets were SEK 32,781 (24,261) m, with properties representing SEK 25,737 (23,106) m and sales proceeds not yet received for two large property divestments before year-end of SEK 5,350 (129) m.

Shareholders' equity was SEK 9,040 (9,700) m or SEK 66 (71) per share, corresponding to an equity ratio of 28 (40) per cent. After proceeds received from the Orkla transaction on 15 January 2008, total assets reduced and the equity ratio increased to 32 per cent.

The loan portfolio at year-end amounted to a nominal SEK 21,113 m and including the market value of financial instruments was SEK 21,067 (12,781) m. Un-utilised credit facilities amounted to SEK 610 (3,775) m. Average interest was 4.8 per cent against 4.3 per cent as of 1 January 2007. The increase is explained by higher market interest rates, simultaneous with the redemption of costly loans and re-financing and new financing at lower margins and interest rates exerted a downward influence. The average interest fixing period is 1.4 (1.8) years and the average capital fixing period is 4.0 (3.2) years.

For more information, see under "Financing and financial risks" on pages 25–26.

#### CASH FLOW

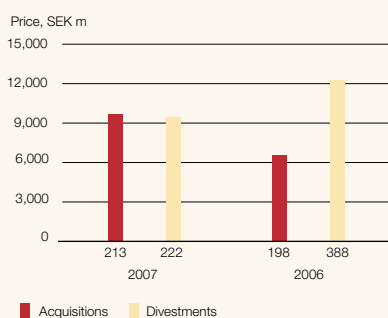
Cash flow from operating activities was SEK 2,019 (2,913) m. Investment activity generated a cash flow of SEK –6,816 (–2,812) m, and financing activity, a cash flow of SEK 5,281 (–5,434) m.

#### HUMAN RESOURCES

The average number of employees in the year was 353 (165), 233 of which worked for Nordic Modular, of which 164 in the production of modules.

Kungsliden appointed three new members of its group management in the year. Early in the year, Per Johansson

#### Property trading



#### Property divestments in 2007

SEK m	No. of properties	Profit/loss from divestments
Profitable divestments	177	1,136
Break-even divestments	9	0
Loss-making divestments	36	–287
Sales overheads		–269
<b>Trading net</b>	<b>222</b>	<b>580</b>
Realised value changes		885
<b>Effect on profit for calculating dividends</b>		<b>1,465</b>

was appointed to manage the newly acquired Nordic Modular division, and Albrecht von Malortie was appointed to the Retirement homes Germany division. In September, Cecilia Gannedahl joined as HR & Corporate Communications Director. In the year, Kungsliden hired approximately 10 new employees in its accounting and transaction functions.

On 18 April, the AGM approved the Board of Directors' proposal to introduce a performance-related staff stock option plan.

For more information on Kungsliden's human resources including information on staff stock option plan and guidelines on remunerating senior executives, see pages 12–13, 33–37 and Notes 6 and 7.

#### ENVIRONMENT

Kungsliden does not conduct any operations that require permits pursuant to the Swedish Environmental Code. The duty of notification applies when storing inflammable liquids, heating oil, etc. in a number of cases. Only a few Kungsliden tenants conduct operations that require notification or permits pursuant to the Swedish Environmental Code. See page 27 for more information on Kungsliden's environmental activities.

#### PARENT COMPANY

The parent company's operations are mainly to own shares in the operational subsidiaries. The parent company's net profit was SEK 2,719 (260) m. Sales were SEK 0 (0) m. Profits are mainly from dividends from subsidiaries. Assets at year-end mainly consist of shares in subsidiaries of SEK 6,782 (3,537) m. Financing was mainly through shareholders' equity, which was SEK 4,894 (5,238) m at year-end, implying an equity ratio of 64 (97) per cent.

#### SHARE CAPITAL

At year-end, Kungsliden's share capital was SEK 56,875,860 divided between 136,502,064 shares with a quotient value of SEK 0.42 per share. Each share has one vote and confers equal rights to participation in the company's assets and profits.

#### REDEMPTION PROGRAM AND SHAREHOLDERS

An Extraordinary General Meeting of 19 November approved the Board of Directors' proposal regarding a redemption of shares by reducing share capital with repayment to shareholders. This redemption procedure was conducted in November and December and implied a total of SEK 1,570 m being transferred to shareholders, equivalent to SEK 11.50 per share. Thus, alongside ordinary dividends in the spring, shareholders received SEK 22.50 per share in 2007.

The background to the decision to transfer capital to shareholders is that Kungsliden constantly pursues the ambition of maintaining an optimal capital structure to maximise shareholder returns, considering risk. Healthy profits from property management and property trading in recent years, and strong cash flows, have meant that despite its high dividend pay-out ratio, Kungsliden had accumulated a very secure financial position, and at the time of its decision, Kungsliden had scope for acquisitions well in excess of the deal opportunities the management and Board considered would arise.

Kungsliden had some 23,900 shareholders as of 31 December 2007, of which the biggest were Olle Florén with 2.1 per cent of the share capital and voting rights, Swedbank Robur Funds with 1.9 per cent and US-based DFA Funds with 1.7 per cent. For more information about the share and owners, see pages 30–31.

#### RISKS AND UNCERTAINTY FACTORS

Property management and value growth on properties are highly dependent on societal development, the business cycle and financial markets. These macroeconomic factors affect operating profit, valuations of properties and derivatives, and funding costs.

The value of Kungsliden's property holding is based on judgments made by Kungsliden and external valuers. However, the fair value of a property does not become a reality until its sale. In divestments, sales prices usually differ from previously estimated value, although obviously, the objective is that any such variance is small. Moreover, differences between sales prices and estimated value can be an effect of the portfolio premium received on divestments of properties in packages as against individual sales.

See also Note 1 and the section on financing and financial risks on pages 25–26.

#### BOARD ACTIVITIES

A statement of the Board of Directors' composition and activities in the year is provided in the Corporate Governance Report on pages 33–37.

#### FORECAST FOR 2008

The Board estimates that profits for calculating dividends will amount to SEK 900 m in 2008. Profit for calculating dividends corresponds to the Cash Flow Statement item operating cash flow.

#### SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

After year-end, a letter of intent was signed regarding the acquisition of 13 properties from the City of Västerås for SEK 1,050 m. Three commercial properties in Mölndal were also acquired for SEK 180 m.

# Consolidated Income Statement

## Income Statement

SEK m	Note	2007	2006
Rental revenues	4	2,323.6	2,349.2
Sales revenues, modular buildings		288.6	–
<b>Sales revenues, net</b>		<b>2,612.2</b>	<b>2,349.2</b>
Property costs		–652.7	–821.0
Production costs, modular buildings		–254.1	–
<b>Gross profit</b>		<b>1,705.4</b>	<b>1,528.2</b>
<b>Property trading</b>			
Sales revenues, net		9,474.9	12,257.5
Book value			
Acquisition value		–8,009.9	–9,887.0
Realised value changes		–885.1	–1,517.7
		<b>–8,895.0</b>	<b>–11,404.7</b>
<b>Trading net</b>		<b>579.9</b>	<b>852.8</b>
<b>Sales and administration costs</b>	5–8	<b>–315.9</b>	<b>–246.2</b>
<b>Net financial position</b>			
Financial revenues	9	23.2	16.0
Financial costs	9	–743.4	–696.6
		<b>–720.2</b>	<b>–680.6</b>
<b>Unrealised value changes</b>			
Investment properties		1,305.4	1,844.5
Financial instruments		66.3	275.8
		<b>1,371.7</b>	<b>2,120.3</b>
<b>Profit before tax</b>		<b>2,620.9</b>	<b>3,574.5</b>
<b>Tax</b>			
Current tax	10	–130.1	–35.3
Deferred tax	10	–91.3	34.6
		<b>–221.4</b>	<b>–0.7</b>
<b>Net profit for the year</b>		<b>2,399.5</b>	<b>3,573.8</b>
Profit attributable to parent company shareholders		2,399.5	3,573.8
Average number of shares		136,502,064	136,502,064
Number of outstanding shares		136,502,064	136,502,064
Earnings per share before and after dilution, SEK		17.60	26.20
Proposed dividend per share, SEK		8.00	11.00

# Consolidated Balance Sheet

## Balance Sheet

SEK m	Note	31 Dec 2007	31 Dec 2006
<b>ASSETS</b>			
<b>Properties</b>			
Investment properties	11	25,661.8	22,234.7
Real estate used in business operations	12	16.3	14.5
Construction in progress	13	58.9	6.6
Properties held for sale	14	–	850.0
		<b>25,737.0</b>	<b>23,105.8</b>
<b>Receivables, etc.</b>			
Goodwill	15	196.8	–
Machinery and equipment	16	17.1	8.5
Shares in associated companies	17	7.6	7.6
Deferred tax asset	10	–	440.0
Other long-term receivables	18	116.7	169.3
Assets held for sale		–	19.4
Inventories		67.8	–
Accounts receivable		154.1	80.3
Other receivables	19	5,750.3	282.7
Pre-paid costs and accrued income		99.5	40.9
	20	<b>6,409.9</b>	<b>1,048.7</b>
<b>Liquid assets</b>			
Cash and bank balances	21	633.9	107.2
<b>TOTAL ASSETS</b>		<b>32,780.8</b>	<b>24,261.7</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Shareholders' equity</b>			
Share capital	22	56.9	56.9
Other capital contributions		1,373.1	1,373.1
Translation reserve		–5.3	–17.0
Accumulated profit or loss		7,615.4	8,287.2
<b>Total shareholders' equity (attributable to parent company shareholders)</b>		<b>9,040.1</b>	<b>9,700.2</b>
<b>Interest-bearing liabilities</b>			
Liabilities to credit institutions	23	21,067.6	12,641.4
Liabilities attributable to assets held for sale		–	139.8
		<b>21,067.6</b>	<b>12,781.2</b>
<b>Non-interest bearing liabilities</b>			
Tax provision		26.7	–
Liabilities attributable to assets held for sale		–	14.3
Accounts payable		329.1	216.7
Tax liabilities		110.7	57.0
Other liabilities		1,621.1	981.7
Accrued costs and deferred income		585.5	510.6
		<b>2,673.1</b>	<b>1,780.3</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	24	<b>32,780.8</b>	<b>24,261.7</b>
<b>ASSETS PLEDGED AND CONTINGENT LIABILITIES</b>			
Assets pledged	26	16,633.3	24,657.1
Contingent liabilities	27	9,502.6	2,439.5

# Consolidated Statement of Changes in Shareholders' Equity and Cash Flow Statement

## Changes in Shareholders' Equity

SEK m	Share capital	Other capital contributions	Translation reserve	Accumulated profit or loss	Total shareholders' equity
<b>Shareholders' equity, opening balance 1 Jan 2006</b>	<b>56.9</b>	<b>1,373.1</b>	<b>5.4</b>	<b>5,213.9</b>	<b>6,649.3</b>
Changes in net worth reported directly to shareholders' equity					
Translation differences			-22.4		-22.4
Net profit for the year				3,573.8	3,573.8
<b>Total changes in net worth excl. transactions with shareholders</b>			<b>-22.4</b>	<b>3,573.8</b>	<b>3,551.4</b>
Dividends				-500.5	-500.5
<b>Total transactions with shareholders</b>				<b>-500.5</b>	<b>-500.5</b>
<b>Shareholders' equity, closing balance 31 Dec 2006</b>	<b>56.9</b>	<b>1,373.1</b>	<b>-17.0</b>	<b>8,287.2</b>	<b>9,700.2</b>
<b>Shareholders' equity, opening balance 1 Jan 2007</b>	<b>56.9</b>	<b>1,373.1</b>	<b>-17.0</b>	<b>8,287.2</b>	<b>9,700.2</b>
Changes in net worth reported directly to shareholders' equity					
Translation differences			11.7		11.7
Net profit for the year				2,399.5	2,399.5
<b>Total changes in net worth excl. transactions with shareholders</b>			<b>11.7</b>	<b>2,399.5</b>	<b>2,411.2</b>
Dividends				-1,501.5	-1,501.5
Redemption				-1,569.8	-1,569.8
<b>Total transactions with shareholders</b>				<b>-3,071.3</b>	<b>-3,071.3</b>
<b>Shareholders' equity, closing balance 31 Dec 2007</b>	<b>56.9</b>	<b>1,373.1</b>	<b>-5.3</b>	<b>7,615.4</b>	<b>9,040.1</b>

## Cash Flow Statement

SEK m	Note 28	2007	2006
<b>Operations</b>			
Profit before tax		2,620.9	3,574.5
Realised value changes, properties		885.1	1,517.7
Unrealised value changes		-1,371.7	-2,120.3
Adjustment for items not included in cash flow from operating activities		6.8	3.5
Tax paid		-121.8	-62.6
<b>Cash flow from operating activities</b>		<b>2,019.3</b>	<b>2,912.8</b>
<b>Change in working capital</b>			
Decrease (+)/increase (-) in inventories		11.4	-
Increase (-)/decrease (+) in operating receivables		-1,535.4	-194.7
Increase (+)/decrease (-) in operating liabilities		1,566.1	-152.3
		<b>42.1</b>	<b>-347.0</b>
<b>Cash flow from operating activities after change in working capital</b>		<b>2,061.4</b>	<b>2,565.9</b>
<b>Investment activities</b>			
Acquisition of properties via asset acquisitions		-8,588.6	-6,549.9
Acquisition of properties via business combinations		-1,003.6	-
Investments in existing properties		-643.9	-365.7
Divestments of properties (acquisition value) <sup>1</sup>		3,382.9	9,887.0
Investments in machinery and equipment		-17.4	-3.0
Divestments of machinery and equipment		2.0	1.1
Long-term loans issued		-5.4	-160.8
Repayment of long-term loans issued		58.0	3.2
<b>Cash flow from investment activity</b>		<b>-6,816.0</b>	<b>2,811.9</b>
<b>Financing activities</b>			
Loans drawn down		18,910.9	9,251.7
Loans amortised		-10,558.3	-14,185.6
Dividends/redemption		-3,071.3	-500.5
<b>Cash flow from financing activities</b>		<b>5,281.3</b>	<b>-5,434.4</b>
<b>Cash flow for the year</b>		<b>526.7</b>	<b>-56.6</b>
Liquid assets, opening balance		107.2	163.8
<b>Liquid assets, closing balance</b>		<b>633.9</b>	<b>107.2</b>

<sup>1</sup> The sales price of divested properties was SEK 9,474.9 (12,257.5) m. Cash flows sourced from value adjustments during the holding period of SEK 885.1 (1,517.7) m are considered higher up in the Cash Flow Statement as a part of cash flow from operating activities (profit for calculating dividends). Possession of all properties had not been relinquished, and payment for these properties had not been received, in 2007.



# Accounting principles, group

## **General accounting principles, group**

The group adopted IFRS (International Financial Reporting Standards) issued by the IASB (International Accounting Standards Board) from 1 January 2005 onwards, as well as statements from IFRIC (the International Financial Reporting Interpretations Committee) endorsed by the EU Commission for adoption in the EU. RR's (Redovisningsrådet, the Swedish Financial Accounting Standards Council) recommendation RR 30:06 "Supplementary Accounting Rules for Groups" has also been observed.

Of the new and revised standards and interpretations for 2007, IFRS 7 Financial Instruments: Disclosures and associated amendments to IAS 1 Presentation of Financial Statements affected the presentation of the Annual Report. The standard did not result in any change of accounting principles, but only changes in the disclosure requirements regarding the description and reporting of financial risks and extant financial instruments.

A number of new standards, changes to standards and interpretation statements come into force from the financial year 2008 onwards and have not been adopted when preparing this Annual Report. Consolidated profits and position are not expected to be significantly affected, while supplementary disclosures may be further extended.

## **Conditions for preparing financial reports**

The parent company's functional currency is the Swedish krona (SEK), which is also the presentation currency of the group. Unless otherwise stated, all amounts in the note disclosures are in millions of Swedish kronor (SEK m). Assets and liabilities are reported at historical acquisition values, apart from investment properties and financial instruments, which are reported at fair value. Changes to fair values are reported in the Income Statement.

Preparing financial reports pursuant to IFRS necessitates the corporate management making judgments, estimates and assumptions that influence the application of accounting principles, and the carrying amounts of assets, liabilities, revenues and costs. These estimates and assumptions are based on historical experience and a number of other factors that appear reasonable in the prevailing circumstances. The result of these estimates and assumptions are then utilised to evaluate carrying amounts of assets and liabilities, that otherwise, are not clearly stated from other sources. Final figures may vary from these estimates and judgments.

Kungsleden reviews its estimates and assumptions regularly.

The management's judgments coincident with the adoption of IFRS that exert a significant influence on financial reports and conducted estimates are reviewed in more detail in Note 1.

## **Consolidated Financial Statements**

The Consolidated Financial Statements encompass the parent company, subsidiaries and associated companies. Subsidiaries are companies over which the parent company exerts a controlling influence. The Consolidated Financial Statements have been prepared pursuant to acquisition accounting, implying that assets and liabilities are valued at fair value at the time of acquisition, pursuant to the acquisition analysis prepared. Acquired companies' revenues and costs are consolidated from the time of acquisition. Divested companies' income statements are incorporated until the date when the controlling influence ceases.

Intra-group receivables and liabilities, revenues or costs and unrealised profits or losses arising from intra-group transactions are fully eliminated when the Consolidated Financial Statements are prepared.

### *Associated companies*

Associated companies are those companies where the group exerts a significant, but not controlling, influence over operational and financial controls, usually through holdings of between 20 and 50 per cent of the voting rights. Participations in associated companies are reported pursuant to the equity method in the Consolidated Financial Statements from the time a significant influence is attained. The Consolidated Financial Statements account the consolidated share of associated companies' net profits after tax and minority holdings adjusted for potential depreciation and amortisation, write-downs or dissolution of acquired surplus and deficit values.

### *Translations of foreign operations*

The accounts of each of the foreign subsidiaries are prepared in the local currency where operations are conducted. The Consolidated Financial Statements are presented in Swedish kronor (SEK). The income statements and balance sheets of foreign operations are translated to SEK using the current method, implying that balance sheets are translated at the rate of exchange ruling on the balance sheet date, apart from shareholders' equity which is translated at historical rates of exchange. Income statements are translated at average rates of exchange in the period. The exchange rate differences arising upon translation are reported directly against shareholders' equity as a translation difference. Translations were at SEK 9.25 and SEK 9.47 for the EUR in the Income Statement and Balance Sheet respectively.

## **Acquisitions and divestments**

Acquisitions or divestments are reported from the day it is considered likely that the essential financial rights and risks associated with the transaction are credited/charged to or leave the group, which almost exclusively is on the contract date. Receivables or liabilities vis à vis counterparties between the transaction date and settlement date are reported in gross terms under other receivables and other liabilities respectively.

### *Acquisitions of assets*

In recent years, indirect property transactions using companies incorporating such properties have been more common, as opposed to direct transactions. Asset acquisitions using corporate transactions are reported as if the relevant property/properties had been acquired directly. This type of acquiring enterprise normally has no employees or organisational resources, or other operations than those directly attributable to the property holding. The acquisition value corresponds to the fair value of assets and potentially related borrowings. Deferred tax is not reported on potential surplus values attributable to the acquisition.

### *Business combinations*

Acquisition accounting is adopted pursuant to IFRS 3 Business Combinations coincident with acquisitions where Kungsleden gains a controlling influence over one or more basically autonomous operations. The acquired entity's identifiable assets, liabilities and contingent liabilities are reported at fair value at the time of acquisition, and the profits attributable to the acquired operations are consolidated from the day of taking possession inclusive. Deferred tax is reported on potential surplus values attributable to the acquisition. Current business combinations are stated in Note 3.

## **Segment reporting**

A segment is defined as an identifiable part of the group for accounting purposes that is exposed to risks and opportunities that is distinguishable from other segments. Segment reporting takes place for geographical markets and business segments. The company management and the character of the company's risks and opportunities implies that, for Kungsleden, business segments are the primary basis for the breakdown of segment reporting. The primary segment changed from geographical markets in 2007 through operating activities being extended to also encompass the production, letting and sale of modular buildings. In 2007, Kungsleden's business segments were Commercial Properties, Public Properties, Retirement homes Germany and Nordic Modular. Geographical markets are secondary segments, and consist of Sweden, Germany, Denmark/Norway and Belgian/the Netherlands.

## **Presentation of the Income Statement**

The Income Statement has been presented with the ambition of providing a representative impression of operations proceeding from revenues and costs, and thus providing the most accurate impression of cash flows from operating activities as possible. The Income Statement indicates the dimensions of operations and provides a good impression of cash flows from operating activities. Thus, the Income Statement is closely associated to Kungsleden's business concept, vision and strategy.

The various dimensions of operations are clarified through the separate reporting of operating net, trading net, administration costs, net financial position and unrealised value changes. The internal order is determined by the structure of operations.

Profit before tax adjusted for items not affecting cash flow, mainly realised and unrealised value changes, basically corresponds to operating cash flow and is profit for calculating dividends.

Unrealised value changes comprise value changes on investment properties and financial instruments remaining in operations as of the balance sheet date. The unrealised value changes are not associated with cash flows. Kungsleden optimises operations towards the combination of high cash flows and low operating risk, and as a consequence, it is reasonable to present the dimension of unrealised value changes on an aggregate basis and at a lower level in the Income Statement. Some commentators assume that the term "realised" is used to imply higher quality due to value changes after a transaction than an assumed/unrealised value change. Kungsleden shares this assessment. Valuations and the unrealised value change reported in the Income Statement imply an uncertainty interval. Realised value changes demonstrate that unlike unrealised value changes, a transaction has occurred and a cash flow has arisen. Reporting within the property trading dimension has been designed to illustrate how much of the book value of divested properties comprises acquisition values, and how much has arisen through value changes during the holding period, termed realised value changes.

#### Revenues

Rental contracts are classified as operating lease arrangements, proceeding from the assumption that the related property remains in Kungsleden's ownership even if the contract runs for up to 20 years. Rental revenues are divided over time pursuant to the implication of contracts, with consequences including rental discounts reported in the period to which they apply.

For property trading, as for property and corporate divestments, divestments imply the transaction being reported, and the revenue recognised, when it is likely that the group will receive the related financial benefits, which most often, is on the contract date.

#### Financial income and costs

Rental revenues and rent subsidies are recognised in the period to which they relate. Interest and other financial expenditure coincident with property construction is capitalised in the construction period, while that associated with extension and conversion is expensed on an ongoing basis, because generally, the construction period is shorter. Derivative instruments are utilised to achieve the desired interest fixings. Revenues and costs associated with such instruments are reported on an ongoing basis, with the revenues and costs for redemption and renegotiation of derivatives, as well as prepayment penalty interest, reported as they arise. Costs associated with funding facilities are allocated during the term of the facility. Interest income on financial instruments is reported pursuant to the effective interest method. Effective interest is the interest rate that discounts estimated future payments received and made during the expected term of a financial instrument to the financial asset's or liability's net carrying amount.

#### Income tax

The Income Statement accounts current and deferred income tax on Swedish and foreign group entities apart from when the underlying transaction is reported directly against shareholders' equity, whereupon the associated tax effect is reported in shareholders' equity. Group companies are liable for tax pursuant to current legislation in each country. Over the last five years, the tax rate in Sweden has been 28 per cent, calculated on nominal reported profits plus non-deductible items, and deducting non-taxable revenues. Income tax is reported pursuant to the balance sheet method, implying that deferred tax is calculated on the identifiable temporary differences between taxable and carrying amounts of assets or liabilities on the balance sheet date. Temporary differences arise in properties, shares in subsidiaries, income tax (loss carry-forwards) and interest-bearing liabilities. Temporary

differences are valued at nominal tax rates, and the change from the previous year's balance sheet date is reported as deferred tax in the Income Statement. Deferred tax assets on deductible temporary differences and loss carry-forwards are only reported to the extent it is likely that they will be utilised. The value of deferred tax assets is reduced when it is no longer considered likely that they can be utilised.

#### Employee benefits

Employee benefits such as salary and social security costs, holidays and paid sickness absence etc. are reported as staff conduct employment. Kungsleden observes IAS 19 Employee Benefits as well as other disclosures stipulated by the Swedish Annual Accounts Act. Commitments relating to senior executives are underwritten through defined-contribution pension schemes. Commitments for other employees are underwritten by insurance through Alecta. Pursuant to statements from RR's Emerging Issues Task Force, pension schemes are reported pursuant to ITP (supplementary pensions for salaried employees), insured through Alecta, as a defined-contribution scheme, as long as the basic structure of the ITP scheme remains unchanged.

#### Leases

Kungsleden is party to a number of smaller-scale lease arrangements on office machines. The aggregate total of these contracts is not significant. Proceeding from the financial risk remaining with the lessor, all rental, ground rent and lease arrangements have been reported as operating lease arrangements. Costs are expensed as they arise.

At year-end, Kungsleden had one property leased through a finance lease arrangement. This property is reported as an investment property on the assets side and a loan on the liabilities side.

Rental revenues are classified as operating lease arrangements, please refer to the Revenues heading.

#### Classification, etc.

Kungsleden's operations largely comprise the management of a high number of rental properties rented to external tenants. Normally, rental contracts are initially established for a term of three years. However, this rental period varies, and can run for over 20 years. Tenant renegotiations are conducted before the end of the contract term, proceeding from the rental level and other terms of the contract, unless the contract has terminated. However, after the initial contract, specifying the contract durations is problematic, and at any time, there is a considerable number of parallel contracts with varying terms. This makes Kungsleden's business cycle hard to specify. It is also difficult to define how long a property is expected to be held. With these considerations, assets and liabilities in the Balance Sheet are presented in declining order of liquidity, because this offers information that is reliable and relevant to operations.

#### Foreign currency transactions

Foreign currency transactions are converted at the rate of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated at the rate of exchange ruling on the balance sheet date, when exchange rate differences are reported to profits. Exchange rate differences relating to operating receivables and liabilities are reported to operating profit, while exchange rate differences attributable to financial assets and liabilities are reported to net financial position.

#### Transactions with affiliates

Business terms and market pricing apply to the provision of services between group companies and other affiliated companies and individuals.

#### Properties

Properties are reported in subsidiaries at acquisition values, with the capitalisation of expenditure effected when the related actions result in future financial benefits. Then, market valuations are affected in the group, pursuant to the methods stated below. Other additional expenses are reported as a cost in the period in which they arise.

*Investment properties*

Buildings and land owned or leased through finance lease arrangements with the intention of generating rental revenues and/or value growth are classified as investment properties in the group. IAS 40 is observed, with these holdings valued at fair value. During the financial year, revaluations are affected continually and are reported coincident with quarterly reports on the basis of internal valuations. For considerations regarding surplus values etc. on property valuations, please refer to the Property valuations heading below and Note 1.

*Real estate used in business operations*

Those properties where a not-insignificant portion of floor-space is used for supplying services or administrative purposes within the group are classified as real estate used in business operations. Accounting is pursuant to IAS 16 Property, Plant and Equipment. Real estate used in business operations is reported at acquisition value less depreciation according to plan over its economic life. The depreciation periods are between 100 and 10 years depending on the relevant component of the property. At year-end, only three factory properties were classified as real estate used in business operations for the Kungsliden group. Because the assessed influence on consolidated profits is considered insignificant, and accordingly, would not provide any critical information for readers of this Annual Report, no depreciation for this period has been reported for the group. The estimated depreciation amounts to SEK 800,000.

*Construction in progress*

Buildings under construction for future use as investment properties or real estate used in business operations are reported at accrued cost until the relevant work concludes. IAS 16 is observed until the property is completed, after which the property is reclassified to investment property or real estate used in business operations. Depreciation is not effected until the building is complete.

*Tangible fixed assets held for sale*

Acquired properties that are intended to be divested within one year are reported under the heading Properties held for sale. All receivables and liabilities that are attributable to the asset or asset class are reported separately in the Balance Sheet. The properties are reported at the lower of the carrying amount and fair value after deductions for sales costs. However, properties included under the investment property item in the Balance Sheet are always valued at fair value.

*Machinery and equipment*

Machinery and equipment have been reported at acquisition value less accumulated depreciation according to plan and any potential write-downs. IAS 16 is observed. Equipment is depreciated linearly according to plan over five years.

*Property valuations*

The fair value of investment properties is based on internal valuations. Kungsliden conducts valuations on an ongoing basis as an integrated part of its business process. Every property always has a business plan, updated at least once annually, comprising an internal valuation, the most recent external valuation, an action-plan for the measures considered to optimise its operating net and value and a statement of standpoint regarding the property's value. A present value calculation of the property's future operating net serves as the basis for evaluating property values.

The valuation is founded on the following assumptions and conditions:

- Consideration of property type, geographical location and rental contract term;
- Interest rates vary between 6.5 and 14 per cent;
- Required property yield of between 5 and 12.5 per cent;
- Normal long-term vacancy between 5 and 10 per cent;
- Operating and maintenance costs are calculated on the basis of actual figures for the relevant property and experience of comparable properties. The valuation model includes the cost of ground rent;
- Annual inflation is assumed at 1.5 per cent throughout the calculation term.

Kungsliden considers that from ethical considerations, its observers require external verification of its internal valuations. This is also a common requirement by banks coincident with funding for newly acquired properties or refinancing. The external valuation is regarded as quality control of the internal valuations that apply for specifying fair values of the group's property. Experience indicates that the prices attained to date are above internal and external valuations. The main reason is that properties sold in a portfolio are assigned a premium in relation to the risk spread. However, this portfolio premium cannot be included in the accounts as the properties are valued individually.

Virtually all Swedish properties were subject to external valuations in 2007.

**Financial instruments**

Financial instruments are valued and reported in the group pursuant to the stipulations of IAS 39, implying that they are initially reported at acquisition value, corresponding to the fair value of instruments, plus transaction costs for all financial instruments apart from those reported at fair value via the Income Statement. A statement of how they are classified is conducted subsequently.

The fair value of listed financial assets corresponds to the asset's quoted bid price at the balance sheet date. The fair value of unlisted financial assets is determined by comparisons with similar instruments or discounted cash flows.

Long-term receivables, which exclusively comprise promissory notes issued by the seller to the buyer, have been valued at accrued acquisition value. Current receivables are reported at the amount at which they are expected to arise, subsequent to a case-by-case assessment.

Accounts receivable are reported at the amount expected to arise less doubtful debt, which is evaluated on a case-by-case basis.

Liquid assets encompass cash and immediately accessible postal giro and bank balances.

Initially, liabilities are reported at the amount received less deductions for transaction costs. After the time of acquisition, loans are valued at accrued acquisition value pursuant to the effective interest method.

Accounts payable are valued at nominal amount without discounting.

Interest-bearing liabilities to credit institutions are valued at fair value using the choice available in IAS 39. The background is that properties are valued at fair value and affected by changes in interest rates, exactly as the fair value of bank loans. When valuing loans at fair value, a better match is obtained in the Balance Sheet upon changes in interest levels. No hedge accounting is applied, and accordingly, derivatives are valued and reported at actual value in the Balance Sheet, and unrealised value changes are reported in the Income Statement.

**Impairment**

The carrying amounts of the group's assets are subject to impairment tests at each balance sheet date. If there is an indication of impairment, the asset's recoverable value is calculated. The recoverable amount of financial assets in the loans receivable and accounts receivable categories, reported at accrued acquisition value, is calculated as the present value of future cash flows discounted by the effective interest applying when the asset was reported for the first time. Impairment is only reversed to the extent that asset carrying amounts after reversal do not exceed the carrying amount the asset would have had if no impairment had occurred.

Exceptions from the impairment principles are made for tangible fixed assets held for sale, investment properties and deferred tax assets that are valued according to special regulations that are outlined in the relevant section under accounting principles.

**Contingent liabilities**

A contingent liability is reported when there is a possible commitment, and whose occurrence is only corroborated by one or more uncertain future events, or when there is a commitment that is not reported as a liability or provision because it is not likely that any outflow of resources will be required.

## Note 1 Risks, policies and special considerations

### Business operations – risks and opportunities

Kungsliden's business model is focused on realigning portfolio composition to match tendencies identified on the property market. The objective is to raise the portfolio's risk-adjusted return. The operations focus on the risk of, and opportunity for, value changes in properties, those owned by Kungsliden and other properties on the market. Balancing and optimising the overall risk level by diversifying the portfolio between types, tenants and geographical areas as key features. Another key feature is the ability to achieve management of portfolio properties that is efficient and cost-effective so that property yields and values are maximised.

### Organisational structure – management and reporting

Kungsliden's organisational structure has been designed to support the business model as efficiently as possible. The structure largely adheres to a geographical division, as it is problematic in practical terms to monitor the property market and conduct management in any other way than on the market where operations are conducted. However, part of the organisational structure is divided between retirement homes, care and schools, as operating and tenancy conditions are specific to these sectors.

Reporting is primarily designed to provide decision-makers with information about the progress of the risk-adjusted returns of the portfolio as a whole and its component parts. As a secondary feature, reporting also provides an outline of the progress made by the various organisational elements. The decision process largely originates with the Chief Executive and the group management. This has proven to be a key condition for supporting the business model optimally.

### Valuation of properties

Property valuations are determined by supply and demand on the property market, and are mainly dependent on the progress of the underlying rentals market, interest rates generally and the credit market. In recent years, property has enjoyed positive value growth despite a relatively weak rental market. The prime explanation is interest rates, and the improving function of the credit market, as well as the associated increased interest in properties as an investment asset. However, in the long term, progress on the underlying rental market is assessed to be the prime explanation for the value growth of properties.

### The rental market

The rental market is dependent on real economic progress. Healthy real economic growth, with increasing GDP and rising employment, normally results in rising demand for premises. However, in recent years, employment has not increased in line with positive real economic growth, the explanation being that businesses have largely rationalised instead of hiring. This has resulted in the demand for premises not fully increasing in line with economic growth. The credit risk on the group's rent receivables is limited because all rents are paid in advance.

### Interest rate sensitivity

Interest rates are significant to Kungsliden's operations in several respects. The market values of properties and the loan portfolio, and thus book values, are dependent on interest rates. Rising interest rates reduce the market value of properties, but also the loan portfolio, given the selected interest fixing strategy. Although these value changes normally counteract each other, the value change on properties is usually larger than the value change on the underlying loan portfolio. Operating net cash flows are also partly dependent on interest rates. In the short term, the net cash flow from operating activities is adversely affected by rising interest rates. In the longer term, assuming that interest rate increases arise from a normal cyclical upturn, rental revenues rise through declining vacancies, rising market rents and inflation/index-related rent increases on current rental contracts. The increase in rental revenues may be as large as, or larger than, the increased interest costs.

### Funding opportunities

The properties Kungsliden owns are financed through borrowings and shareholders' equity. Opportunities to secure funding on the credit market have progressively improved for the property market's players, and generally, are now good in historical terms. Kungsliden's prospects of securing attractive funding have improved over time, and are very positive at present. More information on financial risks is provided on pages 25–26 of this Annual Report.

### Dependency on employees

Organisational capacity is important for Kungsliden, and ultimately, its prospects of realising its business concept, vision and strategy rests with its professionals. Being able to offer an interesting workplace that offers opportunities for progress is crucial for hiring and retaining skilled professionals. Kungsliden has documented good prospects of hiring skilled professionals.

### Operating and maintenance costs

Several major cost items in property management comprise tariff-related costs such as costs for heating, power, water and waste management. In most cases, Kungsliden is dependent on a local, often municipal, provider for its water, district heating and waste management. The charges for these services are dependent on a range of factors such as the cost of the supplier's investment in equipment and distribution networks, costs of raw materials and tax. For electricity, costs are generally dependent on demand on the open power market.

### Property tax

Sweden's rental market is subject to a central government property tax, which at present, is 1.0 per cent of the taxable value of rental premises, and 0.5 per cent for residential and industrial properties. This taxable value is intended to be 75 per cent of market value. There are differences in the various political parties' view of the amount and incidence of property tax. Accordingly, the possibility of property tax changing for the various types of property in the future cannot be ruled out. The majority of rental contracts include a stipulation that Kungsliden can transfer increased property tax onto the tenant.

### Currency risks

All borrowings in foreign group companies are in local currency, implying the currency risk being limited because all operating flows are in the same currency. Only shareholders' equity is subject to currency exposure.

### Sensitivity analysis

The sensitivity analysis in the following table illustrates how operations are affected by changes in the primary variables, and is based on the situation as of 31 December 2007.

Sensitivity analysis	Change	Profit impact, SEK m
Rental revenue	+/-1 per cent	23
Economic vacancy	+/-1 percentage point	23
Property costs	+/-1 per cent	7
Funding costs, upon changed interest level	+/-1 percentage point	206

**Note 2 Segment reporting**

SEK m Business segment (primary segment)	Commercial properties		Public properties		Retirement homes Germany		Nordic Modular		Other/ group wide <sup>1</sup>		Total Kungsleden	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
<b>Income Statement</b>												
Rental revenues	1,154.3	1,453.7	894.9	833.3	52.6	14.7	214.0		7.8	47.5	2,323.6	2,349.2
Sales revenues, modular buildings							288.6				288.6	–
<b>Sales revenues, net</b>	<b>1,154.3</b>	<b>1,453.7</b>	<b>894.9</b>	<b>833.3</b>	<b>52.6</b>	<b>14.7</b>	<b>502.6</b>	<b>–</b>	<b>7.8</b>	<b>47.5</b>	<b>2,612.2</b>	<b>2,349.2</b>
Property costs	–406.3	–554.3	–218.6	–214.3	–3.7	–0.3	–22.0		–2.1	–52.1	–652.7	–821.0
Production costs, modular buildings							–254.1				–254.1	–
<b>Gross profit</b>	<b>748.0</b>	<b>899.4</b>	<b>676.3</b>	<b>619.0</b>	<b>48.9</b>	<b>14.4</b>	<b>226.5</b>	<b>–</b>	<b>5.7</b>	<b>–4.6</b>	<b>1,705.4</b>	<b>1,528.2</b>
Trading net	683.5	823.3	–6.5	29.5			4.8		–101.9		579.9	852.8
Sales and administration costs	–132.3	–125.0	–70.0	–75.2	–5.2	–1.6	–66.4		–42.0	–44.4	–315.9	–246.2
Net financial position	–305.6	–326.5	–343.3	–319.9	–27.6	–9.0	–38.7		–5.0	–25.1	–720.2	–680.6
Unrealised value changes												
– Investment properties	466.3	1,045.5	839.1	799.0							1,305.4	1,844.5
– Financial instruments									66.3	275.8	66.3	275.8
<b>Profit before tax</b>	<b>1,459.9</b>	<b>2,316.7</b>	<b>1,095.6</b>	<b>1,052.4</b>	<b>16.1</b>	<b>3.8</b>	<b>126.2</b>	<b>–</b>	<b>–76.9</b>	<b>201.7</b>	<b>2,620.9</b>	<b>3,574.5</b>
<b>Balance Sheet</b>												
Properties	10,535.2	10,931.4	12,962.9	10,711.0	932.9	613.4	1,306.0			850.0	25,737.0	23,105.8
Other assets									7,043.8	1,155.9	7,043.8	1,155.9
<b>Total assets</b>	<b>10,535.2</b>	<b>10,931.4</b>	<b>12,962.9</b>	<b>10,711.0</b>	<b>932.9</b>	<b>613.4</b>	<b>1,306.0</b>	<b>–</b>	<b>7,043.8</b>	<b>2,005.9</b>	<b>32,780.8</b>	<b>24,261.7</b>
Liabilities to credit institutions	7,910.5	5,913.9	9,733.3	5,794.6	613.2	494.0	860.6		1,950.0	578.7	21,067.6	12,781.2
Other liabilities									2,673.1	1,780.3	2,673.1	1,780.3
<b>Total liabilities</b>	<b>7,910.5</b>	<b>5,913.9</b>	<b>9,733.3</b>	<b>5,794.6</b>	<b>613.2</b>	<b>494.0</b>	<b>860.6</b>	<b>–</b>	<b>4,623.1</b>	<b>2,359.0</b>	<b>23,740.7</b>	<b>14,561.5</b>
<b>Other disclosures</b>												
Acquisitions and investments in properties	6,982.9	4,516.1	1,799.0	1,786.2	319.5	613.4	1,167.6		–	–	10,269.0	6,915.7

<sup>1</sup> Other/group wide is the now divested property operations in the Netherlands/Belgium and group-wide functions where group-wide consists of transaction/analysis, central administration, value changes on financial instruments and other assets and liabilities.

SEK m Geographical market (secondary segment)	Sweden		Germany		Denmark/Norway		Holland/Belgium		Total Kungsleden		
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	
Sales revenues, net		2,520.3	2,287.0	52.6	14.7	31.5	–	7.8	47.5	2,612.2	2,349.2
Properties		24,676.8	21,642.4	932.9	613.4	127.3	–	–	850.0	25,737.0	23,105.8
Acquisitions and investments in properties		9,761.8	6,302.3	319.5	613.4	187.7	–	–	–	10,269.0	6,915.7

**Note 3 Acquisition of property via companies**

Properties are usually acquired by acquisitions of companies, for reasons including stamp duty being payable in connection with property transfers and that a company divestment confers tax advantages on the seller compared to a direct sale. Acquisitions via companies can either be classified as acquisitions of assets or business combinations, see Accounting principles. One business combination was completed in 2007 when Nordic Modular Group was acquired, comprising an existing operation and organisational resources. Other acquisitions were supplementary acquisitions, i.e. acquisitions of companies consisting only of assets (properties) and their associated items. In 2006, only asset acquisitions were conducted.

**Note 4 Operating leases – revenues**

Rental revenue, SEK m	31 Dec 2007	31 Dec 2006
Due for payment within one year	230.2	239.9
Due for payment in 1–5 years	1,033.4	1,161.8
Due for payment after more than 5 years	923.9	445.9
<b>Total</b>	<b>2,187.5</b>	<b>1,847.6</b>

From an accounting perspective, rental agreements in the Kungsleden group are considered as operating lease arrangements. The table illustrates rental revenues calculated on current contracts, of which there were 3,889 as of 31 December 2007. The incidence of long-term contracts on commercial properties increased in the year, while Kungsleden already had a balance between short and long-term contracts in its public properties. Rental agreements on premises are usually entered for 3–20 years, with generally, rents being indexed. In most cases, supplements for heating and property tax are added to rents, based on the actual costs the landlord incurred.

The agreed rental revenues offer an impression of the contract situation at year-end. Because of the high transaction tempo of acquisitions and divestments, the conditions governing future rental revenues change constantly, which should be noted when evaluating the above table.

**Note 5 Sales and administration costs**

Administration costs, SEK m	2007	2006
Personnel costs	-140.6	-130.0
Depreciation and amortisation	-6.8	-3.7
Other operating costs	-168.5	-112.5
<b>Total</b>	<b>-315.9</b>	<b>-246.2</b>

Primarily includes costs for the group's management and central functions such as accounting, finance, legal services, analysis and information technology and costs associated with stock market listing. Also includes property administration such as costs for ongoing property management including costs for rental billing, rent negotiations, rent demands and accounting. Administration costs include depreciation of equipment.

**Note 6 Employees and personnel costs**

The average number of employees was 356 in 2007. The division by country and gender is indicated below.

Average number of employees, %	2007	Proportion women	2006	Proportion women
Sweden	99	20	99	45
Europe	1	-	1	-
<b>Total, %</b>	<b>100</b>	<b>20</b>	<b>100</b>	<b>45</b>

Gender division, Board and management	No. 2007	Proportion women, %	No. 2006	Proportion women, %
The Board	8	13	7	14
Other senior executives	9	11	9	11

The Board of Directors has 8 (7) members of which 1 (1) woman. There are 9 (9) other senior executives in 2007, of which 1 (1) is a woman.

Salary, other remunerations and social security costs, SEK '000	Salary and remuneration	2007 Social security costs	Salary and remuneration	2006 Social security costs
<b>Group</b>				
The Board, Chief Executive and Deputy Chief Executives (of which pension costs)	17,728	7,972	17,302	8,431
		(2,225)		(2,846)
Israelsson Mats	240	78	185	60
Kjell Bengt	420	136	360	116
Nyrén Jonas	240	78	215	69
Ovin Per-Anders	220	71	195	63
Weiner Jiffer Anna	220	71	195	63
Nygren Jan	220	71	195	63
Engwall Jens	251	81	0	0
Erséus Thomas (Chief Executive)	7,491	3,696	2,241	723
Thagesson Lars (Dep. Chief Executive)	4,581	1,919	3,458	1,116
Risberg Johan (Dep. Chief Executive)	3,845	1,770	3,596	1,161
Other employees (of which pension costs)	139,298	57,212	69,212	32,294
		(10,735)		(9,952)
<b>Total</b>	<b>157,026</b>	<b>65,184</b>	<b>86,514</b>	<b>40,725</b>
(of which pension costs)		(12,960)		(10,855)

No Directors' fees are payable to Thomas Erséus.

The above amounts include salaries and social security costs of SEK 330,000 and SEK 100,000 respectively paid in Belgium for 2006, and in Germany, of SEK 1,620,000 and SEK 120,000 respectively for 2007 translated to Swedish kronor.

For more information on staff stock option plans with granting in 2008, see pages 33 and 37.

Salary, other remuneration and social security costs, SEK '000	Salary and remuneration	2007 Social security costs	Salary and remuneration	2006 Social security costs
<b>Parent company</b>				
The Board	1,811	587	1,345	434
(of which pension costs)		(-)		(-)

Sickness absence, %	2007	2006
Total sickness absence as a percentage of ordinary working-hours (Nordic Modular 4)	4	4
Proportion of total sickness absence for contiguous periods of 60 days or more (Nordic Modular 21)	79	64

Sickness absence as a percentage of each group's regular working-hours:

Sickness absence by gender	2007	2006
Men (Nordic Modular 4)	4	3
Women (Nordic Modular 4)	5	5

Sickness absence by age	2007	2006
Up to 29 (Nordic Modular 4)	6	2
30-49 (Nordic Modular 3)	2	2
50 or older (Nordic Modular 4)	8	8

The majority of Kungsliden's staff are employed by the subsidiary Kungsliden Fastighets AB.

**Note 7 Remuneration to senior executives****Principles**

Remuneration is payable to the Board, pursuant to AGM decision. No fees are payable to Board members employed by the company. Remuneration to the Chief Executive and other senior executives consists of basic salary, performance-related pay, other benefits and pension. The term "other senior executives" means the people that were active in the group management in 2007 in addition to the Chief Executive. Performance-related pay is intended to comprise a significant portion of possible remuneration, subject to a maximum of 12 months' salary. The performance-related portion is based on actual performance in relation to individual targets.

Remuneration and other benefits for 2007, SEK '000	Basic salary/ Directors' fees	Performance-related pay	Other benefits	Pension costs	Total
Chairman	420	-	-	-	420
Other Board members	1,391	-	-	-	1,391
Chief Executive	3,946	3,480	65	1,267	8,758
Other senior executives	9,688	8,542	297	2,159	20,686
<b>Total</b>	<b>15,445</b>	<b>12,022</b>	<b>361</b>	<b>3,426</b>	<b>31,255</b>

Comments on the table:

- Performance-related pay is bonuses for 2007, of which SEK 12,022,000 (7,230,000) has been posted to 2007;
- Other benefits comprise company car and subsistence allowance;
- Senior executives' pension schemes are defined contribution.

Pension costs are the costs expensed in 2007. For more information on pensions, see below.

**Performance-related pay**

For the Chief Executive and Deputy Chief Executives, the bonus in 2007 reflects profit for calculating dividends. The bonus for 2007 was equivalent to 98 (121) per cent of basic salary.

The other senior executives' bonuses for 2007 were based on the same principles as the Chief Executive and Deputy Chief Executives and on individual objectives for each individual business area. The bonus for these executives in 2007 averaged 75 (54) per cent of basic salary.

**Pensions**

The pensionable age of all senior executives is 65 and all have defined-contribution pension schemes, with no commitments for the company apart from the obligation to pay annual premiums. The Chief Executive's pension premium is 30 per cent of fixed annual salary.

A pension premium of 25 per cent of fixed monthly salary is payable to the company's Deputy Chief Executives and HR Director. A pension premium of 32 per cent of fixed monthly salary is payable for one senior executive. Pension premiums of other senior executives and employees are based on the ITP (supplementary pensions for salaried employees) scheme.

**Notice of termination**

The company and Chief Executive are subject to a mutual notice period of 12 months. In addition, the Chief Executive receives redundancy pay of 12 months' salary coincident with termination initiated by the company, an amount that is deducted from other income, and is not included in pension entitlements. No redundancy pay is due for termination initiated by the Chief Executive.

The company's Deputy Chief Executives are subject to a notice period of three months, although for termination initiated by the company, six months' notice applies to one of the Deputy Chief Executives and 12 months redundancy pay that is not pensionable. Another Deputy Chief Executives is subject to a 12-month notice period.

Notice periods of 3 to 6 months apply to other senior executives for termination initiated by the executive; 6 to 12-month notice periods apply to termination initiated by the company.

**Consideration and decision processes**

Remuneration to the group management is resolved by the Board subject to the Remuneration Committee's proposal. This is conducted on the basis of guidelines resolved by the AGM.

**Note 8 Audit fees and remuneration**

SEK m	2007	2006
KPMG		
Auditing assignments	5.2	6.3
Other assignments	3.9	1.1
<b>Total</b>	<b>9.1</b>	<b>7.4</b>

Auditing assignments means reviewing the Annual Report and accounts, the Board of directors' and Chief Executive's administration, other tasks appropriate to the company's auditors, and advisory or other services resulting from observations on such review or conducting other such tasks. Anything else is classified as other assignments.

**Note 9 Net financial position**

Financial revenues, SEK m	2007	2006
Dividends on financial assets held for sale	0.2	0.2
Interest income on bank balances	4.0	6.0
Interest income on rental receivables	1.3	1.0
Other financial revenues	4.0	8.8
<b>Total financial revenues</b>	<b>9.5</b>	<b>16.0</b>
Financial costs, SEK m	2007	2006
Interest costs on financial liabilities valued at fair value	-708.0	-636.4
Arrangement fees for bank borrowing	-16.7	-29.4
Other financial costs	-5.0	-30.8
<b>Total financial costs</b>	<b>-729.7</b>	<b>-696.6</b>
<b>Total net financial position</b>	<b>-720.2</b>	<b>-680.6</b>

**Note 10 Tax**

Tax cost, SEK m	2007	2006
Profit before tax	2,620.9	3,574.5
Tax, 28%	-733.9	-1,000.9
Taxable profit on acquired shares	375.6	757.1
Non-taxable revenues on disposals of shares	137.9	238.8
Other non-taxable revenues	1.1	7.6
Non-deductible costs	-2.1	-3.3
<b>Reported tax</b>	<b>-221.4</b>	<b>-0.7</b>
Current tax	-130.1	-35.3
Deferred tax	-91.3	34.6
<b>Reported tax</b>	<b>-221.4</b>	<b>-0.7</b>

Temporary differences, SEK m	31 Dec 2007	31 Dec 2006
Income tax (loss carry-forwards)	4,598.6	4,766.3
Property	-5,634.4	-3,660.7
Shares in group companies	794.2	278.6
Financial instrument	-39.4	26.9
Other	185.4	160.6
<b>Total</b>	<b>-95.4</b>	<b>1,571.7</b>

Deferred tax, SEK m	Deferred tax assets		Deferred tax liabilities	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Income tax (loss carry-forwards)	1,287.6	1,334.1		
Property			-1,577.7	-1,025.0
Shares in group companies	222.4	78.1		
Financial instruments		7.6	-11.0	
Other	51.9	45.2		
<b>Tax assets/liabilities</b>	<b>1,561.9</b>	<b>1,465.0</b>	<b>-1,588.7</b>	<b>-1,025.0</b>
Offsetting	-1,561.9	-1,025.0	1,561.9	1,025.0
<b>Deferred tax in the balance sheet</b>	<b>-</b>	<b>440.0</b>	<b>-26.7</b>	<b>-</b>

The possibilities of utilising tax-deductible losses are partly limited as a result of mergers and acquisitions (approximately SEK 830 m). This prevention remains in place until the 2010 income year and applies to company profits and group contributions received.

In addition to the capitalised tax-deductible losses indicated above, there are further tax-deductible losses totalling approximately SEK 4,117 m. These deficits will be capitalised when the properties, which have been acquired as asset acquisitions, are divested externally. Completed asset acquisitions also imply that all temporary differences relating to properties are not taken into account. These unreported temporary differences on properties amounted to SEK -6,217 m.

**Note 11 Investment property**

SEK m	31 Dec 2007	31 Dec 2006
Fair value, opening balance	22,234.7	24,856.3
Acquired via business combinations	1,019.9	-
Acquisitions via asset acquisitions	8,566.8	6,542.8
Investments in properties owned	553.0	260.5
Reclassification from buildings under construction	60.5	134.3
Reversal of acquired properties	-48.0	-
Acquisition value, divested properties	-8,030.5	-11,403.7
Unrealised value changes	1,305.4	1,844.5
<b>Fair value, closing balance</b>	<b>25,661.8</b>	<b>22,234.7</b>
Taxable values, SEK m	31 Dec 2007	31 Dec 2006
Taxable values, buildings	7,937.0	5,099.6
Taxable values, land	2,072.2	1,409.8
<b>Total</b>	<b>10,009.2</b>	<b>6,509.4</b>

**Note 11 Continued**

Investment property – effect on net profit, SEK m	31 Dec 2007	31 Dec 2006
Rental revenues	2,321.5	2,346.7
Direct costs for investment properties generating rental revenues in the period <sup>1</sup>	-652.7	-819.6
Direct costs for investment properties not generating rental revenues in the period <sup>1</sup>	0	0

<sup>1</sup> Direct costs include operating and maintenance costs, property tax and ground rent.

In certain cases, properties held via operating lease arrangements are reported as investment properties. For more information, refer to Accounting principles above. The book value of rental properties included in the group's property holdings is SEK 11 (11) m, with the corresponding liability being SEK 19 (20) m.

**Note 12 Real estate used in business operations**

Real estate used in business operations – buildings and land, SEK m	31 Dec 2007	31 Dec 2006
Book value, opening balance	14.5	15.5
Acquired via business combinations	16.3	-
Divestments for the year	-14.5	-1.0
<b>Book value, closing balance</b>	<b>16.3</b>	<b>14.5</b>

Taxable values, SEK m	31 Dec 2007	31 Dec 2006
Taxable value, buildings	26.1	7.1
Taxable value, land	8.5	2.4
<b>Total</b>	<b>34.6</b>	<b>9.5</b>

**Note 13 Construction in progress**

SEK m	31 Dec 2007	31 Dec 2006
Book value, opening balance	6.6	28.7
Acquisitions for the year	21.8	7.0
Capitalisation for the year	91.0	105.2
Reclassification to investment property	-60.5	-134.3
<b>Book value, closing balance</b>	<b>58.9</b>	<b>6.6</b>

The construction of a school was completed in 2007. In Sweden, three pre-schools and one retirement home were under construction at year-end. Tenant occupancy in the pre-school is scheduled for autumn 2008, while the production of the retirement home is in its final phase, with the tenant taking up occupancy the spring. In Germany, construction of one retirement home is underway, which is scheduled for completion before the mid-point of the year.

**Note 14 Properties held for sale**

SEK m	31 Dec 2007	31 Dec 2006
Book value, opening balance	850.0	850.0
Disposals for the year	-850.0	-
<b>Book value, closing balance</b>	<b>-</b>	<b>850.0</b>

The properties in Belgium and the Netherlands were sold during the year according to plan.

**Note 15 Goodwill**

SEK m	31 Dec 2007	31 Dec 2006
Book value, opening balance	-	-
Acquisition of Nordic Modular Group	131.3	-
Existing goodwill in acquired group	65.5	-
<b>Book value, closing balance</b>	<b>196.8</b>	<b>-</b>

**Note 16 Machinery and equipment**

SEK m	31 Dec 2007	31 Dec 2006
Accumulated acquisition value, opening balance	16.1	36.8
Acquisitions	17.4	3.1
Divestments and disposals	-6.6	-23.8
<b>Total</b>	<b>26.9</b>	<b>16.1</b>
Accumulated depreciation, opening balance	-7.6	-23.5
Divestments and disposals	3.6	19.6
Depreciation for the year	-6.8	-3.7
<b>Total</b>	<b>-9.8</b>	<b>-7.6</b>
<b>Residual value according to plan, closing balance</b>	<b>17.1</b>	<b>8.5</b>

**Note 17 Associated companies**

Shares in associated companies are owned indirectly through subsidiaries. Specific information about associated companies is not provided in this Annual Report because subject to requirements for accuracy, the information is insignificant. However, other companies are stated in each subsidiary's annual report. The amounts posted in the Income Statement and shareholders' equity are less than SEK 0.1 m.

**Note 18 Other long-term receivables**

SEK m	31 Dec 2007	31 Dec 2006
Receivables, opening balance	169.3	11.7
Acquisitions for the year	5.4	160.8
Amortisation for the year	-58.0	-3.2
<b>Total</b>	<b>116.7</b>	<b>169.3</b>

**Note 19 Other receivables**

SEK m	31 Dec 2007	31 Dec 2006
Receivables, payment for divested properties	5,350.0	129.4
Other current receivables	400.3	153.3
<b>Total</b>	<b>5,750.3</b>	<b>282.7</b>

**Note 20 Maturity structure, receivables**

SEK m	31 Dec 2007	31 Dec 2006
Maturing within 1 year of the balance sheet date	6,003.9	423.3
Maturing 1–5 years from the balance sheet date	116.7	169.3
Maturing more than 5 years from the balance sheet date	-	-
<b>Total</b>	<b>6,120.6</b>	<b>592.6</b>

Maturity structure, outstanding receivables excluding deferred tax and liquid assets.

**Note 21 Cash and bank balances**

The group has a bank overdraft of SEK 460 (250) m, of which SEK 0 (0) m was utilised at 31 December 2007.



**Note 22 Shareholders' equity**

Share capital history	Event	Change in no. of shares	Total no. of shares	Quotient value	Increase in share capital, SEK	Accumulated share capital, SEK
1997	Incorporation	1,000	1,000	100	100,000	100,000
1997	Split 20:1	19,000	20,000	5	–	100,000
1997	New issue	230,000	250,000	5	1,150,000	1,250,000
1997	Promissory note with stock options	–	250,000	5	–	1,250,000
1997	New issue	3,750,000	4,000,000	5	18,750,000	20,000,000
1998	New issue	2,400,000	6,400,000	5	12,000,000	32,000,000
1998	Convertible subordinated debenture	–	6,400,000	5	–	32,000,000
1999	Split 2:1	6,400,000	12,800,000	2.50	–	32,000,000
1999	Convertible subordinated debenture	2,758,620	15,558,620	2.50	6,896,550	38,896,550
1999	New issue	3,000,000	18,558,620	2.50	7,500,000	46,396,550
2000	New issue	400,000	18,958,620	2.50	1,000,000	47,396,550
2005	Split 2:1	18,958,620	37,917,240	1.25	–	47,396,550
2005	New issue	7,583,448	45,500,688	1.25	9,479,310	56,875,860
2006	Split 3:1	91,001,376	136,502,064	0.42	–	56,875,860
2007	Split 2:1	136,502,064	273,004,128	0.21	–	56,875,860
2007	Share redemption	–136,502,064	136,502,064	0.21	–28,437,930	28,437,930
2007	Bonus issue	–	136,502,064	0.42	28,437,930	56,875,860

The number of shares was 136,502,064 at the end of the financial year. The average number of shares in the year was 136,502,064. The calculation of the average number of shares disregards the shares created in the share split that were then immediately redeemed. The share capital, number of shares and quotient value

was changed and restored at the same shareholders' meeting. The redemption shares did not affect the underlying capital situation for 2007, and accordingly, do not affect the Income Statement and key figures from the shareholder's perspective.

**Note 23 Interest-bearing liabilities**

This Note contains information on the company's contracted terms for interest-bearing liabilities. In a financial context, Kungsleden is primarily exposed to interest risks. Interest risk means the risk of changes in interest levels affecting the net financial position. Interest-bearing liabilities have been complemented with interest swaps to attain the desired stability and risk levels. For more information on the company's exposure to financial risks and how these risks are managed, see the section on financing and financial risks on pages 25–26 of this Annual Report.

Liabilities to credit institutions, SEK m	31 Dec 2007		31 Dec 2006	
	Nominal amount	Fair value	Nominal amount	Fair value
<i>Bank loans</i>				
Variable-rate bank loans	20,867.1	20,888.2	12,343.3	12,343.3
Fixed-rate bank loans	246.0	245.3	411.0	405.8
<b>Total</b>	<b>21,113.2</b>	<b>21,133.5</b>	<b>12,754.3</b>	<b>12,749.1</b>
<i>Interest rate derivatives</i>				
Interest swaps – receivable	–7,754.8	–7,754.9	–6,254.8	–6,259.1
Interest swaps – liability	7,754.8	7,627.6	6,254.8	6,271.6
Caps issued, SEK 2,000 m		61.6		19.7
<b>Total</b>	<b>0.0</b>	<b>–65.7</b>	<b>0.0</b>	<b>32.2</b>
<b>Total liabilities to credit institutions</b>	<b>21,113.2</b>	<b>21,067.8</b>	<b>12,754.3</b>	<b>12,781.3</b>

Bank loans and interest derivatives are reported at fair value in the Balance Sheet. Hedge accounting is not applied, and instead, value changes are reported continuously via the Income Statement. Fair value is determined with the aid of quoted market prices on an active marketplace. The interest rate increase has implied that the value of financial derivatives has been positive, and a revenue of SEK 66 (276) m has been reported in the Income Statement. As of 31 December 2007, derivatives reduced liabilities to credit institutions, exerting a SEK 45 (–27) m effect on the Balance Sheet.

As of 31 December 2007, approved credit facilities amounted to SEK 21,723 m, distributed over credit limits for property acquisitions of SEK 6,000 m, secured loans of SEK 15,240 m and bank overdraft of SEK 460 m. The un-utilised portion of the credit facilities amounted to SEK 610 m.

Repayment periods in credit agreements are stated in the following table. The majority of interest becomes due in 2008, generating an average interest fixing term of 1.4 (1.8) years. Average interest on 31 December 2007 was 4.8 (4.3) per cent.

Maturity of bank loans, SEK m	31 Dec 2007	
	Nominal	Proportion, %
2008	838.0	4.0
2009	1,021.3	4.8
2010	1,959.7	9.3
2011	2,418.2	11.5
2012	14,147.8	67.0
2013	728.1	3.4
<b>Total</b>	<b>21,113.2</b>	<b>100.0</b>

Collateral in properties and shares or sureties is pledged as security for bank loans (see also Note 26). Loan agreements may also stipulate covenants regarding interest coverage and loan volumes in relation to the fair value of properties. Applicable covenants were satisfied throughout the year.

Of bank loans, SEK 20,600 (12,260) m were raised in SEK and SEK 513 (495) m were raised in EUR. There were SEK 24 (55) m of currency forwards to hedge future interest payments. Accordingly, value changes on currency forwards are expected to exert a less significant impact on future cash flows. However, exchange rate fluctuations do affect the Income Statement, amounting to SEK 6 (0) m for 2007.

**Note 24 Maturity structure, liabilities**

SEK m	31 Dec 2007	31 Dec 2006
Maturing within 1 year of the balance sheet date	3,439.0	3,196.1
Maturing 1–5 years from the balance sheet date	19,547.5	10,481.6
Maturing more than 5 years from the balance sheet date	728.1	826.8
<b>Total</b>	<b>23,714.2</b>	<b>14,504.5</b>

Maturity structure of interest-bearing liabilities and trading liabilities excluding deferred tax liabilities. All accounts payable are due within one year.

**Note 25 Valuation of financial assets and liabilities at fair value**

SEK m	31 Dec 2007	Customer, loans receivable and sales proceeds	Financial liabilities valued at fair value via the Income Statement	Other liabilities	Total carrying amount	Fair value
Long-term receivables		116.7			116.7	116.7
Accounts receivable		154.1			154.1	154.1
Other receivables		5,350.0			5,350.0	5,350.0
<b>Total</b>		<b>5,620.8</b>			<b>5,620.8</b>	<b>5,620.8</b>
Interest-bearing liabilities			21,067.6		21,067.6	21,067.6
Accounts payable				329.1	329.1	329.1
Other liabilities				98.7	98.7	98.7
<b>Total</b>			<b>21,067.6</b>	<b>427.8</b>	<b>21,495.4</b>	<b>21,495.4</b>

**Note 26 Assets pledged**

SEK m	31 Dec 2007	31 Dec 2006
<i>For Kungsleden's own liabilities and provisions</i>		
Property mortgages	15,130.2	16,600.3
Shares in subsidiaries	1,404.2	8,052.8
Liquid assets	98.9	4.0
<b>Total</b>	<b>16,633.3</b>	<b>24,657.1</b>

Kungsleden Fastighets AB and subsidiaries have provided an undertaking to the banks providing its syndicated loan to refrain from raising further loans or creating or depositing collateral from its asset mass without approval of the banks. However, existing mortgages have been pledged as collateral for the syndicated credit facility.

**Note 27 Contingent liabilities**

SEK m	31 Dec 2007	31 Dec 2006
Surety in favour of group companies	9,380.5	2,289.9
Other contingent liabilities	122.1	149.6
<b>Total</b>	<b>9,502.6</b>	<b>2,439.5</b>

**Note 28 Additional information, cash flow statement**

No other funds than cash and bank balances are included in the liquid assets item. Interest paid for the financial year amounts to SEK 685.7 (633.9) m.

Operating cash flow, SEK m	2007	2006
Profit before tax	2,620.9	3,574.5
Net financial position	720.2	680.6
Adjustments for items not included in cash flow	6.8	3.5
Realised value changes	8,895	1,517.7
Unrealised value changes	-1,371.7	-2,120.3
Changes in working capital	42.1	-347.0
Investments	-661.4	-369.0
<b>Total</b>	<b>10,251.8</b>	<b>2,940.0</b>

**Note 29 Transactions with affiliates**

There have been no transactions with affiliates to or from the parent company with the exception of interest payments. Remuneration to Board members and senior executives for work conducted is stated in Note 6 and 7. No transactions in addition to this remuneration have occurred with any affiliated companies or private individuals.

# Income Statement and Balance Sheet, parent company

## Income Statement

SEK m	Note	2007	2006
<b>Administration costs</b>	1-4	-14.6	-16.8
<b>Operating profit</b>		-14.6	-16.8
<b>Profit from financial items</b>			
Profit from participations in subsidiaries	5	2,604.1	292.1
Financial revenue	6	440.1	320.7
Financial costs	6	-327.3	-378.5
		<b>2,716.9</b>	<b>234.3</b>
<b>Profit before tax</b>		<b>2,702.3</b>	<b>217.5</b>
<b>Tax</b>			
Current tax	7	3.4	-
Deferred tax	7	13.1	42.2
<b>Net profit for the year</b>		<b>2,718.8</b>	<b>259.7</b>

## Balance Sheet

SEK m	Note	31 Dec 2007	31 Dec 2006
<b>ASSETS</b>			
<b>Fixed assets</b>			
Financial fixed assets			
Shares in subsidiaries	8	6,781.6	3,537.0
Deferred tax asset	7	586.8	573.7
Other long-term receivables		100.0	100.0
<b>Total fixed assets</b>		<b>7,468.4</b>	<b>4,210.7</b>
<b>Current assets</b>			
Receivables from group companies		-	1,042.0
Other receivables		6.1	138.0
Pre-paid costs and accrued income		2.1	0.2
		<b>8.2</b>	<b>1,180.2</b>
<b>Liquid assets</b>			
Cash and bank balances	10	177.3	35.4
<b>Total current assets</b>		<b>185.5</b>	<b>1,215.6</b>
<b>TOTAL ASSETS</b>		<b>7,653.9</b>	<b>5,426.3</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Shareholders' equity</b>			
<b>Restricted equity</b>	11		
Share capital		56.9	56.9
Statutory reserve		2,063.6	2,063.6
		<b>2,120.5</b>	<b>2,120.5</b>
<b>Non-restricted equity</b>			
Accumulated profit or loss		54.7	2,857.6
Net profit for the year		2,718.8	259.7
		<b>2,773.5</b>	<b>3,117.3</b>
<b>Total shareholders' equity</b>		<b>4,894.0</b>	<b>5,237.8</b>
<b>Long-term liabilities</b>			
Liabilities to credit institutions		496.0	-
	12	<b>496.0</b>	-
<b>Current liabilities</b>			
Accounts payable		7.1	14.9
Liabilities to group companies		2,151.5	-
Accrued costs and deferred income		105.3	173.6
	12	<b>2,759.9</b>	<b>188.5</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>7,653.9</b>	<b>5,426.3</b>
<b>PLEDGED ASSETS AND CONTINGENT LIABILITIES</b>			
Pledged assets	13	1,433.1	1,317.1
Contingent liabilities	14	6,918.9	651.8

# Change in Shareholders' Equity and Cash Flow Statement, parent company

## Change in Shareholders' Equity

SEK m	Share capital	Statutory reserve <sup>1</sup>	Non-restricted equity	Total shareholders' equity
<b>Shareholders' equity, opening balance 1 Jan 2006</b>	<b>56.9</b>	<b>2,063.6</b>	<b>3,453.7</b>	<b>5,574.2</b>
Group contributions			-132.7	-132.7
Tax effect of group contributions			37.1	37.1
<b>Total changes in net worth reported directly to shareholders' equity</b>			<b>3,358.1</b>	<b>5,478.6</b>
Net profit for the year			259.7	259.7
<b>Total changes in net worth excl. transactions with shareholders</b>			<b>3,617.8</b>	<b>5,738.3</b>
Dividends			-500.5	-500.5
<b>Shareholders' equity, closing balance 31 Dec 2006</b>	<b>56.9</b>	<b>2,063.6</b>	<b>3,117.3</b>	<b>5,237.8</b>
<b>Shareholders' equity, opening balance 1 Jan 2007</b>	<b>56.9</b>	<b>2,063.6</b>	<b>3,117.3</b>	<b>5,237.8</b>
Group contributions			12.1	12.1
Tax effect of group contributions			-3.4	-3.4
<b>Total changes in net worth reported directly to shareholders' equity</b>			<b>8.7</b>	<b>8.7</b>
Net profit for the year			2,718.8	2,718.8
<b>Total changes in net worth excl. transactions with shareholders</b>			<b>2,727.5</b>	<b>2,727.5</b>
Dividends			-1,501.5	-1,501.5
Redemptions			-1,569.8	-1,569.8
<b>Total transactions with shareholders</b>			<b>-3,071.3</b>	<b>-3,071.3</b>
<b>Shareholders' equity, closing balance 31 Dec 2007</b>	<b>56.9</b>	<b>2,063.6</b>	<b>2,773.5</b>	<b>4,894.0</b>

<sup>1</sup> An EGM in November 2007 resolved that the complete statutory reserve would be transferred to non-restricted reserves. This decision was completed in 2008 when it was registered at the Swedish Companies Registration Office.

## Cash Flow Statement

SEK m	2007	2006
<b>Operations</b>		
Profit before tax	2,702.3	217.5
Dividends	-	-3,046.7
Profit from divestments	-	-36.6
Impairment losses	2,584.9	2,791.2
Unrealised translation effects	13.8	-
Tax paid	-	-42.2
<b>Cash flow from operating activities</b>	<b>5,301.0</b>	<b>-116.8</b>
<b>Change in working capital</b>		
Decrease (+)/increase (-) in operating receivables	1,171.9	1,423.7
Increase (+)/decrease (-) in operating liabilities	2,086.0	174.1
	<b>3,257.9</b>	<b>1,597.8</b>
<b>Cash flow from operating activities after change in working capital</b>	<b>8,558.9</b>	<b>1,481.0</b>
<b>Investment activities</b>		
Acquisitions of subsidiaries	-3,206.8	-121.6
Shareholders' contributions paid	-2,622.8	-
Repayment of long-term loans issued	-	-100.0
<b>Cash flow from investment activity</b>	<b>-5,829.6</b>	<b>-221.6</b>
<b>Financing activities</b>		
Loans drawn down	496.0	-
Loans amortised	-	-800.0
Group contributions paid	-12.1	-
Dividends/redemptions	-3,071.3	-500.5
<b>Cash flow from financing activities</b>	<b>-2,587.4</b>	<b>-1,300.5</b>
<b>Cash flow for the year</b>	<b>141.9</b>	<b>-41.1</b>
Liquid assets, opening balance	35.4	76.5
<b>Liquid assets, closing balance</b>	<b>177.3</b>	<b>35.4</b>

# Accounting principles and notes, parent company

## Accounting principles

The parent company's, Kungsleden AB, Annual Report has been prepared in accordance with the Swedish Annual Accounts Act and RR's (Redovisningsrådet, the Swedish Financial Accounting Standards Council) recommendation 32:06. The accounting principles applied are indicated in the applicable parts of Note 1 of the Consolidated Accounts with the following additions applying to the parent company.

## Financial instruments

Financial receivables and liabilities are reported at historical cost. The risk of losses arising relating to financial receivables and derivatives is taken into account. However, any negative value arising from derivatives is reported when realized.

## Financial guarantees

The parent company's financial guarantee agreements consist of it sureties issued in favour of group companies. For reporting financial guarantee agreements, the parent company applies a rule permitted by the Swedish Financial Accounting Standards Council that is a relaxation compared to the stipulations of IAS 39. The parent company reports financial guarantee agreements as a provision in the Balance Sheet when the company has a commitment for a likely payment. Otherwise, the commitment is reported as a contingent liability.

## Group contributions

Group contributions after tax deductions are reported as a decrease or increase in non-restricted equity.

Shareholder contributions are reported as an increase in the book value of shares with the provider and as an increase in non-restricted equity with the recipient.

## Note 1 Administration costs

Administration cost, SEK m	2007	2006
Personnel costs	-2.3	-1.7
Other operating costs	-12.3	-15.1
<b>Total</b>	<b>-14.6</b>	<b>-16.8</b>

Primarily includes costs for the group's management and central functions such as accounting, finance, legal services, analysis and information technology and costs associated with stock market listing. Also includes property administration such as costs for ongoing property management including costs for rental billing, rent negotiations, rent demands and statements. Administration costs include depreciation of equipment.

## Note 2 Employees

Kungsleden AB has no employees. Kungsleden's employees are largely employed by the subsidiary Kungsleden Fastighets AB.

## Note 3 Remuneration to the Board

Remuneration to the Board is payable in accordance with the resolution of the AGM. Total fees of SEK 1,811,000 (1,345,000) were paid, of which SEK 420,000 (360,000) to the Chairman of the Board. For information on remuneration to each member, see Note 6 of the group.

## Note 4 Audit fees and remuneration

No fees or remuneration were paid by the parent company to its auditors. All fees and remuneration to the auditors was paid for by group subsidiaries.

## Note 5 Profit from shares in group companies

SEK m	2007	2006
Dividends received	5,189.0	-
Anticipated dividends	-	3,046.7
Profit from divestment of shares	-	36.6
Profit from shares in limited partnerships	-	-25.0
Write-downs	-2,584.9	-2,766.2
<b>Total</b>	<b>2,604.1</b>	<b>292.1</b>

## Note 6 Net financial position

Financial revenues, SEK m	2007	2006
Interest income		
group companies	433.6	314.1
other	6.5	6.6
Other	-	-
<b>Total</b>	<b>440.1</b>	<b>320.7</b>

Financial costs, SEK m	2007	2006
Interest costs		
group companies	-285.6	-302.2
other	-26.3	-65.6
Other	-15.3	-10.7
<b>Total</b>	<b>-327.2</b>	<b>-378.5</b>

## Note 7 Tax

Tax cost, SEK m	2007	2006
Profit before tax	2,702.3	217.5
Tax 28%	-756.6	-60.9
Tax effect of taxable revenues and costs, net	773.1	103.1
<b>Reported tax</b>	<b>16.5</b>	<b>42.2</b>
Current tax	3.4	-
Deferred tax	13.1	42.2
<b>Reported tax</b>	<b>16.5</b>	<b>42.2</b>

Of the tax cost for the year, SEK 3 m is posted directly to shareholders' equity.

Deferred tax assets	31 Dec 2007	31 Dec 2006
Loss carry-forwards	586.8	573.7
<b>Deferred tax assets</b>	<b>586.8</b>	<b>573.7</b>

**Note 8 Shares in subsidiaries**

SEK m	31 Dec 2007	31 Dec 2006
Accumulated acquisition value, opening balance	6,866.8	5,795.5
Acquisitions	3,206.8	121.6
Divestments	-0.1	-1.1
Shareholders' contribution	2,622.8	950.8
<b>Total</b>	<b>12,696.3</b>	<b>6,866.8</b>
Impairment losses, opening balance	-3,329.8	-538.7
Impairment losses	-2,584.9	-2,791.1
<b>Total</b>	<b>-5,914.7</b>	<b>-3,329.8</b>
<b>Book value, closing balance</b>	<b>6,781.6</b>	<b>3,537.0</b>

Directly owned subsidiaries are indicated below. Other companies included in the group are not reported in the parent company's Annual Report because subject to the requirement for accuracy, the information is insignificant. However, other companies are stated in each subsidiary's annual report.

**Specification of parent company holdings of shares in subsidiaries**

Directly owned subsidiaries/corporate identity no./registered office/country	No. of shares	Holding % <sup>1</sup>	Book value, SEK m 2007	Book value, SEK m 2006
Kungsleden Fastighets AB, 556459-8612, Sthlm	200	100	1,351.2	1,156.0
Realia AB, 556639-7419, Sthlm	23,822,375	100	129.4	1,538.9
Hemsö Fastighets AB, 556481-1429, Sthlm	1,000	100	624.8	507.9
Kungsleden Syd AB, 556480-0109, Sthlm	10,000	100	215.0	207.7
Kungsleden Öst B AB, 556610-9109, Sthlm	1,000	100	48.4	35.8
Kungsleden Vårdfastigheter AB, 556653-7501, Sthlm	1,000	100	0.1	0.1
Kungsleden Öst G AB, 556598-3177, Sthlm	1,000	100	6.8	0.1
Bovård i Sverige AB, 556429-6126, Sthlm	3,700	100	0.0	0.1
Kungsleden Äldre B AB, 556635-1366, Sthlm	1,000	100	0.1	0.1
Kungsleden Real Estate BV, 34209547, Netherlands	900	100	0.2	0.2
Kungsleden Service AB, 556610-9087, Sthlm	1,000	100	0.2	0.4
KB Söderskolan fastigheter, 959654-8941, Sthlm	2	100	0.0	-8.5
Realia International BV, BV502052-1156, Netherlands	2,351	75	21.4	21.4
Kungsleden Ljungan AB, 556688-5914, Sthlm	1,000	100	0.2	0.1
Kungsleden Property BV, 84149172, Netherlands	30	75	0.1	0.1
Kungsleden GmbH, HRB 99411B, Germany	1	100	45.7	44.6
Aveca GmbH & CO KG, HRA87594, Germany	1	95	32.0	32.0
Kungsleden Mattan AB, 556718-3354, Sthlm	1,000	100	1,097.8	-
Kungsleden Friab AB, 556742-6548, Sthlm	1,000	100	2,399.4	-
Login Syd AB, 556710-6884, Sthlm	100,000	100	2.9	-
KL Norge Holding AB, 556730-0875	1,000	100	1.8	-
Kungsleden Holding GmbH	1	100	49.5	-
Nordic Modular Holding AB	20,695,156	100	754.6	-
<b>Total</b>			<b>6,781.6</b>	<b>3,537.0</b>

<sup>1</sup> Participating interest in equity, which is also consistent with the share of voting rights for the total number of shares.

**Note 9 Maturity structure, receivables**

SEK m	31 Dec 2007	31 Dec 2006
Maturing within 1 year of the balance sheet date	8.2	1,180.2
Maturing 1–5 years from the balance sheet date	100.0	100.0
Maturing more than 5 years from the balance sheet date	-	-
<b>Total</b>	<b>108.2</b>	<b>1,280.2</b>

Maturity structure of outstanding receivables excluding deferred tax and liquid assets.

**Note 10 Cash and bank balances**

The parent company has a bank overdraft facility of SEK 450 (250) m, of which SEK 0 (0) m was utilised at year-end.

**Note 11 Shareholders' equity**

The number of shares was 136,502,064 at the end of the financial year, which is the same number as at the beginning of the year. The redemption procedure temporarily meant the number of shares doubling (2:1 split), with the new shares then redeemed at the end of December 2007. A summary of share capital and the number of shares is in Note 22 of the group.

**Note 12 Maturity structure, liabilities**

SEK m	31 Dec 2007	31 Dec 2006
Maturing within 1 year of the balance sheet date	2,263.9	188.5
Maturing 1–5 years from the balance sheet date	496.0	-
Maturing more than 5 years from the balance sheet date	-	-
<b>Total</b>	<b>2,759.9</b>	<b>188.5</b>

Maturity structure of interest-bearing liabilities and trading liabilities excluding tax liabilities.

**Note 13 Assets pledged**

SEK m	31 Dec 2007	31 Dec 2006
<b>For parent company liabilities and provisions</b>		
Shares in subsidiaries	1,358.0	1,317.1
<b>Total</b>	<b>1,358.0</b>	<b>1,317.1</b>
<b>Other pledged assets and collateral</b>		
Guarantee for liabilities in subsidiaries	75.1	-
<b>Total</b>	<b>75.1</b>	<b>-</b>
<b>Pledged assets</b>	<b>1,433.1</b>	<b>1,317.1</b>

Kungsleden Fastighets AB and subsidiaries have provided an undertaking to the banks providing its syndicated loan to refrain from raising further loans or creating or depositing collateral from its asset mass without approval of the banks. However, existing mortgages have been pledged as collateral for the syndicated credit facility.

**Note 14 Contingent liabilities**

SEK m	31 Dec 2007	31 Dec 2006
Guarantees in favour of group companies	6,918.9	651.8

The figures for the year include sureties for syndicates.

# Proposed appropriation of profits

On the basis of the appropriation of profits proposed by the Board, the Board and the Chief Executive makes the following statement pursuant to the Swedish Companies Act, chapter 18 §4.

The proposed appropriation of profits is based on the 2007 Annual Report. The proposed appropriation of profits and the Income Statement and Balance Sheet will be presented for approval at the AGM on 17 April 2008.

## FUNDS AT THE DISPOSAL OF THE ANNUAL GENERAL MEETING:

### The following funds are at the disposal of the Annual General Meeting, SEK

Profit brought forward	54,671,694
Net profit for the year	2,718,832,676
<b>Total</b>	<b>2,773,504,370</b>

### The Board of Directors proposes that profits are appropriated as follows, SEK

Dividends of SEK 8.00 per share to shareholders	1,092,016,512
Carried forward	1,681,487,858
<b>Total</b>	<b>2,773,504,370</b>

The proposed dividends correspond to 60 per cent of the parent company's profit after tax and 54 per cent of the group's profit for calculating dividends.

Kungsleden's dividend policy is to distribute at least 50 per cent of profit

for calculating dividends. Kungsleden has also stated that dividends should be stable over time. The policy defines the profit for calculating dividends as net profit excluding items that do not affect cash flow such as unrealised value changes, depreciation and amortisation and deferred tax plus realised value changes. Profit for calculating dividends corresponds to the cash flow from operating activities item in the Cash Flow Statement. Against the background of the parent company's secure financial position, the Board proposes dividends of SEK 8 per share for the financial year 2007.

The proposed dividends to shareholders imply that the parent company and the consolidated equity ratio declines from 64 and 28 per cent respectively to 50 and 24 per cent respectively. The equity ratio is considered satisfactory against the background of the fact that the parent company's and the group's operations are profitable. Liquidity in the company and group are expected to remain secure.

The parent company and group equity ratio and liquidity are also assessed to be healthy in relation to the sector the company and group are active in.

The Board's view is that the proposed dividend does not prevent the parent company, or other companies included in the group, from fulfilling their commitments in the short and long term, nor from completing the requisite investments. Accordingly, the proposed dividends are justifiable on the basis of what is stated in chapter 17 §3 para. 2-3 of the Swedish Companies Act (Principle of Prudence).

The group reports the value of assets and liabilities at fair value pursuant to chap. 4 § 14a of the Swedish Annual Accounts Act. Of consolidated shareholders' equity as of 31 December 2007 of SEK 9,040 m, SEK 2,146 m is due to the application of this valuation. No corresponding valuation at fair value for the parent company's assets and liabilities is conducted.

## BOARD OF DIRECTORS' ASSURANCE

This Annual Report gives a true and fair view of the parent company's and the group's operations, financial position and profits, and states the significant risks and uncertainty factors facing the parent company and group companies.

Stockholm, Sweden, 10 March 2008

Bengt Kjell  
Chairman

Jan Nygren  
Board member

Per-Anders Ovin  
Board member

Anna Weiner Jiffer  
Board member

Mats Israelsson  
Board member

Jonas Nyren  
Board member

Jens Engwall  
Board member

Thomas Erséus  
Board member and  
Chief Executive

My Audit Report was submitted on 11 March 2008

Björn Flink  
Authorised Public Accountant

# Audit Report

TO THE ANNUAL GENERAL MEETING OF  
KUNGSLEDEN AB (PUBL.)  
Corporate identity number 556545-1217

I have examined Kungsleden AB's (publ.) Annual Report, consolidated financial statements, accounts and the Board's and Chief Executive's administration for the year 2007. The company's Annual Report is included on pages 38–59 in the printed version of this document. The Board and Chief Executive assume responsibility for the accounts, management and for the Swedish Annual Accounts Act being observed when preparing the Annual Report and for IFRS, as endorsed by the EU, and the Swedish Annual Accounts Act, being observed when preparing the consolidated financial statements. My responsibility is to comment on the Annual Report, the consolidated financial statements and the management on the basis of my audit.

The audit has been completed in accordance with generally accepted accounting practice in Sweden. This means that I have planned and completed the audit in order to ensure with high, but not absolute, certainty that the Annual Report and consolidated financial statements do not contain any material misstatement. An audit comprises the examination of a selection of

the documentation relating to amounts and other information contained in the accounts. An audit also includes examining the accounting principles and the Board's and Chief Executive's application thereof, as well as evaluating the significant estimates the Board of Directors and Chief Executive have made when preparing the Annual Report and the consolidated financial statements as well as evaluating the overall presentation of information in the Annual Report and consolidated financial statements. As the basis for my statement regarding discharge from liability, I have examined significant decisions, measures and circumstances in the company in order to assess whether any Board member or the Chief Executive is liable for compensation to the company. I have also examined whether any Board member or the Chief Executive has otherwise contravened the Companies Act, the Annual Accounts Act or the Articles of Association. I consider that my audit provides me with a reasonable foundation for the following statements.

The Annual Report has been prepared in accordance with the Annual Accounts Act and thereby provides an

accurate impression of the company's profit and financial position in accordance with generally accepted accounting practice in Sweden. The consolidated financial statements have been prepared pursuant to IFRS as endorsed by the EU and the Swedish Annual Accounts Act, and provide a representative impression of the group's profit and position. The Report of the Directors is consistent with the other parts of the Annual Report and consolidated financial statements.

I recommend that the Annual General Meeting approves the Income Statement and Balance Sheet for the parent company and the group, appropriate the profit in the parent company in accordance with the proposal in the Report of the Directors and discharge the Board members and Chief Executive from liability for the financial year.

Stockholm, Sweden, 11 March 2008



Björn Flink

Authorised Public Accountant



# Employees

Name	Employed in	Workplace	Position	Name	Employed in	Workplace	Position
<b>Management</b>				Larsson Erika	2007	Malmö	Receptionist
Erséus Thomas	2006	Stockholm	Chief Executive	Larsson Gunnar	1999	Stockholm	Assistant Property Manager
Gannedahl Cecilia	2007	Stockholm	HR & Corporate Communications Manager	Ljungqvist Ingrid	1991	Gothenburg	Assistant Technical Manager
Johansson Per	2007	Stockholm	Divisional Manager, Nordic Modular	Lundgren Olle	2007	Gothenburg	Assistant Property Manager
Linder Göran	1998	Stockholm	Divisional Manager, Public Properties	Lundström Benkt	2001	Umeå	Technical Manager
Lindnér Eskil	1997	Malmö	Divisional Manager, Commercial Properties	Lönnborg Nina	2005	Stockholm	Assistant Property Manager
Risberg Johan	1996	Stockholm	Deputy Chief Executive, Chief Financial Officer	May Anette	2007	Stockholm	Assistant Technical Manager
Thagesson Lars	1993	Stockholm	Deputy Chief Executive, Business Development & Strategy	Nagy Ingmarie	2000	Malmö	Assistant Technical Manager
Theblin Åke	2001	Stockholm	Senior Company Lawyer	Nia Linda	2007	Umeå	Assistant Technical Manager
von Malortie Albrecht	2007	Germany	Divisional Manager, Retirement homes Germany	Nilsson Tobias	2007	Malmö	Assistant Property Manager
<b>Transaction &amp; Analysis</b>				Norman Anica	2007	Västerås	Assistant Property Manager
Allard Andrea	2003	Stockholm	Project Manager	Olovsson Annelie	2006	Umeå	Assistant Technical Manager
Almgren Marielle	2007	Stockholm	Assistant Project Manager	Olsson Bo	1985	Malmö	Technical Manager
Alsborger Anna	2007	Stockholm	Project Manager	Olsson Peter	2007	Malmö	Assistant Property Manager
Kinnunen Peeter	2007	Stockholm	Transaction & Analysis Manager	Paringer Maria	2006	Umeå	Assistant Property Manager
<b>Central staff</b>				Persson Per-Åke	1991	Malmö	Technical Manager
Alenskog Åsa	2001	Stockholm	Accountant	Sjöstedt Håkan	1998	Malmö	Assistant Technical Manager
Andersson Kjell-Åke	1994	Gothenburg	Back office/legal services	Sjöstedt Johan	2003	Malmö	Property Manager
Axland Malin	2007	Stockholm	Company Lawyer	Stenberg Kurth	1975	Malmö	Technical Manager
Bennich Carina	2007	Stockholm	Accountant	Ström Sonia	2006	Västerås	Assistant Technical Manager
Binette Pia	1999	Stockholm	Rent accounting	Stålhammar Magnus	2007	Gothenburg	Technical Manager
Brade Jonas	2006	Stockholm	Financial Controller	Sundström Mikael	2003	Västerås	Technical Manager
Carlberg Monica	1989	Stockholm	IT Coordinator	Svantesson Lisbeth	2004	Malmö	Assistant Technical Manager
Dahlgren Petra-Sofi	2001	Stockholm	Purchase ledger	Svensson Eva-Lotta	1998	Stockholm	Assistant Property Manager
Dahlström Åke	2003	Stockholm	Rent accounting	Säfsström Dick	1998	Västerås	Assistant Property Manager
Elfvig Ann-Sofi	2001	Stockholm	Receptionist	Söring Fredrik	2004	Malmö	Marketing Manager
Eliasson Ingegerd	1985	Stockholm	Accountant/Transactions	Ternström Gert	1990	Malmö	Property Manager
Elvin Maria	2005	Stockholm	IT Coordinator	Thorgren Fredrik	2001	Gävle	Assistant Property Manager
Eriksson Linda	2007	Stockholm	Finance Manager	Tolvers Grahn Marianne	1999	Stockholm	Assistant Technical Manager
Froman Ekblom Annika	2007	Stockholm	IT Project Coordinator	Vallin Johan	1999	Gothenburg	Assistant Property Manager
Fundin Ulrika	2000	Stockholm	Accountant	<b>Public Property</b>			
Hamrén Therese	2001	Stockholm	HR Administrator	Andersson Kerstin	2001	Stockholm	Assistant Technical Manager
Hedberg Sofia	1991	Stockholm	IT Manager	Bodsten Veronica	2006	Stockholm	Assistant Property Manager
Hedvall Karin	2007	Stockholm	Purchase Ledger	Falkenström Adam	2001	Malmö	Assistant Property Manager
Jagetoft Ulf	1995	Stockholm	Back office/legal services	Florén Aili	2007	Gothenburg	Assistant Technical Manager
Johansson Roger	2003	Stockholm	Financial Manager	Fors Henry	2005	Stockholm	Business Development Manager
Jurgander Marika	2007	Stockholm	Property Controller	Frantz Michael	2004	Linköping	Assistant Property Manager
Karlsson Annika	2005	Stockholm	HR Administrator	Gidlund Thomas	2007	Stockholm	Assistant Property Manager
Kruse Mikael	2000	Gothenburg	Accounting Controller	Göthberg Jonny	2001	Jönköping	Property Manager
Lagerstedt Åsa	2007	Stockholm	Controller	Hult Joachim	2005	Gothenburg	Assistant Property Manager
Lindquist Jan-Eric	2006	Stockholm	Controller	Johansson Lars	1988	Malmö	Assistant Property Manager
Mukka Sinikka	1993	Stockholm	PA to the Chief Executive	Kaur Åke	1998	Stockholm	Property Manager
Nielsen Jens	2006	Stockholm	Tax Lawyer	Liljeström Eric	2007	Härnösand	Assistant Property Manager
Nordin Gunilla	1999	Stockholm	Accounting Assistant	Medin Staffan	1979	Borås	Technician
Olausson Erik	2007	Stockholm	Property Controller	Persson Bodil	2004	Jönköping	Assistant Property Manager
Persson Anna	2005	Stockholm	Accountant/Transactions	Pettersson Bertil	2007	Härnösand	Assistant Property Manager
Rosenqvist Elisabeth	2007	Stockholm	Accountant/Transactions	Sjöberg Anna	2000	Jönköping	Assistant Technical Manager
Telby Susanne	1996	Stockholm	Accounting Manager	Swedin Ronny	2004	Stockholm	Assistant Property Manager
Toresson Christina	2007	Stockholm	Financial Controller	Tomasson Hanna	2004	Malmö	Assistant Technical Manager
Winqvist Susanne	2007	Stockholm	Accountant	Wikner Birgitta	2007	Härnösand	Assistant Technical Manager
Virdebom Gunilla	2002	Malmö	Property Controller	Öberg Annika	2002	Stockholm	Assistant Technical Manager
Åkesdotter Monica	1999	Stockholm	Accountant	Öhrn Anders	2003	Norrköping	Assistant Property Manager
<b>Commercial Property</b>				<b>Property care</b>			
Andersson Tommy	2007	Stockholm	Technical Manager	Andersson Bo	1977	Borås	Technical Support
Berg Kim	2001	Malmö	Assistant Technical Manager	Andersson Sture	2007	Skara	Janitor
Bergman Kjell	2004	Stockholm	Property Manager	Andersson Sven-Åke	1985	Borås	Technical Support
Borgström Kristina	2005	Malmö	Assistant Property Manager	Aronsson Sven-Henric	1974	Lysekil	Technical Support
Broman Maléne	2001	Stockholm	Assistant Property Manager	Callman Tomas	1979	Hjo	Technical Support
Broman Stig	1998	Västerås	Assistant Property Manager	Carlsson Sven-Erik	2006	Linköping	Janitor
de Besche Nina	2007	Stockholm	Property Manager	Dalviken Pauli	1990	Borås	Technical Support
Fransson Ulrika	1999	Stockholm	Assistant Technical Manager	Ehn Bengt	1980	Skara	Technical Support
Frisell Anders	2007	Gothenburg	Assistant Property Manager	Elisson Jörgen	2006	Lysekil	Janitor
Hall Lotta	1994	Karlstad	Assistant Technical Manager	Eriksson David	1998	Hjo	Technical Support
Jakobsson Claes-Håkan	2007	Jönköping	Assistant Property Manager	Fred Lars	1985	Lysekil	Technical Support
Johansson Lena	1999	Västerås	Assistant Technical Manager	Isaksson Tage	1982	Borås	Technical Support
Karlsson Reine	1994	Karlstad	Assistant Property Manager	Johnsson Eddie	1989	Borås	Technical Support
				Karlsson Rolf	1985	Tidaholm	Technical Support
				Koiranen Arto	2006	Borås	Janitor
				Kämäräinen Timo	1984	Lilla Edet	Janitor
				Olsson Björn	2006	Färgelanda	Janitor
				Olsson Conny	1987	Tidaholm	Technical Support
				Pettersson Lars-Åke	2006	Färgelanda	Janitor
				Schwartz Lars	2002	Åmål	Technical Support
				Svensson Kenneth	2005	Skara	Technical Support





**Cecilia Gannedahl,**  
HR & Corporate Communications Manager

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**What do you think makes Kungsleden different from other property companies?**

Our business model, which focuses on returns rather than geographical location or building type.

**What do you think Kungsleden's recipe for success is?**

That we see opportunities where other people aren't looking, and dare to go our own way.

**What do you think Kungsleden could get better at?**

Exchanging knowledge between colleagues.

**Is it hard to build a letter K?**

Harder, but more fun, than I expected. But we did it by working well together.

**Peeter Kinnunen,**  
Transaction & Analysis Manager

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**Kungsleden is now a major public sector landlord. What's your view of this?**

It's been a very positive initiative. These properties have enjoyed healthy value growth, while providing good returns for low risk.

**How would you describe 'the Kungsleden spirit'?**

The combination of entrepreneurship and a real sense of togetherness.

**How do you use your keep-fit subsidy?**

As my entry fee for the Stockholm Marathon and spa membership.

# Definitions

Kungsleden introduced a new structure to its accounts coincident with the adoption of IFRS. In those instances where the new structure affects the definitions, both the old and new definition are stated below.

**Earnings capacity:** properties divested as of the balance sheet date are excluded, and properties acquired by no later than the same date are included as if they had been owned for 12 months. Otherwise, the calculation is based on the following assumptions:

- For those properties where 12 months have passed since Kungsleden took possession, actuals for the last 12 months are included;
- For those properties where more than six months but less than 12 months have passed since Kungsleden took possession, actuals are recalculated to 12-month equivalents;
- For properties where less than six months have passed since Kungsleden took possession, data from acquisition calculations is used.

## PROPERTY TERMINOLOGY

**Accommodation type:** floor-space distributed by usage.

**Area-based occupancy:** let floor-space in relation to total lettable floor-space at the end of the period.

**Area-based vacancy:** vacant floor-space in relation to total lettable floor-space at the end of the period.

**Division of floor-space:** division by accommodation type implies that the floor-space in a property is divided by usage. There is a division between office, housing, retail, hotel, development, industrial and warehousing. Division by property type means the property is defined by that type of floor-space that represents the majority of total. Accordingly, a property with 51 per cent of its floor-space used as offices is considered an office property.

**Economic occupancy:** rental revenues, rental discounts and rental losses in relation to rental value.

**Economic vacancy:** assessed market rent for unoccupied floor-space in relation to rental value.

**Maintenance:** measures intended to maintain a property and its technical systems. Relates to planned measures entailing the replacement or renovation of parts of a building or technical systems. Also includes tenant adaptations.

**Operation costs:** costs for electricity, heating, water, property care, cleaning, insurance and on-going maintenance.

**Operating net:** rental revenue less operation and maintenance costs, ground rent and property tax.

**Property type:** the primary usage of properties (see "division of floor-space").

**Property yield:** operating profit for the year in relation to the average book value of properties. However, the property yield for earnings capacity is calculated as earnings capacity in relation to the book value of properties at year-end. See also "dividend yield".

**Rental revenues:** rent invoiced and remuneration for property tax less rental losses and rental discounts.

**Rental value:** rental revenues plus assessed market rent for un-let floor-space, rental discounts and rental losses.

**Surplus value of properties:** the difference between the market and book value of properties adjusted for deferred tax liabilities. Market value means internal value.

## FINANCIAL TERMINOLOGY

**Adjusted shareholders' equity:** reported shareholders' equity less (proposed) dividends.

**Beta value:** the share's correlation with the market's average performance. A beta value of less than one implies that a share price has fluctuated less than the SAX (Stockholm All-share Index). Beta value is a key component of the CAPM (Capital Asset Pricing Model) used to calculate the market's required rate of return on the share. The CAPM indicates that a low beta value implies a low required rate of return. Beta values relate to a period of 12 months.

**Book value of property per share:** book value of property in relation to the number of shares at year-end.

**Cash flow from operating activities:** profit before tax less unrealised value changes adjusted for realised value changes on properties, items not included in cash flow from operating activities and tax paid.

**Dividend yield:** dividends paid in the year in relation to the share price at the beginning of the year.

**Earnings per share:** net profit divided by the average number of outstanding shares in the period.

**Equity ratio:** shareholders' equity including minority shares at the end of the period in relation to total assets.

**Gearing:** interest-bearing liabilities at the end of the period in relation to shareholders' equity.

**Interest cover:** profit before tax less unrealised value changes and net financial position in relation to net financial position.

**Mortgage ratio:** interest-bearing liabilities in relation to property book value at the end of the period.

**Operating surplus margin:** gross profit in relation to total rental revenues.

**P/CE ratio:** share price at the beginning of the year in relation to cash flow from operating activities per share.

**P/E ratio:** share price at the end of the period in relation to earnings per share, in accordance with prevailing forecasts. Year-end share prices in relation to the following year's EPS are used for historical values.

**Profit for calculating dividends:** net profit excluding items not affecting cash flow such as unrealised value changes, depreciation and amortisation and deferred tax, plus realised value changes. Profits for calculating dividends correspond to the cash flow from operating activities item of the Cash Flow Statement.

**Proportion of risk-bearing capital:** the total of reported shareholders' equity and provisions for tax divided by total assets.

**Realised value changes:** value changes during the holding period realised on divestment.

**Return on equity:** net profit in relation to average shareholders' equity. Average shareholders' equity is calculated as the total of opening and closing balances divided by two.

**Return on total capital:** profit before tax less unrealised value changes and net financial position in relation to average assets. Average assets are calculated as the total of the opening and closing balances divided by two.

**Shareholders' equity per share:** shareholders' equity in relation to the number of shares at year-end.

**Total yield:** the total of the share's price gains and dividends paid in the period in relation to the closing share price at the beginning of the period.

Property register 2007



# Owned properties as of 31 December 2007

Name	Municipality	Location	Address	Year of construction/ conversion	Lettable, floor-space, sq.m.										Total floor-space	Rental revenue	Rental value	Vacancy, %
					Offices	Industr./ware-house	Retirement homes	Care	Retail	School	Residential	Hotel	Other					
<b>Market Area Central</b>																		
<b>Retail properties</b>																		
Markentären 1	Fagersta	Fagersta	Köpmangatan 2	1988	199									1,303	805	910	11.54	
Hyttberget 3	Falun	Falun	Yxhammargatan 5, Nybrogatan 43	1984		1,203				1,104				4,507	2,123	2,069	4.49	
Eidsboda 1:121	Hallstahammar	Hallstahammar	Hammartorget 3	1986						2,061				2,061	2,001	2,001		
Gräsroten 1	Karlstad	Karlstad	Gräsdalsgatan 1	1987						4,961				4,961	2,222	2,214		
Gnr 30 Bnr 37	Ullensaker	Ullensaker	Dyrskuvei 7	2007		980				1,820				2,800	2,975	2,975		
Linblocket 1	Västerås	Västerås	Hallsta Gärdsgata 26, Linblocksgatan 7	2006						2,808				2,808	2,152	2,061		
Direktören 8	Västerås	Västerås	Köpingsv. 70, Sigfrid Edströms Gata 23	1986						1,940				1,940	2,966	2,966		
<b>Residential properties</b>																		
Lantmästaren 9	Karlstad	Karlstad	N Kyrkog 4-6/N Strandg 1-3	1991	210			2,501						2,711	4,850	4,864	0.40	
<b>Industrial properties</b>																		
Backa 2:26	Hallsberg	Pålsboda	Kvarngatan 2	1968/1969/ 1972/1973			7,565							7,565	2,270	2,270		
Ludvika 4:41	Ludvika	Ludvika	Lyviksvägen 1	1929/1950/ 1981	41,077	129,113								19,809	189,999	85,996	91,113	5.61
Ludvika 4:44	Ludvika	Ludvika	Lyviksvägen 18	1939/1952/ 1971														
Verkstaden 7	Västerås	Västerås	Metalilverksgatan	1929	1,690	16,818								1,901	20,409	5,373	6,977	20.88
<b>Office properties</b>																		
Sküllersta-Kärr 1:34	Hallsberg	Pålsboda	Köpmangatan 3	1978		635	230							865	241	392	38.40	
Arbetaren 1	Örebro	Örebro	Aspholmsvägen 12 A	1971		1,974	1,115		1,040					4,129	2,793	2,793		
Förläggaren 4	Örebro	Örebro	Boställsvägen 4	1992		1,240	1,228							2,468	1,707	1,691		
<b>Warehouse properties</b>																		
Gripen 1	Arboga	Arboga	Flygvägen 2	1986						6,743				6,743	2,751	2,750		
Lerum 1:20	Karlstad	Karlstad	Edsallavägen 1 A	2006						4,823				4,823	2,843	2,843		
Oxen 11	Kumla	Kumla	Västra Drottninggatan 40	1968/1978/ 1995	258	1,791								402	2,451	843	843	
<b>Land</b>																		
Mejeriet 17	Filipstad	Filipstad	Tingshusgatan 10 B	-														
Mejeriet 18	Filipstad	Filipstad	Tingshusgatan 10 A	-														
Ludvika 4:54	Ludvika	Ludvika	Lyviksvägen	1929/1959/ 1981														
Låset 1	Ludvika	Ludvika	Malmgatan 4	-														
Rundeln 1	Ludvika	Ludvika	Tunnelgatan 5	-														
<b>School properties</b>																		
Alstrum 6:3	Karlstad	Karlstad	Ulvsby-Åstorp 603	1954	3,223	124								3,347	1,426	1,426		
Bjursnäs 2:35	Laxå	Laxå	Ramundenvägen 52	1951		257				2,243				2,500	1,369	1,354		
Västerås 1:250	Västerås	Västerås	Björnövägen 12	1940		698	128			2,614				3,440	4,697	4,647		
Barkaröby 15:308	Västerås	Västerås	Lötgatan 41	2005						1,570				1,570	2,317	2,317		
<b>Care properties</b>																		
Balder 2	Kristinehamn	Kristinehamn	Kristinas väg 37	2007			753							753	696	688		
Storfors 30:1	Storfors	Storfors	Hammargatan 3-4	1960			6,112	883	102					7,097	5,220	5,161		
<b>Retirement homes</b>																		
Vedbo 61	Västerås	Västerås	Erikslundsgatan/Hörn- torpsv. 20	1977/1999				11,079						11,079	6,346	6,472		
Hanan 4	Västerås	Västerås	Hagalidsvägen 2	1964/1996				2,740						2,740	3,859	3,653		
<b>Market Area North</b>																		
<b>Retail properties</b>																		
Korvetten 1	Härnösand	Härnösand	Varvgatan 16	1958						1,390				1,390	758	758		
Singeln 12	Umeå	Umeå	Formvägen 8 D	1992						1,425				1,425	669	669		
Björnägaren 2	Umeå	Umeå	Björnvägen 11 B	1977						2,033			228	2,261	2,263	2,263		
Huggormen 1	Umeå	Umeå	Björnvägen 15	1977		1,974				2,950				4,924	3,066	3,387	3.69	
Generatören 7	Umeå	Umeå	Förrådsvägen 11-15	1960		210	2,855			3,480				6,545	3,346	3,486	3.29	
Häradshuset 3	Umeå	Umeå	Bryggargatan 10	1970		100	69			325		373	160	1,027	641	641		
<b>Residential properties</b>																		
Laxen 4	Nordmaling	Nordmaling	Kungsvägen 43	1950	250							285		535	410	410		
<b>Industrial properties</b>																		
Kopparslagaren 1	Härjedalen	Sveg	Torvgatan 1	1976		336	2,935						159	3,430	1,134	1,229	13.00	
Räfsan 4	Luleå	Luleå	Traktorvägen 1	1977			17,727							17,727	5,653	5,653		
Förrådet 1	Lycksele	Lycksele	Sandåsvägen 8	1990		140	406							546	249	278	10.52	
Syllen 11	Umeå	Umeå	Industrivägen 24	1968		45	427							828	1,300	548	601	8.81
Kronoskogen 2	Umeå	Umeå	Kronoskogsvägen 8	1976										4,456	4,456	2,335	2,335	
Rälsbussen 1	Umeå	Umeå	Industrivägen 4-8	1955		2,386	1,402			7,536				320	11,644	6,112	6,395	0.39
Kedjan 5	Umeå	Umeå	Gräddvägen 13	1981		265	441			450				825	1,981	1,023	1,034	1.06
Maskinen 1	Umeå	Umeå	Maskingatan 1	1966, 1971, 1976		1,260	1,171							2,431	1,670	1,671		
Kronoskogen 3	Umeå	Umeå	Kronoskogsvägen 4-6	1976														
Schablonen 3	Umeå	Umeå	Lärlingsgatan 20	1970														
<b>Office properties</b>																		
Telegrafén 2	Härnösand	Härnösand	Nybrogatan 6	1900		2,060								79	2,139	1,942	1,942	
Rådsmannen 6	Härnösand	Härnösand	Backgränd 9	1981		4,222	365							0	4,587	3,999	4,370	8.48
Lärkan 21	Härnösand	Härnösand	Tullportsgatan 2	1970		7,785	120							688	10,777	7,296	8,042	9.27
Julien 6	Härnösand	Härnösand	Varvgatan 15	1929/1990										2,454	2,454	696	975	28.61
Torsvik 5	Härnösand	Härnösand	Nattviksgatan 8	1992		8,538								8,538	7,049	7,249	2.60	
Magasinet 2	Härnösand	Härnösand	Magasinsgatan 5	1910/2003			913							913	477	601	20.63	
Tor 6	Nordmaling	Nordmaling	Kyrkogatan 8	1990		835	40					30		905	333	621	46.37	
Lekatten 8	Nordmaling	Nordmaling	Affärsvägen 3 A-E	1991			350							1,139	670	779	13.99	
Ören 6	Sollefteå	Sollefteå	Kungsgatan 10	1967		2,971				348				692	4,403	2,888	3,437	15.97
Norrberge 1:74	Timrå	Sörberge	Sundsvalls-Härnösand flygplats Sörberge	1992		1,237								2,023	3,260	2,250	3,051	26.17
Norrberge 1:74	Timrå	Sörberge	Sundsvall-Härnösands flygplats	1992										725	725	658	658	
Singeln 17	Umeå	Umeå	Formvägen 10 D	1981/1986		1,052				424				1,476	1,045	1,045		
Schablonen 7	Umeå	Umeå	Lärlingsgatan 8	1974		345	639							984	434	434		
Syllen 3	Umeå	Umeå	Industrivägen 10	1968		1,233	132					95	320	1,780	823	834	1.31	
Huggormen 2	Umeå	Umeå	Björnvägen 17	1975		312				475				2,853	3,640	3,025	3,180	4.87
Schablonen 2	Umeå	Umeå	Lärlingsgatan 22	1970		1,298	100							1,398	984	745		
Lamellen 3	Umeå	Umeå	Norra Obbolavägen 89	1968		3,340								3,340	2,129	2,129		
Mattrisen 6	Umeå	Umeå	Lärlingsgatan 1	1969		3,153	809							353	4,315	1,240	1,762	15.43
Singeln 18	Umeå	Umeå	Formvägen 10 D-E	1981														
Syllen 5	Umeå	Umeå	Industrivägen 12	1965		3,955	313			481				790	5,539	2,478	2,603	4.80

# Owned properties as of 31 December 2007

Name	Municipality	Location	Address	Year of construction/ conversion	Lettable, floor-space, sq.m.									Total floor-space	Rental revenue	Rental value	Vacancy, %
					Offices	Industr./ware-house	Retirement homes	Care	Retail	School	Residential	Hotel	Other				
<b>Warehouse properties</b>																	
Storheden 1:81	Luleå	Luleå	Cementvägen 8	1990		5,780								5,780	2,524	2,524	
Fårgaren 8	Sollefteå	Sollefteå	Strömgatan 3	1900								0	0	0	0	0	
Schablonen 6	Umeå	Umeå	Läringsgatan 10-14	1976	692	2,725								3,417	1,560	1,696	8.01
Kedjan 7	Umeå	Umeå	Gräddvägen 15 B	1990		2,015								2,015	1,148	1,198	
Grubbe 9:48	Umeå	Umeå	Kabelvägen 1 A	1992	112	705						82	899	329	329		
<b>Land</b>																	
Skönsmon 2:29 m fl	Sundsvall	-	-	-													
<b>School properties</b>																	
Brunne 12:18	Härnösand	Brunne	Brunne 431, Brunne 135	1989						2,906				2,906	2,650	2,650	
Västansjö 1:86	Härnösand	Hälledal	Folketshusvägen 9	1971/1974						3,742				3,742	2,284	2,284	
Västansjö 1:41	Härnösand	Hälledal	Folketshusv. 7	1963/1964/1990						451				451	381	381	
Hörnan 2	Härnösand	Härnösand	Sehstedtsvägen 1	1985/1991						753				753	676	676	
Bondsjö 2:338	Härnösand	Härnösand	Daghemsvägen 2	1976/1979/1985						653				653	468	468	
Hopparen 1	Härnösand	Härnösand	Murbergsvägen 25	1950/1974/1979						884				884	592	592	
Oxen 1	Härnösand	Härnösand	Sköldgatan 1	1968/1988/2005						805				805	442	442	
Akvillejan 4	Härnösand	Härnösand	Brännvägen 29	1972/1991/2002						1,339				1,339	741	741	
Prylen 1	Härnösand	Härnösand	Skolgränd 2	1968/1983/2003						829				829	414	414	
Vangsta 1:102	Härnösand	Härnösand	Trumpetgatan 50	1976/1980/1993						830				830	551	551	
Stenhammar 1:223	Härnösand	Härnösand	Tjädevägen 114	1994						1,139				1,139	1,289	1,289	
Stenhammar 1:72	Härnösand	Härnösand	Kontrastvägen 171	1981/1982						242				242	172	172	
Bondsjö 2:312	Härnösand	Härnösand	Slättevägen 3	1954/1966/1975						2,711				2,711	1,892	1,892	
Skolan 1	Härnösand	Härnösand	Norra Ringvägen 23	1947/1966/1968						9,006				9,006	4,001	6,001	33.32
Eleven 1	Härnösand	Härnösand	Gymnastikgatan 4	1966/1971						3,283				3,283	2,126	2,126	
Solen 15	Härnösand	Härnösand	Södra vägen 22	1892/1979						10,869				10,869	7,191	7,191	
Ön 2:63	Härnösand	Härnösand	Rosenbäcksgatan 15	1963						3,050	895	1,297		5,242	3,895	4,170	6.59
Inspektorn 11	Härnösand	Härnösand	Brunnshusgatan 18	1882/1903						24,087				24,087	14,511	14,511	
Läraren 1	Härnösand	Härnösand	Kastellgatan 35	1955/1979						3,953				3,953	3,027	3,027	
Geresta 1	Härnösand	Härnösand	Rosenbäcksgatan 39	1998/2007						10,392				10,392	9,423	9,426	0.03
Orren 12	Härnösand	Härnösand	Institutgatan 16 B	1980/1990/1991								238		238	154	154	
Folkskolan 3	Härnösand	Härnösand	Brunnshusgatan 4	1912/2001						5,932		0		5,932	6,361	6,361	
Fastlandet 2:84	Härnösand	Härnösand	Södra vägen 3 A-C, D	1953/1970/1980/1988/2006						1,093	1,257	9,788		12,138	8,692	9,999	13.07
Åland 22:1	Härnösand	Ålandsbro	Nämndemansvägen 3 A	1969						4,003				4,003	2,445	2,445	
Roten 6	Sundsvall	Sundsvall	Tallrotsgatan 2	1900/2004						3,000				3,000	3,648	3,639	
<b>Care properties</b>																	
Torget 1	Härnösand	Härnösand	Stora Torget 2	1863/1984								798		798	614	614	
Tunnbindaren 4	Härnösand	Härnösand	Storgatan 9	1971								4,075		4,075	2,388	2,390	0.08
Rådhuset 6	Härnösand	Härnösand	Norra Kyrkogatan 3	1959/1970								2,821		2,821	1,962	1,962	
Vinstocken 2	Härnösand	Härnösand	Norra Kyrkogatan 2	1955/1983/2000								2,938		2,938	2,241	2,263	0.97
Sågen 10	Härnösand	Härnösand	Kjörningsgatan 20	1955/1998								755		755	803	803	
Venus 7	Härnösand	Härnösand	Lönegrengatan 2-11	1950/1989/1991							1,441	614		2,055	1,201	1,210	0.74
Häcken 13	Härnösand	Härnösand	Källvägen 10	1996								787		787	953	953	
Bofinken 8	Härnösand	Härnösand	Gådeavägen 11	1980								495		495	285	285	
Kattastrand 3:2	Härnösand	Härnösand	Solumsvägen 6	1960/1983								497		497	214	300	28.66
Stigbygelin 5	Umeå	Umeå	Ridvägen 10	1974	15,544									15,544	21,576	21,529	
<b>Retirement homes</b>																	
Brunne 12:21	Härnösand	Brunne	Brunne 157	1993										2,923	3,143	3,143	
Högsjö-Dal 2:90	Härnösand	Hälledal	Hälledalsvägen 51B	1948										3,510	2,220	2,220	
Sländan 12	Härnösand	Härnösand	Brännvägen 67	1970/1981/1985										5,634	3,923	3,923	
Ön 2:58	Härnösand	Härnösand	Volontärvägen 39	1992										5,727	6,025	6,025	
Åland 1:91	Härnösand	Ålandsbro	PI 652	1989/1991										2,750	2,750	1,104	100.00
Sköle 1:17	Sundsvall	Mattors	Skölevägen 15	1983										6,006	5,818	5,811	
Roten 9	Sundsvall	Sundsvall	Tomtegränd 5 A-C	1993										4,369	4,656	4,656	
Skörden 3	Sundsvall	Sundsvall	Äxvägen 7 - 9	1975										8,026	6,183	6,163	
<b>Market Area South</b>																	
<b>Retail properties</b>																	
Nyponrosen 2	Helsingborg	Helsingborg	Skaragatan 90 - 92	1979	60									2,352	1,460	1,564	6.63
Adolfsberg Västra 10	Helsingborg	Helsingborg	Södra Hlunnetorpsvägen 54 - 56	1975	380									1,368	1,142	1,292	
Kruthornet 1	Helsingborg	Helsingborg	Garnisonsgatan 46	2001										2,700	1,216	1,216	
Rovan 17	Kalmar	Kalmar	Drottning Margaretas Väg 25	1970										965	1,125	1,203	6.51
Ljungby 16:92	Kalmar	Ljungbyholm	Mörevägen 22	1981										1,145	1,676	1,676	
Löddeköpinge 14:54	Kävlinge	Löddeköpinge	Fraktvägen 1	2001										2,060	738	738	
Nordandvinden 3	Lund	Lund	Nordandväg 5-9	1966	720									2,516	3,947	4,187	
Ämmingen 2	Malmö	Malmö	Agnesfridsvägen 190	1975	480	518								4,867	3,310	3,310	
Smörbollen 12	Malmö	Malmö	Cypressvägen 12	1970	257	993								3,778	2,549	2,717	0.86
Kloren 1	Malmö	Malmö	Scheelegatan 49	1970		2,553								7,810	4,580	4,586	
Borggård 1:357	Staffanstorps	Staffanstorps	Maskinvägen 9	1970		4,840								4,840	1,822	1,822	
Torsås 1:25	Torsås	Torsås	Alltargatan 9	1983										1,498	1,934	1,934	
Valen 3	Vimmerby	Vimmerby	Magasinsgatan 6	1985										2,690	3,877	3,877	
Fyren 1	Växjö	Växjö	Ljungadalsvägen 17	1976		5,273								5,273	836	1,323	36.84
<b>Hotel</b>																	
Gunghästen 1	Malmö	Malmö	Jägersrovägen 160	1964/1990	3,342							5,501		8,843	8,138	8,668	5.79
Hamnen 22:2	Malmö	Malmö	Jörgen Kocksgatan 3	1952/1964	3,177	238						4,361		7,776	7,546	8,692	18.56
<b>Industrial properties</b>																	
Smörblomman 16	Borgholm	Borgholm	Hammarvägen 6	1980/1992										519	234	234	
Plankan 1	Eksjö	Eksjö	Kapellvägen 4	1982/1986/2002/2004										560	338	338	
Borret 15	Eslöv	Eslöv	Trehäradsvägen 46	1957										8,500			
Hugin 8	Gislaved	Gislaved	Marielundsgatan 52	1975/1988/1989/1999										434	260	260	
Hillerstorp 3:51	Gnosjö	Hillerstorp	Brogatan 24	1989/1998/2000										765	497	497	
Hanåsa 15:62	Högsby	Högsby	Bruksvägen 48 B	1983										200	50	50	
Åreporten 3	Jönköping	Jönköping	Fridhemsvägen 12	1985/2006										1,285	707	707	
Husgerädet 1	Kalmar	Kalmar	Karlstorpsvägen 16	1991/2000/2002										1,880	940	940	
Verk 3:4	Karlskrona	Karlskrona	Verkö industriområde	1971/1977/1998	3,736	29,778						3,719		37,233	27,730	27,730	
Motellet 2	Landskrona	Landskrona	Hjalmar Brantings Väg 11	1989	907	1,190								2,097	1,337	1,514	13.22

# Owned properties as of 31 December 2007

Name	Municipality	Location	Address	Year of construction/ conversion	Lettable floor-space, sq.m.										Total floor-space	Rental revenue	Rental value	Vacancy, %
					Offices	Industr/ware-house	Retire-home	Care	Retail	School	Residential	Hotel	Other					
Skeppsvarvet 9	Landskrona	Landskrona	Profilgatan 67	1952	477	905								1,382	168	206	18.17	
Sidorodret 3	Malmö	Malmö	Höjdrodergatan 2	1976/1987		1,057								1,057	592	592		
Boken 1	Mörbylånga	Mörbylånga	Köpmanngatan 12	1990		589								589	412	412		
Ripán 7	Nybro	Nybro	Jutegatan 2	1960/1998		393								393	236	236		
Ratten 18	Oskarshamn	Oskarshamn	Väderumsvägen 12	1988/1990/2003		1,615								1,615	969	969		
Snickeriet 4	Oskarshamn	Oskarshamn	Förrådgatan 6	1977/1982/1998		5,439								5,439	1,632	1,632		
Snickeriet 14	Oskarshamn	Oskarshamn	Förrådgatan 8	1982/1986/2002/2006		2,198								2,198	1,978	1,978		
Ratten 2	Oskarshamn	Oskarshamn	Primovägen 6	1967	2,110	15,479						270		17,859	2,970	7,929	71.42	
Kopparslagaren 3	Oskarshamn	Oskarshamn	Sävsjö	1800/1978/1988		401								401	180	180		
Slakthuset 7	Tranås	Tranås	Verkstadsgatan 2	1953/1990		1,270								1,270	381	381		
Bredaryd 41:10	Värnamo	Bredaryd	Industrivägen 14	1990/2000/2001		841								841	421	421		
Lärkrädet 3	Värnamo	Värnamo	Ringvägen 63	1983/1990/2002		1,091								1,091	655	655		
Bulten 1	Åstorp	Åstorp	Jitegatan 2	1988		4,650								4,650	2,035	2,037		
<b>Office properties</b>																		
Mården 7	Hässleholm	Hässleholm	Första Avenyn 14 A-D	1972/2001	4,534	131			1,356				9	6,030	6,248	8,033	21.29	
Kvarnen 9	Kalmar	Kalmar	Skeppsbron 47	1929	1,643			1,013						2,656	2,835	2,874		
Kvarnen 13	Kalmar	Kalmar	S Långgatan 60 A o B	1929	3,627	517							20	4,164	3,073	3,585	14.10	
Översten 3	Kalmar	Kalmar	Flottlivägen 24	1993	1,588	818							9	2,415	1,998	3,218	37.55	
Lindblad 10	Karlskrona	Karlskrona	Ölandsgatan 6	1929	7,288									7,288	9,827	9,977	1.49	
Lindblad 24	Karlskrona	Karlskrona	Drottninggatan 54	1950	2,650									2,650	2,823	2,811		
Kvarnen 5	Kristianstad	Kristianstad	Spannmålsgatan 1 - 13	1929	12,941	25								12,966	16,452	16,930	1.52	
Pedalen 18	Landskrona	Landskrona	Kamgatan 15	1989	3,705									3,705	1,408	1,602	12.09	
Stenen 1	Landskrona	Landskrona	Industrigatan 68	1977	3,898	685		193						4,776	838	2,467	65.82	
Kolet 2	Landskrona	Landskrona	Omnibusgatan 1	1989	460									460	129	129		
Företaget 8	Lund	Lund	Företagsvägen 28	1984	2,121	72								2,193	2,423	2,481	1.45	
Verkstaden 5	Lund	Lund	Annedalsvägen 9	1973/1989	4,638	1,864				586				7,088	5,149	7,605	32.14	
Flintan 4	Lund	Lund	Skiffervägen 20	1990	3,550	1,342								4,892	4,529	4,785	3.38	
Brudbuketten 11	Malmö	Malmö	Russgatan 8	1988	1,344									1,344	1,134	1,386	20.18	
Brännaren 8	Malmö	Malmö	Agneslundsvägen 14	1947	5,375	20								5,395	5,147	5,795	11.21	
Flygledaren 1	Malmö	Malmö	Höjdrodergatan 14	1988	916									916	762	940	13.83	
Torshammaren 11	Malmö	Malmö	Hornyxegatan 6	1984	647									647	799	799		
Vildanden 8	Malmö	Malmö	Gejersgatan 6-8	1967/1990/1993	8,561									8,561	5,070	9,030	26.06	
Vildanden 9	Malmö	Malmö	Gejersgatan 2	1990	5,453				325					5,778	6,340	7,318	12.27	
Fältsippan 8	Malmö	Malmö	Fimfröstgatan 1	1986/2000		3,625								3,625	2,545	2,895		
Nejlikbuketten 6	Malmö	Malmö	Derbyvägen 4	1987	1,765									1,765	1,225	2,176	43.72	
Grönsakshandlaren 5	Malmö	Malmö	Jägersrovägen 80	1989-1991				3,003						3,003	3,170	3,173		
Revolversvarven 12	Malmö	Malmö	Jägershillgatan 18	1987	9,895									9,895	10,393	12,490	15.77	
Päskbuketten 5	Malmö	Malmö	Amiralsgatan 115	1987	949	104								1,053	569	837	16.49	
Päskbuketten 6	Malmö	Malmö	Hästvägen 4 A	1990	1,776	25								1,801	1,792	2,164	16.38	
Päskbuketten 8	Malmö	Malmö	Hästvägen 4 C	1992	1,796									1,796	1,312	1,312		
Päskbuketten 9	Malmö	Malmö	Hästvägen 4 D	1988	1,349									1,349	1,163	1,163		
Päskbuketten 10	Malmö	Malmö	Hästvägen 4 E	1987	796									796	833	883	5.66	
Brännaren 3	Malmö	Malmö	Industrigatan 13	1947	1,123	1,452				1,805				4,380	2,706	3,630	28.30	
Flygbasen 4	Malmö	Malmö	Höjdrodergatan 17	1989	1,431	250								1,681	850	1,200	22.33	
Krukskärvan 11	Malmö	Malmö	Flintyxegatan 8 A	1986	1,739	933								2,672	2,080	2,050		
Sturup 1:160	Svedala	Svedala	Västergatan, Sturups flygplats	1972	2,365									2,365	489	1,536	67.80	
<b>Warehouse properties</b>																		
Bjuv 23:3	Bjuv	Bjuv	Billesholmsvägen 4	1961/1967-69	370	18,218							293	18,881	2,148	2,148		
Tågarp 20:81	Burlöv	Burlöv	Lomnavägen 39	1929/1984	483	26,032								26,515	7,313	10,481	30.21	
Sunnåna 12:20	Burlöv	Burlöv	Staffanstorpsvägen 111	2005		1,450								1,450	904	904		
Pipdånen 6	Gottland	Visby	Stenkumlaväg 1 o 1 B	1950	5,319									5,319	3,829	3,827		
Rausgård 22	Helsingborg	Helsingborg	Landskronavägen 11	1951/1973/1999	3,870	40,492							17,250	61,612	36,148	36,148		
Ädelmetallen 5	Jönköping	Jönköping	Kabelvägen 2	1976	1,719	2,995								4,714	2,557	2,727	6.23	
Ädelkorallen 1	Jönköping	Jönköping	Bultvägen 2	1976		1,132								1,132	710	811	12.33	
Ädelkorallen 10	Jönköping	Jönköping	Bultvägen 6 A	1978		435								435	249	249		
Öronlappen 8	Jönköping	Jönköping	Bangårdsgatan 3	1999	1,438				668					2,106	1,725	1,842	5.42	
Ädelmetallen 12	Jönköping	Jönköping	Grossistgatan 12	1987	1,538	480								2,018	1,154	1,154		
Öronskyddet 9	Jönköping	Jönköping	Gnejsvägen 2	1997	1,713									1,713	1,334	1,334		
Överlappen 8	Jönköping	Jönköping	Granitvägen 8	1974		1,858								1,858	599	599		
Ädelkorallen 17	Jönköping	Jönköping	Bultvägen 4	1986		2,274								2,274	747	1,176	36.24	
Öronlappen 7	Jönköping	Jönköping	Bangårdsgatan 1	1967					3,383					3,383	2,298	2,298		
Överlappen 15	Jönköping	Jönköping	Granitvägen 10	1900	1,153	731								1,884	1,175	1,175		
Plattan 4	Kristianstad	Kristianstad	Isolatorvägen 5	1991		1,328								1,328	538	538		
Cementen 4	Kristianstad	Kristianstad	Industrigatan 11	1989/1991		900								900	437	437		
Ventilen 10	Kristianstad	Kristianstad	Mossvägen 6	1980		900								900	486	486		
Klockaren 8	Ljungby	Ljungby	Bolmstadsvägen 2	1976		985								985	628	628		
Kvartsen 6	Lund	Lund	Skiffervägen 25	1988		4,650								4,650	4,278	3,997		
Lerkäret 3	Malmö	Malmö	Flintyxegatan 2	1984/1987		1,070								1,070	696	696		
Skjutsstallslyckan 23	Malmö	Malmö	Lundavägen 56	1946	1,097	7,281							664	9,042	3,686	4,827	22.57	
Revolversvarven 10	Malmö	Malmö	Jägershillgatan 14	1988		3,600								3,600	2,892	2,892		
Noshjulet 3	Malmö	Malmö	Pilotgatan 5	1984		801								801	413	414		
Flygbasen 7	Malmö	Malmö	Höjdrodergatan 11	1988		1,249								1,249	830	831		
Ventilen 3	Malmö	Malmö	Ventilgatan 6	1988		748								748	844	844		
Torslunda 4:27	Mörbylånga	Färjestaden	Järnvägsgränd 3	2004					2,198					2,198	1,953	1,954		
Regnbågen 3	Osby	Osby	Regnbågsvägen 12	1973/1976	890	21,080								21,970	7,140	7,140		
Snöflingan 3	Osby	Osby	Molnvägen 2	1976		13,328							949	14,277	3,782	3,926	3.66	
Kronoslätt 1:3	Staffanstorps	Staffanstorps	Västanvägen 1	1971	1,095	18,186							1,444	20,725	9,992	9,992		
Hyteln 4	Silvesborg	Silvesborg	Silpavägen 3	1983		127							49	762	378	378		
Sadelmskären 1	Värnamo	Värnamo	Fredsgatan 2 B	1982		1,302								1,302	778	778		
Tröskverket 12	Västervik	Västervik	Allén 80	1977					1,493					1,493	842	844		
Ävdalen 1	Ängelholm	Ängelholm	Brandsvågsgatan 6	2000	2,333	9,266								11,599	6,266	7,358		
<b>Land</b>																		
Limhamn 152:371	Malmö	-	-	-														



# Owned properties as of 31 December 2007

Name	Municipality	Location	Address	Year of construction/ conversion	Lettable, floor-space, sq.m.									Total floor-space	Rental revenue	Rental value	Vacancy, %
					Offices	Industr./ ware- house	Retire- ment homes	Care	Retail	School	Resi- dential	Hotel	Other				
<b>Care properties</b>																	
Vårdträdet 7	Jönköping	Gränna	Hävdvägen 31	1999				1,517	129					1,646	2,802	2,802	
Norrahammar 28:108	Jönköping	Norrahammar	Postgatan 1-9	1971/2003				2,439	178					2,617	3,993	3,993	
Lasarettet 8	Karlshamn	Karlshamn	ErikDahlbergsvägen 30A-F	1880	4,723			4,373		439			2,088	11,623	6,940	7,778	
Klostergården 2:6 m fl	Lund	Lund	S:t Lars väg 1-38, 70-90	1929	2,660	1,155		36,797		14,834	388	5,005	720	61,559	54,627	55,118	6.24
<b>Retirement homes</b>																	
Arlov 11:294	Buriöv	Arlov	Anwidius väg 50-66	1900/2000						8,378		200	125	8,703	13,782	13,796	
Visby Pjäsen 12	Gotland	Visby	Pjäsgatan 12	2004						6,800				6,600	8,486	8,485	
Röinge 3:4	Hörby	Hörby	Röingevägen 1	1967						1,950				1,950	2,169	2,150	
Norra Sjukhuset 1	Lund	Lund	Norra Gränsvägen 1	1975/1991	2,081			10,487		1,431			167	14,166	13,037	14,230	
Storskarven 9	Malmö	Bunkeflostrand	Brunandavägen 32	1993				442						442	589	567	
Storskarven 12	Malmö	Bunkeflostrand	Norra vägen 7	1998				1,900						1,900	2,590	2,572	
Storskarven 13	Malmö	Bunkeflostrand	Norra vägen 1	1996				2,313						2,313	2,778	2,686	
Sädesårlan 6	Malmö	Limhamn	Linnégatan 18	1929/60/ 2000				472		305				777	755	755	
Nattskärnan 7	Malmö	Limhamn	Järnvägsgatan 29	1993				1,918						1,918	1,527	1,519	
Slätvaren 40 och 51	Malmö	Limhamn	Savgränd 2C	1910/1998				450						450	730	730	
Koljan 10	Malmö	Limhamn	Tegnérsgatan 68	1995				355						355	774	774	
Idrotten 12	Malmö	Malmö	Hasselgatan 24	1993				540						540	401	401	
Cykeln 12	Malmö	Malmö	Palmgatan 17	2000				2,980						2,980	3,272	3,270	
Rosenbuketten 8	Malmö	Malmö	Höjagatan 21	1989/1997				547	919					1,466	2,426	2,426	
Tväråkern 16	Malmö	Malmö	Marieholmsvägen 3	1996				672						672	883	883	
Nicktisteln 2	Malmö	Malmö	Ernst Jakobssons gata 7	1993				2,250						2,250	2,821	2,824	
Anten 3	Malmö	Malmö	Eddagatan 1	1989				3,040						3,040	6,086	6,086	
Torsten 12	Malmö	Malmö	Major Nilssonsgatan 13	1942				2,400						2,400	2,795	2,788	
Byrådirektören 4	Malmö	Malmö	Von Troils Väg 2-8	1972					16,440				265	16,705	24,485	26,281	7.26
Virket 8	Malmö	Malmö	Sigtunagatan 13	1936, 1994	209			2,455				1,779		4,483	4,680	4,681	
Styckmästaren 8	Malmö	Malmö	Jöns Risbergsgatan 4	1995				1,388						1,388	1,894	1,899	
Styrkan 23	Malmö	Malmö	Spånehusvägen 69	1998				978						978	778	778	
Stengodset 1	Malmö	Oxie	Stengodsvägen 4	1999				1,850						1,850	2,463	2,475	
Solskiftet 1	Malmö	Oxie	Oshögavägen 2	1976				6,285						6,285	8,107	8,108	
Blinkarp 1:9	Svalöv	Röstånga	Blinkarp 863	1944				2,600						2,600	802	802	
<b>Market Area West</b>																	
<b>Retail properties</b>																	
Plommonet 12	Alingsås	Alingsås	Nottorps Centrum 2,4	1978						2,102				2,102	2,379	2,379	
Pantängen 19	Borås	Borås	Getångsvägen 32	1965		2,213								2,213	1,068	1,068	
Rud 4:1, 760:42	Göteborg	Västra frölunda	Gåttargatan 2	1963						2,130				2,147	2,497	2,543	
Eketånga 3:204	Halmstad	Halmstad	Jutplatsen 3	1964						2,376				2,376	2,339	2,339	
Torreulla 1:172	Mölnådal	Källered	G:a Riks vägen 10, 12	1957	800	1,750								2,550	1,246	1,246	
Henån 1:303	Orust	Henån	Hamntorget 1-5	1986						2,316				2,316	3,151	3,148	
Glimmern 1	Skövde	Skövde	Gamla Kungsvägen 54	1947	1,556	51				7,662				9,269	6,011	6,268	2.92
Storängen 11	Skövde	Skövde	Norregårdsvägen 25	2006				2,285						2,285	1,039	1,039	
Halla-Stenbacken 1:102	Uddevalla	Uddevalla	Fossumsbergsvägen 1	1975				1,518						1,518	729	729	
Ran 20	Uddevalla	Uddevalla	Odengatan 3	1984						1,644				1,644	2,208	2,207	
Trasten 2 & 4	Vara	Vara	Stora Torget 4	1974	2,071	80				3,024				5,175	4,548	5,052	9.21
Vaxkakan 2	Varberg	Varberg	Annebergsvägen 6	2006		2,550								2,550	912	912	
<b>Industrial properties</b>																	
Bulten 1	Alingsås	Alingsås	Sävelundsgatan 2	1977/1993/ 1996	3,454	14,927								18,381	18,247	18,247	
Fjäders 3	Borås	Borås	Industrigatan 31	1950	1,680	4,852								6,532	2,494	2,494	
Fjäders 4	Borås	Borås	Industrigatan 29	1950													
Arendal 764:385	Göteborg	Göteborg	Sydlatlanten 12	1969/1979/ 1994	863	8,352						890		10,105	5,229	5,229	
Tången 1	Nässjö	Anneberg	Solbergavägen 20	-		12,000								10,000			
Varla 2:390	Kungsbacka	Kungsbacka	Enerigatan 19	1992	4,682									4,682	3,516	3,575	
Hede 1:54	Kungsbacka	Kungsbacka	Kraftvägen 2	1952/2001	4,833	30,200							630	35,663	15,680	15,705	
Hede 3:122	Kungsbacka	Kungsbacka	Kraftvägen 3	1952/2001													
Lundby Prästgård 1:1	Lerum	Gråbo	Olstorsvägen 3	1967		10,000								12,000			
Forsåker 1:227	Mölnådal	Mölnådal	Nämndemansgatan 17/ Kronårdsgatan 3	1968		21,109								21,109	12,716	12,795	
Baggen 2	Skara	Skara	Ångatorpsgatan 3	1971, 1991		1,219								1,219	1,370	1,370	
Limmared 26:2	Tranemo	Limmared	Vallgatan 4	1970/1988		1,149								1,149	270	270	
Sandåker 1	Ulricehamn	Ulricehamn	Vistavägen 4	1971, 2000		727								727	1,169	1,169	
<b>Office properties</b>																	
Tynnered 1:13	Göteborg	Västra frölunda	Lergöksgatan 4	1971	3,375	1,016		363	1,307			60		6,121	4,999	5,541	6.88
Älvsborg 178:6	Göteborg	Västra frölunda	Redegatan 9	1978	4,406	120			2,102					6,628	7,123	7,261	1.79
Rud 52:2	Göteborg	Västra frölunda	Klangfärgsgatan 11	1968	1,204	475			450					2,129	2,079	2,485	15.73
Varla 14:8	Kungsbacka	Kungsbacka	Magasinsgatan 12	1989	1,477									1,477	1,196	1,196	
Sågen 14	Kungsbacka	Kungsbacka	Järnvägsgatan 36	1980	1,429	1,169								2,596	2,013	1,943	
Ventilen 7	Kungälv	Kungälv	Bilgatan 3	1989	2,272									2,272	1,270	1,500	15.08
Forsåker 1:257	Mölnådal	Mölnådal	Kronårdsgatan 3	1986													
Forsåker 1:164	Mölnådal	Mölnådal	Kronårdsgatan 3	1975													
<b>Warehouse properties</b>																	
Backa 21:8	Göteborg	Hisings backa	Exportgatan 19-21	1960/1997, 1972	1,526	15,382								16,908	2,496	3,314	27.29
Backa 96:2	Göteborg	Hisings backa	Exportgatan 23	1983, 1986, 1990		6,634								6,634	3,318	3,739	
Kylaren 4	Kungälv	Kungälv	Traktorgatan 13	1979	1,045	2,289								3,334	1,561	1,561	
Ventilen 6	Kungälv	Kungälv	Bilgatan 7	1990	1,217	1,728								2,945	1,859	1,885	
Lexby 11:236	Partille	Partille	Laxfiskevägen 4B	1956/1981		13,680								13,680	2,168	2,837	
Varvet 3	Uddevalla	Uddevalla	Kasenabbevägen 8	1990					4,241					4,241	3,072	3,072	
<b>Land</b>																	
Torreby 3:54	Munkedal	Munkedal	Torreby	-													
Forsåker 1:75	Mölnådal	-	-	-													
Tranemo 1:29	Tranemo	Tranemo	Kvarngatan	-													
<b>School properties</b>																	
Samariten 11	Borås	Borås	Klinikvägen 48	1980						12,009				12,009	10,593	10,592	
Backa 245:1	Göteborg	Hisings backa	Sankt Jörgens Väg 14-20	1961/1976	1,391	451				5,541				7,383	5,803	5,809	0.14
Rud 52:6	Göteborg	Västra frölunda	Klanfärgsgatan 3	-						1,860				1,860	1,677	1,566	
Bångsbo 1:29	Kungsbacka	Kullavik	Bångsbovägen 9	1972/1995						3,260				3,260	3,621	3,012	
Häggen 3	Skara	Skara	Gråbrödsgatan 15	1950						1,824	115		25	1,964	2,279	2,279	
Källtorpsbacken 1	Trollhättan	Trollhättan	Strömsviksvägen 50-54	-						445				445	432	432	
Halla-Stenbacken 1:88	Uddevalla	Uddevalla	Västgötavägen 30	1913, 930, 1945, 1971, 2000-01, 2002-05	7,022	4,242				12,750	1,874		11,532	37,420	23,808	27,678	13.50

# Owned properties as of 31 December 2007

Name	Municipality	Location	Address	Year of construction/ conversion	Lettable, floor-space, sq.m.											Total floor-space	Rental revenue	Rental value	Vacancy, %
					Offices	Industr./warehouse	Retirement homes	Care	Retail	School	Residential	Hotel	Other						
Sinclair 12	Uddevalla	Uddevalla	Klintvägen 3	1949	2,049	1,053				15,158	124				200	18,584	12,020	15,104	2.78
Stallet 3	Vänersborg	Vänersborg	Johannesbergsv. 15A-B	1988	997					3,021					72	4,090	2,472	2,475	
Stallet 4	Vänersborg	Vänersborg	Johannesbergsv. 17A-B	1988															
Stallet 5	Vänersborg	Vänersborg	Johannesbergsv. 21-33	1988															
Stallet 8	Vänersborg	Vänersborg	Johannesbergsv. 21-33	1988															
Stallet 9	Vänersborg	Vänersborg	Johannesbergsv. 45A-B	1988															
Stallet 10	Vänersborg	Vänersborg	Johannesbergsv. 47A	1988															
<b>Care properties</b>																			
Nödinge 38:25	Ale	Nödinge	Klockarevägen 16	1985	517					543						1,059	888	1,044	17.10
Skeppplanda 2:118	Ale	Skeppplanda	Albotorget 5	1985						1,283					357	1,640	1,357	1,463	7.32
Tollered 4:2	Ale	Ålvängen	Göteborgsvägen 26	1964, 1977, 1988						1,558					1,130	2,688	2,147	2,592	17.17
Fonden 49	Borås	Borås	Sörmarksgratan 199-205	1978, 1998	135		1,176			3,277						4,588	3,492	3,491	
Stenhuggaren 1	Borås	Borås	Kindsgratan 1	1995	53					1,393						1,446	1,416	1,417	
Mistolpen 8	Borås	Borås	Smörhulegratan 2	1981, 1995	250					2,170	103					2,523	2,487	2,487	
Osdal 3:7	Borås	Borås	Pickesjövägen 1-5	2005-2006						1,849						1,849	3,806	3,805	
Kräkhult 1:61	Borås	Dalsjöfors	Uppgårdsgratan 2	1977, 1978				3,650		2,502	89					6,241	4,607	4,582	
Sik 1:183	Borås	Fristad	Tårnavägen 6	1977	319					2,180	136					2,635	2,337	2,337	
Sandhults-Rydet 1:256	Borås	Sandared	Strandvägen 11	1989						1,434	60					1,494	1,636	1,636	
Rydboholm 1:477	Borås	Viskafors	Hagkällvägen 2	1981, 2000						2,065	96					2,161	1,780	2,064	13.76
Mistel 13	Essunga	Nossebro	Ångsgatan 3	1985						1,433	134	197			20	1,784	1,628	1,645	1.03
Läkaren 5	Falköping	Falköping	Sankt Olofsgatan 8	1948, 1995, 2003						3,320						3,320	3,346	3,346	
Njord 32	Falköping	Falköping	Parkgratan 49	1945						613						613	512	512	
Dyrtorp 1:129	Färgelanda	Färgelanda	Hävestensvägen 1	1977, 1991, 2001	239	29	4,851			1,650						6,769	5,210	5,242	0.56
Flugsvampen 7	Herrljunga	Herrljunga	Horsbyvägen 16	1978, 1999, 2001	354					2,298	214					2,866	2,871	2,963	3.10
Norr 5:10	Hjo	Hjo	Karlsborgsvägen 4	1965, 1991	465		2,702			2,580						5,747	4,904	4,982	
Björken 10	Karlsborg	Karlsborg	Björkstigen 2	1972, 2000	295					1,918						2,213	1,736	1,883	7.83
Kullen 18	Lilla Edet	Lilla Edet	Järnvägsgratan 8	1980, 1985	705		3,230		243	4,315				338	8,831	4,587	7,730	40.63	
Passagärden 1:32	Lilla Edet	Lödde	Långgratan 11-13	1985						436						436	219	379	42.12
Tuntorp 4:34	Lysekil	Brastad	Lärkvägen 4	1981		312				1,166						1,478	1,221	1,739	29.71
Slätten 15:7	Lysekil	Lysekil	Lasarettsgatan 1	1932, 1948, 2002	1,875	30	6,348			6,841		696				15,790	15,220	16,866	8.91
Pilen 13	Mariestad	Mariestad	Drottninggratan 1	1946, 1960, 1983	11,840	120				1,739		26				13,725	12,020	12,319	2.42
Tordyveln 1	Mariestad	Mariestad	Brättnäsvägen 4	1984						810						810	753	753	
Vespern 8	Mellerud	Mellerud	Rostocksgatan 31	1991				364								364	493	493	
Dingle 1:87	Munkedal	Dingle	Trädgårdsgatan 9	1984						628						628	554	554	
Dingle 1:103	Munkedal	Dingle	Östra vägen 3	1945						320						320	264	264	
Krokstads-Hede 1:108	Munkedal	Hedekas	Dinglevägen 6	1950						386						386	184	184	
Foss 10:1	Munkedal	Munkedal	Centrumvägen 34	2007						1,917						1,917	2,607	2,607	
Murmeldjuret 4	Mölnadal	Mölnadal	Fredsgatan 13	1980/1990	6,974					6,974						6,974	11,266	11,267	
Sälgen 22	Skara	Skara	Malmgratan 36	1967, 1971, 1980, 1982	3,565		4,768			5,116	233				528	14,210	12,009	11,858	
Dunshult 7:1	Skövde	Skövde	Hästskovägen 2	1983	182					497					30	709	458	578	20.74
Klockstapeln 4	Skövde	Skövde	Knoppaliden 3	1986						688						688	448	448	
Åklagaren 9	Skövde	Skövde	Advokatvägen 23	1989						118		227				346	373	373	
Heljered 1:15	Sotenäs	Hunnebostrand	Heljershemmet, Pl 1395	1931, 1987, 1992						1,124						1,124	1,182	1,185	
Tändstickan 1	Tidaholm	Tidaholm	Västra Drottningvägen 11	1982	507					3,762						4,269	3,493	3,494	
Svalan 7	Ulricehamn	Ulricehamn	Nygatan 7	1915, 1977, 1985, 2003	1,740					5,328	219				39	7,326	6,166	6,152	0.80
Klövern 7	Vänersborg	Vänersborg	Östergatan 1	1910, 1966, 1977	11,927										123	12,050	8,868	8,812	0.98
Eken 6	Åmål	Åmål	Skolgatan 4	1922, 1937, 1966, 2001	969		3,492	2,114								6,575	5,623	5,946	3.09
<b>Retirement homes</b>																			
Heden 28:2	Göteborg	Göteborg	Berzeligatan 11	1993						1,840						1,840	3,651	3,486	
Krokslätt 147:2	Göteborg	Göteborg	Fridkullagatan 18 G	1996	150					3,124						3,274	4,705	4,702	
Backa 243:52	Göteborg	Hisings backa	S:t Jörgens väg 22	1956-62/1992-93						4,441		605				5,046	5,622	5,607	
Fiskebäck 8:7	Göteborg	Västra frölunda	Hällefundregatan 20	1999	71		6,444				1,270					7,785	7,724	7,971	3.90
Näset 130:1	Göteborg	Västra frölunda	Bjölavägen 1	2000			3,701									3,701	4,939	4,779	
Rud 5:2	Göteborg	Västra frölunda	Positivgratan 15	1999			6,027									6,027	6,379	6,512	
Brandvakten 3	Halmstad	Halmstad	Södra Vägen 2	1988			3,815									3,815	4,162	4,237	
Halmstad 10:35	Halmstad	Halmstad	Frennarpsvägen 131	2004			3,312									3,312	4,601	4,627	
Lyrestads Klockarbol 5:39	Mariestad	Lyrestad	Sjötörpsvägen 2				4,284									4,284	3,643	3,643	
Björöser 5:7	Mariestad	Mariestad	Kinnkullevägen 40				3,983									3,983	3,088	3,088	
Ullervad 14:19	Mariestad	Mariestad	Ullervadsvägen 4A				5,169									5,169	4,911	4,911	
Fallström 14	Mölnadal	Mölnadal	Fallströmsgatan 1-5,	1997	89		1,300									1,389	2,254	2,147	
Rosenhäll 1	Uddevalla	Uddevalla	Österled 2	1972	169	533	7,737	7,726	51							16,216	13,476	14,492	7.00
Fjällräven 15	Uddevalla	Uddevalla	Myråsvägen 6A-F	1972	367		3,631				150					4,148	3,550	3,546	
<b>Market Area East</b>																			
<b>Retail properties</b>																			
Botvidsgymnasiet 1, 4-6	Botkyrka	Norsborg	Fågelviksvägen 5-	1971/2000	19,611	1,651				15,125	7,600				1,807	45,794	18,901	37,926	49.12
Tunaberg 4	Botkyrka	Tumba	Tunabergsvägen 1	1974						1,320						1,320	1,170	1,170	
Torlunda 1:80	Eskilstuna	Eskilstuna	Torestavägen 4	2006						2,808						2,808	1,216	1,216	
Nollplanet 12	Eskilstuna	Eskilstuna	Mått Johanssons Väg 30	1980/1994						2,038						2,038	1,320	1,320	
Brynäs 34:8	Gävle	Gävle	Atlasgratan 11	1982/2006	594					2,854						3,448	1,427	1,655	13.75
Tackeråker 2:273	Haninge	Haninge	Gamla Nynäsvägen 3B	1991			6,000									6,000	7,110	7,110	
Tackeråker 2:227	Haninge	Haninge	Gamla Nynäsvägen 3A	1981			2,810									2,810	3,410	3,610	5.54
Slipstienen 1	Huddinge	Skogås	Fråsarvägen 19	2006			2,808									2,808	2,366	2,204	
Ringnyckeln 1	Huddinge	Skogås	Svararvägen 6	1973	395	6,208				149					409	7,161	3,653	3,797	3.52
Himna 11:225 & 11:226	Linköping	Linghem	Himnavägen 153, 155	1976						823	988					1,811	1,672	1,672	
Laken 3	Linköping	Linköping	Söderleden 33-37	1963/1988	1,539					527	2,594	473			2,042	7,175	5,318	5,575	4.61
Isbjörmen 1	Linköping	Linköping	Tröskaregatan 5-35	1982/1996	473					1,419		429							



# Owned properties as of 31 December 2007

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					Offices	Industr./ware-house	Retirement homes	Care	Retail	School	Residential	Hotel					Other
<b>Care properties</b>																	
Banslätt 1	Botkyrka	Tullinge	Römossevägen 25	1983	2,684				5,112	544				8,340	8,482	9,925	12.47
Tappström 1:50	Ekerö	Ekerö	Bryggvägen 8	1992	895				1,791					2,686	2,876	3,307	13.10
Vendelsö 3:1716	Haninge	Haninge	Skomakarvägen 20	1991					1,525					1,525	1,749	1,798	
Ribby 1:451	Haninge	Västerhaninge	Klockargatan 13-27	1981	2,069	523			2,872	540	1,071			7,075	5,744	6,948	16.90
Illern 9	Huddinge	Huddinge	Stuvsta Torg 4-6, 10-14	1988	140				2,716	410				3,266	4,653	4,891	-2.00
Medicinaren 14	Huddinge	Huddinge	Diagnosvägen 8	1970					2,137					2,137	155	1,911	91.58
Iggesund 14:269	Huddinge	Huddinge	Skolgatan 1	1980	1,093				1,975	101				3,169	2,422	2,420	
Kallhäll 1:32	Järfälla	Järfälla	Kopparvägen 2B	1981	723				1,461					2,206	1,780	2,485	28.47
Lejonet 21	Katrineholm	Katrineholm	Skogsgatan 8B-8F	1991					506			30		536	675	675	
Grottan 2	Nyköping	Nyköping	Svärtavägen 21	2001					469					469	472	472	
Flockhällan 1	Nyköping	Nyköping	Narcissvägen 2	1993					398					398	414	414	
Sandstena 4	Nyköping	Nyköping	Ekebobacken 4	1992					466					466	577	577	
Grindäng 1:13	Nyköping	Stigtorra	Skolvägen 44	1993					380					380	434	434	
Nälberg 1:246	Nyköping	Tystberga	Björkgårdsvägen 1-3	1993					398					398	424	424	
Exemplat 2	Sollentuna	Sollentuna	Yxvägen 37	1986	601	193			1,845					2,639	3,325	2,772	16.20
Akka 8	Stockholm	Bromma	Tranebergplan 1-3	1986	340				3,403	231				3,974	5,201	5,201	
Jullovet 1	Stockholm	Älvsjö	Annebodavägen 4-6	1982					1,310	23				1,333	1,477	1,498	
Forellen 2	Tyresö	Tyresö	Bollmoravägen 14-20	1981	1,230	85			4,517	557	230			6,619	6,448	7,260	10.55
Bylegård 37	Täby	Täby	Jarlbackens väg 48	1903/1993					1,957					1,957	3,250	2,978	
Grånby 12:6	Uppsala	Uppsala	Grånby Bilgata 2	2006					2,479		265		15	2,759	5,498	5,599	2.74
Sävja 56:1	Uppsala	Uppsala	Västgötaresan 60	1990	2,989					187				3,176	5,584	5,586	0.01
Ösby 1:76	Vämdö	Gustavsberg	Skårgårdsvägen 7	1988	254	7			3,797	613				4,671	4,095	5,993	32.44
<b>Retirement homes</b>																	
Östermalm 1:12	Finnsång	Finnsång	Södra Storångsvägen 50	1950					8,510					8,510	7,272	7,251	
Tegelbruket 3	Finnsång	Finnsång	Östermalmsvägen 55	2002					3,275					3,275	4,845	4,848	
Hårstorp 3:366	Finnsång	Finnsång	Hårstorpavägen 13	1972/1990					2,880					2,880	3,167	3,150	
Betaren 4	Finnsång	Finnsång	Profilvägen 8	1964/1993					1,991					1,991	1,493	1,491	
Brynäs 55:4	Gävle	Gävle	Tredje Tvärgatan 31	1970					6,490					6,490	4,238	4,211	
Kristinelund 49:2	Gävle	Gävle	Norra Järvstav. 20a-b	1980					12,724	3,047	204			15,975	12,911	12,804	
Strömsbro 4:2	Gävle	Gävle	Sanatorievägen 17	1910/2002					5,841					5,841	4,861	4,946	
Södertull 13:14	Gävle	Gävle	Flemminggatan 11-17	1970/1996					10,017					10,017	8,284	8,366	
Vallbacken 24:3	Gävle	Gävle	Vallbacksgatan 8	1970/1995					4,937					4,937	3,330	3,322	
Varva 2:20	Gävle	Gävle	Norra Prästvägen 12a-b	1970/1992					5,563					5,563	3,875	3,863	
Sjöstöveln 3	Järfälla	Hägersten	Folkparksvägen 156	1977/1997					7,445					7,770	10,211	10,203	
Jakobsberg 2:2719	Järfälla	Järfälla	Vibblabyvägen 97-99	2000	325				4,341					4,341	6,091	6,041	
Jakobsberg 34:6	Järfälla	Järfälla	Snapphanevägen 22	1973/2002					7,055					7,055	11,906	11,889	
Elefanten 6	Linköping	Linköping	Barnhemsgatan 4	1998					743			477		1,221	1,144	1,128	1.08
Liljgårdsskolan 11	Linköping	Linköping	Ridhusgatan 2A	1996	49				1,461			157		1,667	2,053	2,117	2.88
Valbyrån 5	Linköping	Linköping	Kärnavägen 3-11	1996					2,656			94		2,750	2,915	2,927	
Landeryd 6:5	Linköping	Linköping	Slätteforsvägen 2A-H	1994		222			4,120				607	4,949	3,446	3,539	3.35
Landeryd 6:61	Linköping	Linköping	Slätteforsvägen 10	1974					1,266					1,266	1,193	1,193	
Tråhåsten 2	Linköping	Linköping	Skogsluckegatan 11F	1994					791					791	941	923	
Vetebullen 2	Linköping	Linköping	Kärna Centrum 1	1985					2,145					2,145	1,978	1,973	
Ostbiten 1	Linköping	Linköping	Rydsvägen 9C	1994					1,029					1,029	1,268	1,264	
Piket 22	Linköping	Linköping	Järdalavägen 52C	1994					1,605					1,605	1,956	1,954	
Norberga 4:82	Linköping	Sturefors	Blåbärsvägen 82	1988					345					345	397	395	
Rösunda 36:41	Nacka	Saltsjöbaden	Rösundavägen 2	1900/2002					11,145					11,145	13,147	9,114	
Mensätra 26:1	Nacka	Saltsjö-boo	Orenövägen 5	1995					2,047					2,047	3,617	3,616	
Konstantinopel 6	Norrköping	Norrköping	Skomakaregatan 11	2000					3,183					3,183	5,103	5,066	
Järven 6	Norrköping	Norrköping	Bergslagsgatan	2004	1,199				4,054					5,253	7,390	7,543	2.61
Diadem 3	Norrköping	Norrköping	Gamla Övägen 27	1993					3,625					3,625	4,071	3,953	
Sandbyhov 30	Norrköping	Norrköping	Sandbyhovsgatan 21	1920-70/ 2000	5,293	30	17,229	2,412	2,736				24	27,724	32,162	31,377	0.52
Linet 1	Norrköping	Norrköping	Torpavägen 5 A	1992					4,314					4,314	4,440	4,423	
Sigtuna 2:164	Sigtuna	Sigtuna	Rektor Cullbergs väg 9	1943/1992					973					973	1,493	1,476	
Marschen 1	Sollentuna	Sollentuna	Rådanvägen 27	2006					4,343					4,343	9,907	9,820	
Hallen 4	Solna	Solna	Lövgatan 39	1990	320				4,599	912				5,831	8,319	8,302	
Logfyrkanten 3	Solna	Solna	Signalistgatan 3	2000					3,035					3,035	5,257	5,231	
Piommonrådet 5	Stockholm	Hägersten	Valborgsmässövägen 16	1964	78	20	6,675				724			7,497	8,616	8,582	
Flyghöjden 2	Stockholm	Skarpnäck	Skarpnäcks Torg 1	2003			2,880							2,880	4,181	4,152	
Tempelriddarorden 5	Stockholm	Skärholmén	Vita Liljans väg 53	1999			5,000							5,000	5,982	5,972	
Glaven 10	Stockholm	Stockholm	Stadshagsvägen 5	1996	141		3,442							3,583	5,876	5,819	
Kopparn 11	Stockholm	Stockholm	Ertagatan 32-34	1929/1995	57		3,085			144				3,286	4,713	4,702	
Kulltorp 3	Stockholm	Stockholm	Tantogatan 19-25	1966/1997			5,098							5,098	8,356	8,407	
Ruddammen 29	Stockholm	Stockholm	Ruddammsbacken 28	1940/1995			5,188							5,188	7,295	7,278	
Tråbron 1	Stockholm	Älvsjö	Bergtällsvägen 10	1967/2000	9,312		3,093	2,336		2,137			5	16,913	20,355	20,480	
Blåvalen 1	Södertälje	Södertälje	Talhöjdsvägen 1-3	1927/1986	204		5,132	1,842						7,178	9,437	9,436	
Krusmyntan 2	Tyresö	Tyresö	Basilikagränd 1	2007			2,900							2,900			
Marknaden 1	Täby	Täby	Attundafället 16 A-B	1971	433		7,690	6,112	790					15,025	17,313	17,340	0.11
Luthagen 81:1	Uppsala	Uppsala	Norrandsgatan 2	2001			2,740							2,740	4,616	4,565	
Dragarbrunn 9:4	Uppsala	Uppsala	S:t Olofsgatan 44 B	2000			4,020							4,020	5,398	5,573	
Rickomberga 9:14	Uppsala	Uppsala	Geijersgatan 61	2001			3,200							3,200	5,041	5,156	
Kvarngärdet 14:5	Uppsala	Uppsala	Torkelsgatan 42	2000			3,585							3,585	4,703	4,858	
Ekeby 2:275	Valentuna	Valentuna	Ekebyvägen 40	1992			2,936							2,936	3,142	3,129	
Rickeby 1:97	Valentuna	Valentuna	Stendövägen 5	2003			2,950							2,950	4,047	4,037	
Tuna 3:30, 3:182	Österåker	Åkersberga	Osterskärsvägen 3	1994			1,394				5,028			6,422	7,645	7,707	0.84
<b>Market Area Germany</b>																	
<b>Retirement homes</b>																	
Bocholt 1	Bocholt	Bocholt	Böwings Stegge 8	2003			3,700							3,700			
Bocholt 2	Bocholt	Bocholt	Böwings Stegge 6	2005			3,700							3,700			
Lichtenstein	Callenberg	Callenberg	M. Götz-Str. 14	2000			5,993							5,993			
Duisburg Karl-Lehr-Strasse	Duisburg	Duisburg	Karl-Lehr-Str. 159	2003			4,148										

# Divested properties

Name	Municipality	Location	Address	Year of construction/ conversion	Lettable floor-space, sq.m.							Total floor-space		
					Offices	Industr./ ware-house	Retire- ment homes	Care	Retail	School	Resi- dential		Hotel	Other
<b>Market Area Central</b>														
<b>Retail properties</b>														
Hammaren 6	Borlänge	Borlänge	Hammargatan 4-6	1973	480	1,225			4,172			5,877		
Mercurius 3	Karlstad	Karlstad	Västra Torggatan 12	1870, 1929	712	62		741				1,514		
Druvan 13	Karlstad	Karlstad	Tingvallagatan 17	1947, 1949, 1988	1,744	52		2,084		347		35	4,272	
Mercurius 2	Karlstad	Karlstad	Västra Torggatan 10	1929				1,149				12	1,161	
Tängen 15	Karlstad	Karlstad	Gjuterigatan 28	1991/1995	984			990					1,974	
Härden 3	Karlstad	Karlstad	Sågverksgratan 5	1952		449		501					950	
Stolpen 6	Karlstad	Karlstad	Ventilgatan 1	1991		50		585					635	
Fjädem 14	Karlstad	Karlstad		1971		45		3,032					4,045	
Nifelhem 6	Köping	Köping	Stora Gatan 12	1968	293			431	1,199			760	2,683	
Fisken 5	Malung	Malung	Grönlandsvägen 23	1967	93			2,673				15	2,781	
<b>Industrial properties</b>														
Bromsen 6	Karlstad	Karlstad	Ramgatan 7	1967, 1973, 1990, 1991	1,042	2,140			200				3,382	
Spårnen 7	Karlstad	Karlstad	Rattgatan 6	1968	585	758		609					1,952	
Blåsten 3	Karlstad	Karlstad	Stormgatan 6	1975, 1995	535	1,612							2,147	
Mobyarna 113:4	Malung	Malung	Västra Industrigatan	1971	15	19,185							19,200	
Verkstaden 20	Västerås	Västerås	Metalverksgratan 1-13	1947		19,885		4,582					24,467	
Finnslätten 5	Västerås	Västerås	Terminalvägen Finnslätten Byggnad nr	1959/ 1976-77	334	49,850							50,184	
Kryssen 4	Västerås	Västerås	Regattagatan 7-31	1929-1963	2,197	10,811			215				13,223	
Regattan 46	Västerås	Västerås	Regattagatan 8-28	1929-1964	672	10,833			115				12,953	
<b>Office properties</b>														
Verdandi 9	Borlänge	Borlänge	Borganäsvägen 42-44	1929/1987	1,374	182		1,282		195			3,033	
Blåsten 4	Karlstad	Karlstad	Stormgatan 8	1975/1979	2,057			350					2,407	
Fjädem 16	Karlstad	Karlstad	Bromsgatan 4	1991	2,816			1,536					4,352	
Brisen 4	Karlstad	Karlstad	Sunnanvindsgatan 8	1973		800							800	
Regnvinden 1	Karlstad	Karlstad	Dagvindsgatan 7	1981/1987	5,059	3,276					1,625		9,960	
Bromsen 1, 13	Karlstad	Karlstad	Blockgatan 6	1967/1991		1,218			372				1,590	
Släggen 13	Karlstad	Karlstad	Sågverksgratan 20	1981	790	419			640				1,849	
Loke 1	Karlstad	Karlstad	Sveagatan 12	1920, 1950, 1986, 1991	2,120	262				495			2,877	
Trätälja 10	Karlstad	Karlstad	Fredsgatan 3 A	1961, 1962	1,428	39			586		645		2,698	
Björnen 13	Karlstad	Karlstad	Älvgatan 5	1876, 1906, 1953, 1962, 1975, 1989, 1994	3,814	3,626							7,527	
Hybelejen 17	Karlstad	Karlstad	Verkstadsgratan 20	1929, 1993	2,915	10							2,925	
Ekorren 11	Karlstad	Karlstad	Malmortorgsgatan 6	1890/1951	4,075				2,427		1,745	380	8,627	
Grästegen 2	Karlstad	Karlstad	Strådgatan 3	1990	2,688								2,688	
Styrmanen 5	Karlstad	Karlstad	Hamntorget 1-3	1990	6,730	185							6,915	
Björnen 7	Karlstad	Karlstad	Järnvägsgatan 7	1965, 2001	1,793	212			1,270				3,275	
Tvätten 2	Karlstad	Karlstad	Romstadsvägen 2	1929	2,050	499							2,549	
Bälgen 9-11	Karlstad	Karlstad	Everumsgatan 7/ Sågverksgratan 35	1958, 1959, 1964, 1968, 1988, 1991	2,780								2,780	
Freja 13	Karlstad	Karlstad	Drottninggatan 6	1963, 1965, 1991, 1993	3,571	55			2,062		923		6,611	
Gripen 11	Karlstad	Karlstad	Herrgårdsgatan 20	1962, 2002	3,770				162		366		4,298	
Sågen 7	Karlstad	Karlstad	Lantvårmsgatan 12	1940/1975	1,966	1,778							3,744	
Svanen 17	Ludvika	Ludvika	Carlsvägen 21	1988	2,653	363							3,015	
Stranden 20:4	Mora	Mora	Hantverksgratan 14	1989	2,479								2,479	
Kilo 10	Västerås	Västerås	Norra Källgatan 17	1984/1998		49			178				2,615	
Energin 7	Västerås	Västerås	Ormförmargatan 18A	1990/2006		3,386							3,386	
Verkstaden 6	Västerås	Västerås	Metalverksgratan, Glödgårgränd, Varmvals	1897/2005	13,998				3,592			452	18,042	
<b>Warehouse properties</b>														
Smedjan 3	Borlänge	Borlänge	Gesällgatan 1, 3	1960, 1963/ 1988	583	5,463							6,046	
Hammaren 8	Borlänge	Borlänge	Lustbergsvägen 6	1974/1995		4,175							4,175	
Nedre Gruvriset 33:156	Falun	Falun	Krontallsvägen 1, 3, 16	2004								5,153	5,153	
Sågen 9	Karlstad	Karlstad	Lantvårmsgatan 8	1950/1973	1,093	1,462							2,555	
Kulingen 4	Karlstad	Karlstad	Östänvindsgatan 17	1976		7,465		450				17	7,932	
Regnvinden 14	Karlstad	Karlstad	Regnvindsgatan 8	2006		9,420							9,420	
Oxen 17	Kumla	Kumla	Västra Drottninggatan 38	1960/1974/ 1981		6,645							6,645	
<b>School properties</b>														
Kryssen 3	Västerås	Västerås	Regattagatan 33-53	1929-1962	1,364	1,263			3,766				6,393	
<b>Market Area North</b>														
<b>Retail properties</b>														
Piteå Stadsön 8:10	Piteå	Piteå	Relälgatan 9	1963				442					442	
Piteå Flygfisken 6	Piteå	Piteå	Sundsgratan 2	1963	294			425					719	
Stadsön 8:41	Piteå	Piteå	Källbogatan 69	1978				2,282					2,282	
Piteå Öjebyn 33:161	Piteå	Öjebyn	Hammarvägen 41	1975		220		1,100					1,320	
Apollo 3, 7, 8	Sundsvall	Sundsvall	Trädgårdsg.1,3/Strandg.16	1966	340	938				933			3,409	
Vivstamon 1:17	Timrå	Timrå	Terminalvägen 24	1985				1,285					1,285	
Märlan 7	Umeå	Umeå	Gräddvägen 17	1940	310			1,790					2,100	
Snickarboden 2	Östersund	Östersund	Hernvägen 28	1975				1,894					1,894	
<b>Industrial properties</b>														
Svartön 18:28	Luleå	Luleå	Viktorivägen 1, 3	1987		2,567							2,567	
Mossarrotråsk 1:326	Skellefteå	Jörn	Idrottsgatan 11	1986		562							562	
Gruvfogden 1	Skellefteå	Skellefteå	Gruvgatan 12	1995		785							785	
Muttern 3	Skellefteå	Skellefteå	Verkstadsvägen 14	1989		920							920	
<b>Office properties</b>														
Piteå Stadsön 8:33	Piteå	Piteå	Fläktgatan 26 B	2001	792	108							900	
Piteå Stadsön 8:31	Piteå	Piteå	Fläktgatan 28	1978		700							700	
Piteå Stadsön 8:8	Piteå	Piteå	Fabriksgatan 17	1998	1,900	618							2,518	
Piteå Stadsön 8:24	Piteå	Piteå	Amperegatan 12	1979		1,568							1,568	
Motorn 18	Skellefteå	Skellefteå	Pilätvägen 3	1990	2,093	987			926				4,006	
Service 1	Skellefteå	Skellefteå	Servicegatan 1	1987	3,029	3,046							6,075	
Motorn 9	Skellefteå	Skellefteå	Verkstadsvägen 15	1972		545							545	
Mars 2	Sundsvall	Sundsvall	Köpmang.20/Bankg.16-18	1890/1976	3,163	613		274		103	302		4,455	
Kofoten 19	Sundsvall	Sundsvall	Södra Allén 5	1954/1989	1,732				110				1,842	
Vivsta 3:39	Timrå	Timrå	Köpmangatan 44	1983	2,119	59			205				2,383	
Änge 30:6 & 9	Änge	Änge	Järnvägsgatan 3	1992	3,580				140				298	4,018
<b>Warehouse properties</b>														
Anläggaren 1	Skellefteå	Skellefteå	Servicegatan 29	1991		2,176							2,176	
Motorn 8	Skellefteå	Skellefteå	Verkstadsvägen 17	1980		1,455							1,455	
Rävsund 1:338	Sundsvall	Kvissleby	Pionvägen 5	1974/1995, 1987, 1990, 1995/1999		14,249							14,249	
Sprinten 1	Östersund	Östersund	Trädvägen 6	2006		2,928							2,928	

# Divested properties

Name	Municipality	Location	Address	Year of construction/ conversion	Lettable floor-space, sq.m.								Total floor-space	
					Offices	Industr./ warehouse	Retirement homes	Care	Retail	School	Residential	Hotel		Other
<b>Land</b>														
Kofoten 14	Sundsvall	Sundsvall	Södra Allén 7	-					100					100
<b>Care properties</b>														
Västland 26:3	Sundsvall	Sundsbruk	Finstavägen 36	1968		459		1,076	229				512	2,276
<b>Market Area South</b>														
<b>Residential properties</b>														
Lindblad 21	Karlskrona	Karlskrona	Drottninggatan 50 A o B	1929	66						2,791			2,857
Styrkan 22	Malmö	Malmö	Spånehusvägen 89	1998							1,120			1,120
<b>Industrial properties</b>														
Dolken 3	Helsingborg	Helsingborg	Mörsaregatan 12	1985/1990		3,845								3,845
Jupiter 12	Helsingborg	Helsingborg	Grenadjärsgatan 8	1978	415	1,027								1,442
Bromsregulatorn 1	Landskrona	Landskrona	Instrumentgatan 15	1968/1996		38,600								38,600
Eggegrund 6	Malmö	Malmö	Hemsögatan 10	1983	366	7,548								7,914
Flintkärnan 2	Malmö	Malmö	Agnesfridsvägen 194	1972	437	4,104			184					4,725
Rösberg 1:102	Vetlanda	Vetlanda	Bergmossevägen 6	1973		7,525								7,525
<b>Office properties</b>														
Danmark 29	Helsingborg	Helsingborg	Hantverkaregatan 2	1972	7,310	83			1,769		1,915			11,077
Asien 20	Helsingborg	Helsingborg	Kvarnstensgatan 11	1989	1,280	1,268								2,548
Kavalleristen 11	Helsingborg	Helsingborg	Bergavägen 1	1989	2,096	30								2,126
Springposten 3	Helsingborg	Helsingborg	Springpostgränden 3	1910/1990	2,127									2,127
Lindblad 1	Karlskrona	Karlskrona	Ölandsgatan 8	1929	132					3,782				3,914
Lindblad 18	Karlskrona	Karlskrona	Ölandsgatan 6	1929	6,400									6,400
Lindblad 20	Karlskrona	Karlskrona	Ölandsgatan 4	1929	500									500
Hunnerup 1	Lund	Lund	S:t Lars väg 41-54	1947	17,023	75							3,319	20,417
Rosenbuketten 4	Malmö	Malmö	Höjagatan 1	1987/1990	4,322									5,420
Brudbuketten 13	Malmö	Malmö	Derbyvägen 20	1988	1,063									1,063
Cementen 4	Malmö	Malmö	Barlastgatan 2	1982	1,673	1,414			650					3,737
Svavlet 4	Malmö	Malmö	Emilstorpsgatan 24	1975	1,205									1,205
Söderhavet 5	Malmö	Malmö	Elbegatan 5	1992	1,472	120								1,592
Söderhavet 6	Malmö	Malmö	Elbegatan 7	1938/1998	1,406									1,406
Brudbuketten 10	Malmö	Malmö	Russgatan 6	1988/1997	750									750
Masugnen 3	Malmö	Malmö	Kopparbergsgatan 29	1970	2,007	450								2,457
Värsången 7	Malmö	Malmö	Gångglätsvägen 87	1976	1,270					274				1,544
Rosquist 1	Malmö	Malmö	Amiralsgatan 25	1986	2,248	96								2,344
Storke 32	Malmö	Malmö	Norregatan 27	1988	2,285	252								2,537
Claus Mortensen 29	Malmö	Malmö	Baltzarsgatan 41 A	1950	2,488	85			749					3,322
Dauida 15	Malmö	Malmö	Amiralsgatan 13 A	1990	9,991	114			340	1,200			1	11,646
Laxen 23	Malmö	Malmö	Södra Förstadsgatan 34	1971	6,762	61			625					7,448
Oscar 16	Malmö	Malmö	Södergatan 3	1907	1,492	218			564					2,274
Stjärnan 10	Malmö	Malmö	Engelbrektsgatan 6	1990	662				267					929
Söderport 8	Malmö	Malmö	Per Wejersgatan 4	1700	1,047				325	407				1,779
Dädeln 23	Malmö	Malmö	Bertrandsgatan 3	1920	1,330	379				1,384				3,093
Hamnaren 5	Malmö	Malmö	Södra Bulltoftavägen 17	1966	3,188	1,111								4,299
Sämjan 2	Malmö	Malmö	Sofielundsvägen 55	1929	6,498	2,560								9,419
Piledal 27	Malmö	Malmö	Klägerupsvägen 259	1963/1978	362				361					362
Hamnen 2:4	Ystad	Ystad	Båtsmansgatan 3	1959	1,481	1,947				160				3,588
<b>Warehouse properties</b>														
Frysen 3	Gotland	Visby	Lundbygatan 5	1990		689								689
Köpingetrakten 1	Helsingborg	Helsingborg	Trintelegatan 9	1980	905									905
Översticket 26	Jönköping	Jönköping	Soldattorpsgatan 15	1963, 1969		10,489								10,489
Överdomaren 3	Jönköping	Jönköping	Solåsvägen 3	1977		12,962								12,962
Överdomaren 4	Jönköping	Jönköping	Solåsvägen 5A	1978		14,365								14,365
Bränslet 7	Malmö	Malmö	Koksgatan 6 - 12	1972, 1976, 2007		20,059								20,059
Järmet 1	Malmö	Malmö	Spadegatan 1	1942, 1962		1,196								1,196
Stålet 2	Malmö	Malmö	Lodgatan 5, Spadegatan 2	1937, 1939, 1943, 1956, 1963	3,092	11,806								14,898
Värmet 3	Malmö	Malmö	Koksgatan 14	1966, 1967		6,283								6,283
Svinbådan 4	Malmö	Malmö	Brännögatan 9	1961		1,647								1,647
Svinbådan 5	Malmö	Malmö	Tärnogatan 3	1963		2,639								2,639
Böttö 5	Malmö	Malmö	Kosterögatan 5	1964/1993	4,085	7,626								11,711
Holmögadd 3	Malmö	Malmö	Bjurögatan 26	1969		11,482								11,482
Holmögadd 4	Malmö	Malmö	Bjurögatan 28	1969		14,165								14,165
Smörbollen 52	Malmö	Malmö	Pinjevägen 5	1977		2,629								2,629
Storbådan 2	Malmö	Malmö	Hemsögatan 22	1973	186	2,962							100	3,248
Storbådan 4	Malmö	Malmö	Hemsögatan 18	1973		2,590								2,590
Storbådan 5	Malmö	Malmö	Hemsögatan 14-16	1973	580	12,224								12,804
Speditionen 1	Malmö	Malmö	Lodgatan 19-23	1992	894	4,125								5,019
Krukskärvan 3	Malmö	Malmö	Flintyvegatan 10	1979		7,585								7,585
121 Høje Taastrup by	Taastrup	Taastrup	Bredebjergvej 1	2000	3,569	8,001							0	11,570
<b>Land</b>														
Cykeln 15	Malmö	Malmö	Lönnngatan 22 A	-										
<b>Market Area West</b>														
<b>Industrial properties</b>														
Rydahög 1	Borås	Borås	Almenåsvägen 7	1963/1968/2006	3,113	35,155								38,268
Rydaslätt 1	Borås	Borås	Almenåsvägen 16	1970/1977/1987/1988	904	12,456								13,360
Trucken 1	Borås	Borås	Företagsgatan 69	1982/1987		33,000								33,000
Bockasjö 1	Borås	Borås	Bockasjögatan 12	1965/1987	2,419	17,958			2,500					22,877
Axet 1	Lidköping	Lidköping	Skogvaktarevägen 2	1978		21,119								21,119
Lexby 11:14	Partille	Partille	Laxfiskevägen 4	1956/1981/1994	4,312	15,189								19,501
<b>Warehouse properties</b>														
Träskruven 1	Borås	Borås	Sandlidsgatan 6	1977		15,289								15,289
<b>Market Area East</b>														
<b>Retail properties</b>														
Norr 23:5	Gävle	Gävle	Nygatan 22/Norra Rådmansgatan 8 A-C	1959	1,910	45		451	2,187		1,504			6,097
Hofors 36:2	Hofors	Hofors	Skolgatan 16/Centralg 24	1969		50			2,921					2,971
Skogsta 6:2	Hudiksvall	Hudiksvall	Skogsta 22	1976					1,675					1,675
Valbrevet 1	Linköping	Linköping	Normalmsvägen 11	1983					1,650					1,650
Kyrktuppen 10	Södertälje	Järna	Storgatan	1970	1,300				2,304		1,436		29	5,068
<b>Residential properties</b>														
Bananen 8	Stockholm	Stockholm	Bergsgatan 5 A-C	1908/1985	1,226						1,552			2,778
Berga 10:6	Österåker	Åkersberga	Storängsvägen 16 A	1991	1,491	12					3,222			5,277
<b>Industrial properties</b>														
Hantverkaren 1	Botkyrka	Norsborg	Segersbyvägen 4-6	1974	2,825	6,913								9,792
Tumba 7:150	Botkyrka	Tumba	Gustaf de Lavals väg 10 A	1961/64	42,503	25,619		2,214					8,532	78,868
Närigen 8:5	Gävle	Gävle	Strömsbrovägen 19, 13	1965		5,945								5,945
Sörby Urjäll 37:3	Gävle	Gävle	Utmarksvägen 10	2000	1,148	9,928			2,070			123		13,269
Närigen 12:2	Gävle	Gävle	Strömsbrovägen 12	1990		592								592
Aby 1:152	Haninge	Haninge	Rörvägen 62	1989,1991,2003	602	3,228							220	4,050

# Divested properties

Name	Municipality	Location	Address	Year of construction/ conversion	Lettable floor-space, sq.m.							Total floor-space	
					Offices	Industr./ ware- house	Retire- ment homes	Care	Retail	School	Resi- dential		Hotel
Jordbromalm 6:16	Haninge	Haninge	Lagervägen 28	1977/2003	460	6,624							7,084
Jordbromalm 6:60	Haninge	Haninge	Rörvägen 4-8	1983	1,666	4,507			470				6,643
Upplaget 3	Katrineholm	Katrineholm	Högmossevägen 6	1929									
Glasberget 5	Linköping	Linköping	Roxtorpsvägen 13	1974, 1985, 1984		8,400							8,400
Navhälet 2	Linköping	Linköping	Låsblecksgatan 3	1992	2,787	4,813							7,600
Antennen 10	Linköping	Linköping	Alkagatan 2	1948/1988	1,113	355						6,081	7,549
Vägen 8	Motala	Motala	Vintergatan 1,7	1960	1,229	8,020						2,909	12,158
Bågaren 6	Norrköping	Norrköping	Slottsgatan/Kungsgatan	1988	108	161							2,849
Industrien 17	Norrköping	Norrköping	Exportgatan 28,32	1965/1975		6,083							6,083
Träden 11	Norrköping	Norrköping	Malmgatan 5	1967, 1970-1975	3,366	17,019							20,385
Particentralen 2	Stockholm	Årsta	Brunnbyvägen 11	1962	336			2,550					2,886
Administratören 1	Stockholm	Årsta	Parthandlarvägen 2	1993, 2000		1,727		1,235					2,962
Particentralen 1	Stockholm	Årsta	Brunnbyvägen 15	1962, 1985	343	1,833		343					2,519
Particentralen 5	Stockholm	Årsta	Parthandlarvägen 1	1983				1,284					1,284
Particentralen 6	Stockholm	Årsta	Brunnbyvägen 7	1962				1,798			640		2,438
Fotografen 5	Tyresö	Tyresö	Mediavägen 7	1984		1,060							1,060
<b>Office properties</b>													
Växlaren 4	Eskilstuna	Eskilstuna	Fristadstorget 10	1930	1,957	401			52		526		2,936
Hällsta 6:13,15,18,19	Eskilstuna	Eskilstuna	Hällsta	1972/1981	24,280								24,280
Norr 44:1	Gävle	Gävle	Kyrkogatan 28/Hattmakarg. 2	1901/1983	3,287	235		347			1,090	185	5,144
Näringsen 12:1	Gävle	Gävle	Snäppvägen 2	1966/1980	379	322							701
Näringsen 6:4	Gävle	Gävle	Lätångsgatan 13	1963/1985	1,004	524							1,528
Sätra 107:7	Gävle	Gävle	Marielundsvägen 2	1991	3,209								3,209
Alderholmen 19:3	Gävle	Gävle	1:A Magasinsg.3/2:A Magasinsg.4	1929	809								809
Alderholmen 24:5	Gävle	Gävle	Norra Skeppsbron 5B	1929	1,105								1,105
Öster 10:1	Gävle	Gävle	Östra Hantverkargatan 62	1989	1,279								1,279
Alderholmen 18:1	Gävle	Gävle	Hamntorget 6/2:A Magasinsgatan 1	1929	1,587	1,409							2,996
Alderholmen 24:3	Gävle	Gävle	Norra Skeppsbron 5 A	1929	1,141	14							1,155
Hemlingby 61:1	Gävle	Gävle	Kryddstigen 24	1990	1,043	464		861					2,368
Näringsen 11:3	Gävle	Gävle	Strömsbrovägen 18	1978/1982	2,213	1,825							4,038
Norr 26:1	Gävle	Gävle	Nygatan 34 -Hattmakarg.8	1891/1985	1,044				134		78	100	1,356
Alderholmen 10:1	Gävle	Gävle	Drottninggatan 46	1930	696	187							883
Norr 26:3	Gävle	Gävle	Hattmakargatan 6	1992	2,787			220					3,007
Diametern 1	Huddinge	Huddinge	Dialloggatan 1	1978/1990	44,271	20							44,321
Dolken 5	Linköping	Linköping	Hamngatan 13	1964	2,401			2,829				24	5,254
Badhuset 5	Linköping	Linköping	S.1 Larsgatan 21	1929	1,247	158		1,307			225		2,937
Lokatten 14	Norrköping	Norrköping	Drott. G11, 15-17, Hosp.G 5, Trädg. G6a,8	1929	2,756	12		1,402			355		4,525
Pelikan 24	Norrköping	Norrköping	Drottninggatan 19	1909/1984	966			425					1,391
Pelikan 25	Norrköping	Norrköping	Hospitalsgatan 6	1918/1975	1,271			259				80	1,610
Skeppet 10	Norrköping	Norrköping	Generalsgatan 12	1977	7,849	164		86					8,126
Bågaren 5	Norrköping	Norrköping	Luntg30-34,Norra Prom135- 13,Slottsg148-	1984	5,548							10	5,558
Bågaren 3	Norrköping	Norrköping	Luntgatan 28	1987	3,889	177							4,066
Puman 5	Solna	Solna	Bangatan 13-19 Storgatan 20-26	1975/1985	3,092	25				2,841		678	6,636
Råfilmen 1	Stockholm	Bandhagen	Härsundsvägen 181	1962		1,410							1,410
Murmästare-Ämbetet 2	Stockholm	Skärholmen	Murmästarvägen 17, 19	1976		5,265		2,672					7,937
Postgården 5	Stockholm	Årsta	Grosshandlarvägen 1	1988	2,260	3,006							5,266
Konsumenten 1	Stockholm	Årsta	Konsumentvägen 4, 8A-D	1958/1973	1,771	6,391							8,162
Hantverkaren 1	Södertälje	Södertälje	Hantverkarsvägen 1	1995	3,010	10,885		215					14,110
Akerby 8	Täby	Täby	Kemistvägen 10	1976	2,697	5,924		430					9,051
Övra Runby 4:1	Upplands- Väsby	Upplands väsby	Hagvägen 29	1929	115	287		1,332		3,016		634	5,384
<b>Warehouse properties</b>													
Sörby Urjäll 28:3	Gävle	Gävle	Utmarksvägen 35	1979/1983		2,198							2,198
Norr 34:3	Gävle	Gävle	Kyrkogatan 25/Norra Kopparslagargatan 3	1995	89							5,991	6,080
Sörby Urjäll 27:2	Gävle	Gävle	Rälsgatan 2-4	1972	354	4,688							5,042
Frukthallen 1	Stockholm	Årsta	Brunnbyvägen 10, Uppköparvägen 2	1977	443	6,696							7,139
Partihallen 1	Stockholm	Årsta	Uppköparvägen 1,3,5,7	1968	6,340	7,183		7,045					20,568
Ostmästaren 1	Stockholm	Årsta	Ostmästargränd 2	1980		15,287							15,287
<b>Land</b>													
Hyrstallet 1	Botkyrka	Saknas	Saknas	-									
Näringsen 22:3	Gävle	Gävle	Beckasinvägen 15	-									
<b>School properties</b>													
Södertull 33:1	Gävle	Gävle	Södra Kungsgatan 59	1940/ 1960	1,893	860		3,675	4,663				12,578
<b>Market Area Foreign</b>													
<b>Residential properties</b>													
Boulevard de la Cambre 28	Bryssel	Bryssel	-										
<b>Office properties</b>													
Rue Theresienne	Bryssel	Bryssel	-										
Hogehilweg 7	Amsterdam	Amsterdam	-		2,863								2,863
Manhattan Center	Bryssel	Bryssel	-		50,564								50,564
Lozenberg 17	Bryssel	Bryssel	-		2,788								2,788
Avenue Hermann Debroux	Bryssel	Bryssel	-										
Rue de Namur 72/74	Bryssel	Bryssel	-										
Avenue Louise 350	Bryssel	Bryssel	-										

# Acquired properties

Name	Municipality	Location	Address	Year of construction/ conversion	Lettable floor-space, sq.m.									Total floor-space	Rental revenue	Rental value	Vacancy, %
					Offices	Industr./warehouse	Retirement homes	Care	Retail	School	Residential	Hotel	Other				
<b>Market Area Central</b>																	
<i>Retail properties</i>																	
Gnr 30 Bnr 37	Ullensaker	Ullensaker	Dyrskuvei 7	2007		980			1,820				2,800	2,975	2,975		
<i>Industrial properties</i>																	
Backa 2:26	Hallsberg	Pålsboda	Kvarngatan 2	1968/1969/ 1972/1973		7,565							7,565	2,270	2,270		
Ludvika 4:41, Ludvika	Ludvika	Ludvika	Lyviksvägen 1	1929/1950/ 1981	41,077	129,113						19,809	189,999	85,996	91,113	5.61	
Ludvika 4:44, Ludvika	Ludvika	Ludvika	Lyviksvägen 18	1939/1952/ 1971													
Verkstaden 7	Västerås	Västerås	Metalverksgatan	1929		23,856							23,856	5,433	5,433		
<i>Office properties</i>																	
Verkstaden 6	Västerås	Västerås	Metalverksgatan, Glö-dargränd, Varmvals	1897/2005	18,084								18,084	8,000	15,984	49.94	
<i>Warehouse properties</i>																	
Oxen 11	Kumla	Kumla	Västra Drottninggatan 40	1968/1978/ 1995	258	1,791						402	2,451	843	843		
<i>Land</i>																	
Ludvika 4:54, Ludvika	Ludvika	Ludvika	Lyviksvägen	1929/1959/ 1981													
Låset 1, Ludvika	Ludvika	Ludvika	Malmgatan 4	-													
Rundeln 1, Ludvika	Ludvika	Ludvika	Tunnelgatan 5	-													
<i>School properties</i>																	
Västerås 1:250	Västerås	Västerås	Björnvägen 12	1940	698	124				2,614			3,436	4,575	4,575		
Barkaröby 15:308	Västerås	Västerås	Lötgatan 41	2005						1,570			1,570	2,314	2,314		
<i>Care properties</i>																	
Storfors 30:1	Storfors	Storfors	Hamnargatan 3-4	1960			5,969	1,128					7,097	5,209	5,209		
<b>Market Area North</b>																	
<i>Retail properties</i>																	
Korvetten 1	Härnösand	Härnösand	Varvgatan 16	1958					1,390				1,390	758	758		
Singeln 12	Umeå	Umeå	Formvägen 8 D	1992					1,425				1,425	669	669		
Märjan 7	Umeå	Umeå	Gräddvägen 17	1940	310				1,790				2,100	768	768		
Björnjägaren 2	Umeå	Umeå	Björnvägen 11 B	1977					2,033			228	2,261	2,263	2,263		
Huggormen 1	Umeå	Umeå	Björnvägen 15	1977	1,974				2,950				4,924	3,066	3,387	3.69	
Generatören 7	Umeå	Umeå	Förrådsvägen 11-15	1960	210	2,855			3,480				6,545	3,346	3,486	3.29	
Häradsdomaren 3	Umeå	Umeå	Bryggargatan 10	1970	100	69			325		373	160	1,027	641	641		
<i>Residential properties</i>																	
Laxen 4	Nordmaling	Nordmaling	Kungsvägen 43	1950	250						285		535	410	410		
<i>Industrial properties</i>																	
Rälsan 4	Luleå	Luleå	Traktorvägen 1	1977		18,362							18,362	9,017	9,303	3.07	
Rälsbussen 1	Umeå	Umeå	Industrivägen 4-8	1955	2,386	1,402		7,536				320	11,644	6,112	6,395	0.39	
Syllen 11	Umeå	Umeå	Industrivägen 24	1968	45	427						828	1,300	548	601	8.81	
Kronskogen 2	Umeå	Umeå	Kronskogsvägen 8	1976								4,456	4,456	2,335	2,335		
Kedjan 5	Umeå	Umeå	Gräddvägen 13	1981	265	441		450				825	1,981	1,023	1,034	1.06	
Kronskogen 3	Umeå	Umeå	Kronskogsvägen 4-6	1976													
Schablönen 3	Umeå	Umeå	Läringsgatan 20	1970													
Maskinen 1	Umeå	Umeå	Maskingatan 1	1966, 1971, 1976	1,260	1,171							2,431	1,670	1,671		
<i>Office properties</i>																	
Telegrafan 2	Härnösand	Härnösand	Nybrogatan 6	1900	2,060							79	2,139	1,942	1,942		
Rådmannen 6	Härnösand	Härnösand	Backgränd 9	1981	4,222	365							4,587	3,999	4,370	8.48	
Lärkan 21	Härnösand	Härnösand	Tulportsgatan 2	1970	7,785	120			297	1,887		688	10,777	7,296	8,042	9.27	
Julien 6	Härnösand	Härnösand	Varvgatan 15	1929/1990								2,454	2,454	696	975	28.61	
Torsvik 5	Härnösand	Härnösand	Nattviksgatan 8	1992	8,538								8,538	7,049	7,249	2.60	
Magasinet 2	Härnösand	Härnösand	Magasinsgatan 5	1910/2003	913								913	477	601	20.63	
Tor 6	Nordmaling	Nordmaling	Kyrkogatan 8	1990	835	40				30			905	333	621	46.37	
Lekatten 8	Nordmaling	Nordmaling	Affärsvägen 3 A-E	1991	350				789				1,139	670	779	13.99	
Orren 6	Sollefteå	Sollefteå	Kungsgatan 10	1967	2,971				348		392	692	4,403	2,888	3,437	15.97	
Singeln 17	Umeå	Umeå	Formvägen 10 D	1981/1986	1,052				424				1,476	1,045	1,045		
Schablönen 2	Umeå	Umeå	Läringsgatan 22	1970	1,298	100							1,398	984	745		
Syllen 3	Umeå	Umeå	Industrivägen 10	1968	1,233	132				95		320	1,780	823	834	1.31	
Huggormen 2	Umeå	Umeå	Björnvägen 17	1975	312				475			2,853	3,640	3,025	3,180	4.87	
Lamellen 3	Umeå	Umeå	Norra Obbolavägen 89	1968	3,340								3,340	2,129	2,129		
Matrisen 6	Umeå	Umeå	Läringsgatan 1	1969	3,153	809						353	4,315	1,240	1,762	15.43	
Schablönen 7	Umeå	Umeå	Läringsgatan 8	1974	345	639							984	434	434		
Singeln 18	Umeå	Umeå	Formvägen 10 D-E	1981													
Syllen 5	Umeå	Umeå	Industrivägen 12	1965	3,955	313			481			790	5,539	2,478	2,603	4.80	
<i>Warehouse properties</i>																	
Storheden 1:81	Luleå	Luleå	Cementvägen 8	1990		5,780							5,780	2,524	2,524		
Färgaren 8	Sollefteå	Sollefteå	Strömngatan 3	1900									0	0	0		
Schablönen 6	Umeå	Umeå	Läringsgatan 10-14	1976	692	2,725							3,417	1,560	1,696	8.01	
Kedjan 7	Umeå	Umeå	Gräddvägen 15 B	1990		2,015							2,015	1,148	1,198		
Grubbe 9:48	Umeå	Umeå	Kabelvägen 1 A	1992	112	705						82	699	329	329		
<i>School properties</i>																	
Brunne 12:18	Härnösand	Brunne	Brunne 431, Brunne 135	1989					2,906				2,906	2,650	2,650		
Västansjö 1:86	Härnösand	Hälledal	Folketshusvägen 9	1971/1974					3,742				3,742	2,284	2,284		
Västansjö 1:41	Härnösand	Hälledal	Folketshusv. 7	1963/1964/ 1990					451				451	381	381		
Hörnan 2	Härnösand	Härnösand	Sehlistedsvägen 1	1985/1991					753				753	676	676		
Bondsö 2:338	Härnösand	Härnösand	Daghernsvägen 2	1976/1979/ 1985					653				653	468	468		
Hopparen 1	Härnösand	Härnösand	Murbergsvägen 25	1950/1974/ 1979									884	592	592		
Oxen 1	Härnösand	Härnösand	Sköldgatan 1	1968/1988/ 2005									805	442	442		
Akvilejan 4	Härnösand	Härnösand	Brännvägen 29	1972/1991/ 2002							1,339		1,339	741	741		
Prylen 1	Härnösand	Härnösand	Skolgränd 2	1968/1983/ 2003							829		829	414	414		
Vangsta 1:102	Härnösand	Härnösand	Trumpetgatan 50	1976/1980/ 1993							830		830	551	551		
Stenhammar 1:223	Härnösand	Härnösand	Tjärdvägen 114	1994					1,139				1,139	1,289	1,289		
Stenhammar 1:72	Härnösand	Härnösand	Kontrastvägen 171	1981/1982					242				242	172	172		
Bondsö 2:312	Härnösand	Härnösand	Slättervägen 3	1954/1966/ 1975					2,711				2,711	1,892	1,892		
Skolan 1	Härnösand	Härnösand	Norra Ringvägen 23	1947/1966/ 1968					9,006				9,006	4,001	6,001	33.32	



# Acquired properties

Name	Municipality	Location	Address	Year of construction/ conversion	Lettable floor-space, sq.m.								Total floor-space	Rental revenue	Rental value	Vacancy, %		
					Offices	Industr./warehouse	Retirement homes	Care	Retail	School	Residential	Hotel					Other	
Eleven 1	Härnösand	Härnösand	Gymnastikgatan 4	1966/1971						3,283				3,283	2,126	2,126		
Solen 15	Härnösand	Härnösand	Södra vägen 22	1892/1979						10,869				10,869	7,191	7,191		
Ön 2:63	Härnösand	Härnösand	Rosenbäcksalen 15	1963						3,050	895		1,297	5,242	3,895	4,170	6.59	
Inspektorn 11	Härnösand	Härnösand	Brunnshusgatan 18	1882/1903						24,087				24,087	14,511	14,511		
Läraren 1	Härnösand	Härnösand	Kastellgatan 35	1955/1979						3,953				3,953	3,027	3,027		
Geresta 1	Härnösand	Härnösand	Rosenbäcksalen 39	1998/2007						10,392				10,392	9,423	9,426	0.03	
Örren 12	Härnösand	Härnösand	Institutgatan 16 B	1980/1990/1991									238	238	154	154		
Folkskolan 3	Härnösand	Härnösand	Brunnshusgatan 4	1912/2001						5,932				5,932	6,361	6,361		
Fastlandet 2:84	Härnösand	Härnösand	Södra vägen 3 A-C, D	1953/1970/1980/1988/2006						1,093	1,257		9,788	12,138	8,692	9,999	13.07	
Åland 22:1	Härnösand	Ålandsbro	Nämndemansvägen 3 A	1969						4,003				4,003	2,445		100.00	
<b>Care properties</b>																		
Torget 1	Härnösand	Härnösand	Stora Torget 2	1863/1984									798	798	614	614		
Tunnsbindaren 4	Härnösand	Härnösand	Storgatan 9	1971									4,075	4,075	2,388	2,390	0.08	
Rådhuset 6	Härnösand	Härnösand	Norra Kyrkogatan 3	1959/1970									2,821	2,821	1,962	1,962		
Vinstocken 2	Härnösand	Härnösand	Norra Kyrkogatan 2	1955/1983/2000									2,938	2,938	2,241	2,263	0.97	
Sågen 10	Härnösand	Härnösand	Kjörningsgatan 20	1955/1998									755	755	803	803		
Venus 7	Härnösand	Härnösand	Lönegrens-gatan 2-11	1950/1989/1991							1,441		614	2,055	1,201	1,210	0.74	
Häcken 13	Härnösand	Härnösand	Källvägen 10	1996									787	787	953	953		
Bofinken 8	Härnösand	Härnösand	Gådeåvägen 11	1980									495	495	265	265		
Kattastrand 3:2	Härnösand	Härnösand	Solumsvägen 6	1960/1983									497	497	214	300	28.66	
<b>Retirement homes</b>																		
Brunne 12:21	Härnösand	Brunne	Brunne 157	1993									2,923	3,143	3,143			
Högsjö-Dal 2:90	Härnösand	Hälledal	Hälledalsvägen 51B	1948									3,510	2,220	2,220			
Sländan 12	Härnösand	Härnösand	Brännåsvägen 67	1970/1981/1985									5,634	3,923	3,923			
Ön 2:58	Härnösand	Härnösand	Volontärvägen 39	1992									5,727	6,025	6,025			
Åland 1:91	Härnösand	Ålandsbro	PI 652	1989/1991									2,750		2,445			
<b>Market Area South</b>																		
<b>Retail properties</b>																		
Nyponrosen 2	Helsingborg	Helsingborg	Skaragatan 90 - 92	1979	60								2,292	2,352	1,460	1,564	6.63	
Adolfsberg Västra 10	Helsingborg	Helsingborg	Södra Hunnetorpsvägen 54 - 56	1975	380								988	1,368	1,142	1,292		
Nordandvinden 3	Lund	Lund	Nordandväg 5-9	1966	720								1,796	2,516	3,947	4,187		
<b>Hotel</b>																		
Gungghästen 1	Malmö	Malmö	Jägersrovägen 160	1964/1990	3,342									5,501	8,843	7,726	8,194	5.36
<b>Industrial properties</b>																		
Smörblomman 16	Borgholm	Borgholm	Hammarvägen 6	1980/1992		519								519	234	234		
Plankan 1	Eksjö	Eksjö	Kapellvägen 4	1982/1986/2002/2004		560								560	338	338		
Borret 15	Eslöv	Eslöv	Trehäradsvägen 46	1957		434								434	260	260		
Hugin 8	Gislaved	Gislaved	Mariefundsgatan 52	1975/1988/1989/1999		434								434	260	260		
Hillerstorp 3:51	Gnosjö	Hillerstorp	Brogatan 24	1989/1998/2000		765								765	497	497		
Hanåsa 15:62	Högsby	Högsby	Bruksvägen 48 B	1983		200								200	50	50		
Areporten 3	Jönköping	Jönköping	Fridhemsvägen 12	1985/2006		1,285								1,285	707	707		
Husgerädet 1	Kalmar	Kalmar	Karlstorpsvägen 16	1991/2000/2002		1,880								1,880	940	940		
Verk 3:4	Karlskrona	Karlskrona	Verkö industriområde	1971/1977/1998	3,736	29,778							3,719	37,233	27,730	27,730		
Bromsregulatorn 1	Landskrona	Landskrona	Instrumentgatan 15	1988/1996		26,600								26,600	16,409	16,409		
Boken 1	Mörbylånga	Mörbylånga	Köpangsgatan 12	1990		589								589	412	412		
Ripen 7	Nybro	Nybro	Jutegatan 2	1960/1998		393								393	236	236		
Rattan 18	Oskarshamn	Oskarshamn	Väderumsvägen 12	1988/1990/2003		1,615								1,615	969	969		
Snickeriet 4	Oskarshamn	Oskarshamn	Förrådsgatan 6	1977/1982/1998		5,439								5,439	1,632	1,632		
Snickeriet 14	Oskarshamn	Oskarshamn	Förrådsgatan 8	1982/1986/2002/2006		2,198								2,198	1,978	1,978		
Kopparslagaren 3	Sävsjö	Sävsjö	Kopparslagaregatan 8	1800/1978/1988		401								401	180	180		
Slakthuset 7	Tranås	Tranås	Verkstadsgatan 2	1953/1990		1,270								1,270	381	381		
Rösberg 1:102	Vetlanda	Vetlanda	Bergmossevägen 6	1973	1,281	6,244							0	7,525	3,101	3,101		
Bredaryd 41:10	Värnamo	Bredaryd	Industrivägen 14	1990/2000/2001		841								841	421	421		
Lärkrädet 3	Värnamo	Värnamo	Ringvägen 63	1983/1990/2002		1,091								1,091	655	655		
<b>Warehouse properties</b>																		
Bjuv 23:3	Bjuv	Bjuv	Billeholmshusvägen 4	1961/1967-69	370	18,218							293	18,881	2,148	2,148		
Rausgård 22	Helsingborg	Helsingborg	Landskronavägen 11	1951/1973/1999	3,870	40,492							17,250	61,612	36,148	36,148		
Överlappen 15	Jönköping	Jönköping	Granitvägen 10	1900	1,153	731								1,884	1,175	1,175		
Regnbågen 3	Osby	Osby	Regnbågsv. 12	1973/1976	890	21,080								21,970	7,140	7,140		
Snöflingan 3	Osby	Osby	Meinv. 2	1976		13,328								949	14,277	3,782	3,926	3.66
Kronoslätt 1:3	Staffanstorps	Staffanstorps	Västanvägen	1971	1,095	18,186								1,444	20,725	9,962	9,962	
Hyveln 4	Sölvesborg	Sölvesborg	Sliparevägen 3	1983	127	586								49	762	378	378	
121 Høje Taastrup by	Taastrup	Taastrup	Bredbejergvej 1	2000	3,569	8,001								0	11,570	11,328	11,328	
<b>Land</b>																		
Regnbågen4	Osby	Osby	Regnbågsv.	-														
<b>School properties</b>																		
Intendenten 2	Hässleholm	Hässleholm	Finjagatan 18	1960										2,290	2,184	2,184		
Silverängen 4	Landskrona	Landskrona	Silvergården 1	1960				4,190		10,563				14,753	11,842	11,888	0.38	
Jägaren 11	Växjö	Växjö	Vallgatan 12E	1956/1969/1982	3,465	377				4,800	4,326		2,902	19,035	9,895	9,895		
Liv 1	Ystad	Ystad	Björnstjernegatan 1A-C	1900/2000	1,726				72		3,742			5,540	6,850	7,000	2.14	
<b>Care properties</b>																		
Lasarettet 8	Karlshamn	Karlshamn	ErikDahlbergsvägen 30A-F	1880	3,924			4,373		799	162		1,992	11,533	6,919	8,081	14.37	

# Acquired properties

Name	Municipality	Location	Address	Year of construction/ conversion	Lettable floor-space, sq.m.									Total floor-space	Rental revenue	Rental value	Vacancy, %
					Offices	Industr./warehouse	Retirement homes	Care	Retail	School	Residential	Hotel	Other				
<b>Retirement homes</b>																	
Blinkarp 1:9	Svalöv	Röstånga	Blinkarp 863	1944			2,600						2,600	800	800		
<b>Market Area West</b>																	
<b>Industrial properties</b>																	
Buften 1	Alingsås	Alingsås	Sävelundsgatan 2	1977/1993/1996	3,454	14,927							18,381	18,247	18,247		
Rydahög 1	Borås	Borås	Almenäsvägen 7	1963/1968/2006	3,113	35,155							38,268	16,622	16,920	0.18	
Rydaslätt 1	Borås	Borås	Almenäsvägen 16	1970/1977/1987/1988	904	12,456							13,360	6,637	6,637		
Trucken 1	Borås	Borås	Företagsgatan 69	1982/1987		33,000							33,000	12,494	12,494		
Bockasjö 1	Borås	Borås	Bockasjögatan 12	1965/1987	2,419	17,958		2,500					22,877	13,175	13,355		
Fjädem 3	Borås	Borås	Industrigatan 31	1950	1,680	4,852							6,532	2,494	2,494		
Fjädem 4	Borås	Borås	Industrigatan 29	1950													
Arendal 764:385	Göteborg	Göteborg	Sydlatanten 12	1969/1979/1994	863	8,352						890	10,105	5,229	5,229		
Hede 1:54	Kungsbacka	Kungsbacka	Kraftvägen 2	1952/2001	4,833	30,200						630	35,663	15,680	15,705		
Hede 3:122	Kungsbacka	Kungsbacka	Kraftvägen 3	1952/2001													
Varla 2:390	Kungsbacka	Kungsbacka	Energigatan 19	1992	1,824	2,858							4,682	3,557	3,557		
Lundby Prästgård 1:1	Lerum	Gråbo	Olstorpsvägen 3	1967		10,000							10,000				
Forsåker 1:227	Mölnådal	Mölnådal	Nämndemansgatan 17/ Kronogårdsgatan 3	1968	2,880	14,236							17,116	10,437	10,437		
Tängen 1	Nässjö	Anneberg	Solbergavägen 20	-		12,000							12,000				
Limmared 26:2	Tranemo	Limmared	Vallgatan 4	1970/1988		1,149							1,149	270	270		
<b>Office properties</b>																	
Varla 14:8	Kungsbacka	Kungsbacka	Magasingatan 12	1989	1,433	40							1,473	1,211	1,211		
Sågen 14	Kungsbacka	Kungsbacka	Järnvägsgränd 36	1980	1,569	903							2,472	2,042	2,042		
Forsåker 1:257	Mölnådal	Mölnådal	Kronogårdsgatan 3	1986	1,495								1,495	1,197	1,197		
Forsåker 1:164	Mölnådal	Mölnådal	Kronogårdsgatan 3	1975	2,498								2,498	2,077	2,077		
<b>Land</b>																	
Forsåker 1:75	Mölnådal	-	-	-									0	40	40		
<b>School properties</b>																	
Häggen 3	Skara	Skara	Gråbrödragatan 15	1950					1,824	115			1,964	2,279	2,279		
<b>Care properties</b>																	
Dingle 1:103	Munkedal	Dingle	Östra vägen 3	1945				320					320	264	264		
Krokstads-Hede 1:108	Munkedal	Hedekas	Dinglevägen 6	1950				386					386	184	184		
Foss 10:1	Munkedal	Munkedal	Centrumvägen 34	2007				1,917					1,917	2,607	2,607		
<b>Retirement homes</b>																	
Lyrestads Klockarbol 5:39	Mariestad	Lyrestad	Sjötorpsvägen 2				4,284						4,284	3,643	3,643		
Björnsäter 5:7	Mariestad	Mariestad	Kinnekullevägen 40				3,983						3,983	3,088	3,088		
Ullervad 14:19	Mariestad	Mariestad	Ullervadsvägen 4A				5,169						5,169	4,911	4,911		
<b>Market Area East</b>																	
<b>Retail properties</b>																	
Tackaråker 2:273	Haninge	Haninge	Gamla Nynäsvägen 3B	1991					6,000				6,000	7,110	7,110		
Tackaråker 2:227	Haninge	Haninge	Gamla Nynäsvägen 3A	1981					2,810				2,810	3,410	3,610	5.54	
Himna 11:225 & 11:226	Linköping	Linghem	Himnavägen 153, 155	1976				823	988				1,811	1,672	1,672		
Laken 3	Linköping	Linköping	Söderleden 33-37	1963/1988	1,539			527	2,594	473		62	7,175	5,318	5,575	4.61	
Isbjörnen 1	Linköping	Linköping	Tröskaregatan 5-35	1982/1996	473				1,419		429	256	2,577	2,656	2,784	4.59	
Idrottspriset 1	Linköping	Linköping	Rekyrgatan 3	1992	71				1,020				1,091	1,451	1,508	3.76	
Runö 7:73 & 7:74	Österåker	Åkersberga	Sågvägen 26	2007		1,030			780			4,680	6,490	1,977	1,977		
<b>Hotel</b>																	
Åkerby 4 & 12	Täby	Täby	Kemistvägen 30-32	1993								13,600	13,600	10,324	10,324		
<b>Industrial properties</b>																	
Stenvreten 4:1	Enköping	Enköping	Garagevägen 1 - 13	1962/1970	888	44,461			445			465	46,259	23,171	23,171		
Enköping																	
Fredriksskans 15:16	Gävle	Gävle	Bönnavägen 55	2003	864	13,306							14,170	6,377	6,377		
Jordbromalm 6:14	Haninge	Haninge	Lagervägen 11	1977/2007	296	8,787					490		9,573	7,239	7,239		
Antennen 10	Linköping	Linköping	Ålkagatan 2	1948/1988	1,903	5,423							7,326	3,978	3,978		
Magnetn 4	Motala	Motala	Dynamovägen 11	1990/1995		396							396	198	198		
Vägen 8	Motala	Motala	Vintergatan 1,7	1960	1,229	8,020						2,909	12,158	5,438	5,438		
Slakthuset 14	Norrköping	Norrköping	Lindövägen 70	1929/1985	110	2,106					589		2,805	1,074	1,074		
Industrien 17	Norrköping	Norrköping	Exportgatan 28,32	1965/1975	877	5,206							6,083	3,523	3,523		
Asken 17	Nyköping	Nyköping	Hantverkarsvägen 7	1940/1972/1992/1997/1998		1,870							1,870	842	842		
Kylfacket 1	Stockholm	Johanneshov	Hallmästarvägen 4 - 8	1955/1960/1994	2,518	19,189						3,355	25,062	18,093	18,093		
Kylrummet 1	Stockholm	Johanneshov	Hallmästarvägen 1 - 5	1969/1976/1989													
<b>Office properties</b>																	
Gårdsten 4	Linköping	Linköping	Kotfällsgatan 3A	1964/2000		1,050							1,050	735	735		
Domaren 11	Linköping	Linköping	Stora Torget 1	1929/2000	662				550				1,514	3,066	3,066		
Ekonomens 5	Linköping	Linköping	Djurgårdsgatan 1	1929/2002	965								965	1,463	1,463		
Doiken 5	Linköping	Linköping	Hamngatan 13	1964	5,253								5,253	7,654	7,654		
Badhuset 5	Linköping	Linköping	S.t Larsagatan 21	1929	2,789							128	2,917	3,098	3,098		
<b>Warehouse properties</b>																	
Nore 22	Eskilstuna	Eskilstuna	Helgestagatan 3 B	1972	1,500								1,500	760	760		
Nylonsstrumpan 3	Linköping	Linköping	Skvåbergavägen 41	1966		4,506							4,506	1,308	1,308		
Magnetbandet 3	Linköping	Linköping	Finnögatan 1	1987	458	4,670					700		5,628	2,973	2,991	0.60	
Grundet 9 Linköping	Linköping	Linköping	Sunnorpögatan 4	1985	584	974						80	1,638	1,149	1,149		
Glasfaskan 1, Linköping	Linköping	Linköping	Roxtorpsgatan 16	1977/1982	1,854	1,299							3,153	2,230	2,282		
Linköping																	
Greken 5, Linköping	Linköping	Linköping	Rudsjövägen 1, 3	1956/1976	1,378	1,507					563		3,448	2,261	2,261		
Frukthallen 1	Stockholm	Årsta	Brunnbyvägen 10, Uppköparvägen 2	1977		7,139							7,139	7,775	7,775		
Ostmästaren 1	Stockholm	Årsta	Ostmästargränd 2	1980	3,612	11,675							15,287	12,330	12,330		

# Acquired properties

Name	Municipality	Location	Address	Year of construction/ conversion	Lettable floor-space, sq.m.								Total floor-space	Rental revenue	Rental value	Vacancy, %
					Offices	Industr./ ware-house	Retire- ment homes	Care	Retail	School	Resi- dential	Hotel				
<b>School properties</b>																
Nyfors 1:24	Eskilstuna	Eskilstuna	Tunavallsgränden 5	2007						1,427				1,427		
Gällstad 1:291	Linköping	Linghem	Sävsångarevägen 61	2008						661				661	1,082	1,082
Askeby 4:54	Linköping	Linghem	Andreas Linbloms väg 7	2008						425				425	678	678
Askeby 4:55	Linköping	Linghem	Andreas Linbloms väg 5	2008												
Rystads-Gärstad 8:41	Linköping	Linköping	Gurkvägen 2-4	2008						661				661	1,044	1,044
Ordensringen 2	Linköping	Linköping	Ellen Keys gata 4	1972						917				917	790	790
Orgelstämman 1	Linköping	Linköping	Åbylundsgatan 19A	1957						215				215	188	188
Ormtjusaren 1	Linköping	Linköping	Ulvåsvägen 2C	1955/1986						390				390	564	564
Ostduken 2	Linköping	Linköping	Björnkärrsgatan 14-16	1973						965		486		1,451	1,105	1,105
Ladstaken 1	Linköping	Linköping	Knektgatan 1A-B	1965/2007						750				750	1,150	1,150
Aklejan 5	Linköping	Linköping	Kristinagatan 14	1941/1970						277				277	258	258
<b>Care properties</b>																
Lejonet 21	Katrineholm	Katrineholm	Skogsgatan 8B-8F	1991				506					30	536	675	675
Grottan 2	Nyköping	Nyköping	Svårtavägen 21	2001				469						469	472	472
Flockiljan 1	Nyköping	Nyköping	Narcissvägen 2	1993				398						398	414	414
Sandstenen 4	Nyköping	Nyköping	Ekebobacken 4	1992				466						466	577	577
Grindäng 1:13	Nyköping	Stigtomta	Skolvägen 44	1993				380						380	434	434
Nälberga 1:246	Nyköping	Tystberga	Björkgårdsvägen 1-3	1993				398						398	424	424
<b>Retirement homes</b>																
Krusmyntan 2	Tyresö	Tyresö	Basilikagränd 1	2007										2,900		
<b>Market Area Germany</b>																
<b>Retirement homes</b>																
Bocholt 1	Bocholt	Bocholt	Böwings Stegge 8	2003				3,700						3,700		
Bocholt 2	Bocholt	Bocholt	Böwings Stegge 6	2005				3,700						3,700		
Duisburg Hufstrasse	Hamborn	Hamborn	Hufstrasse 2	-				4,825						4,825	-	-
Werder	Werder	Werder	Am Strengfeld					10,285						10,285	11,269	11,269

Therése Hamrén, who works in Kungsleden's HR function, is pictured on the front page of the property register.



# Invitation to Annual General Meeting and addresses

The Annual General Meeting will be held on 17 April 2008 at 2:00 p.m. at Hotel Rival, Mariatorget 3, Stockholm, Sweden.

## APPLICATION

Shareholders wishing to participate in the Annual General Meeting must first, be registered in their own name (i.e. not nominee-registered) in the share register maintained by VPC AB (the Swedish Central Securities Depository & Clearing Organisation) by no later than 11 April 2008, and second, notify their intended participation by no later than 4 p.m. on 11 April 2008, on the enclosed application form or by writing to the company at the following address:

Kungsleden AB  
FAO: Sinikka Mukka  
P.O. Box 70414, 107 25 Stockholm, Sweden  
e-mail: arstamma@kungsleden.se  
telephone: +46 (0)8-503 052 00  
fax: +46 (0)8-503 052 02  
or via the company's website:  
www.kungsleden.se

Shareholders should state their name, personal/corporate identity number, address, daytime telephone number, number of shares represented and potential representatives and assistants participating. To be entitled to participate in the Annual General Meeting and exercise their voting rights, shareholders with nominee-registered holdings must temporarily re-register their shares in their own names. Such registration must be recorded at VPC AB by no later than 11 April 2008, which means that the nominee must be informed in good time prior to this.

## DIVIDEND

The Board and Chief Executive propose that dividends of SEK 8 per share are paid to shareholders. The record day for dividends has been proposed as 22 April 2008. If the Annual General Meeting approves the proposal, VPC is expected to disburse the dividends on 25 April 2008.

## FORTHCOMING REPORTS

- The Interim Report for the period January–March will be presented on 23 April 2008
- The Interim Report for the period January–June will be presented on 13 August 2008
- The Interim Report for the period January–September will be presented on 22 October 2008

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**CORP. ID. NO. 556545-1217**  
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