

**Annual Report 2008**



# Contents

1	2008 in brief
2	This is Kungsleden
4	Chief Executive's statement
6	Business model and implementation
8	Market – credit market squeeze
10	Market – Kungsleden adapts to new conditions
12	Customer partnerships in practice – Härnösand
14	Organisational and human resources
18	Property portfolio
19	Transactions
20	As of 31 December 2008
22	Valuation
24	Earnings capacity
28	Customers and rental revenues
30	Partnership with the Third Swedish National Pension Fund
32	Risks and opportunities
34	Financing and financial risks
38	Corporate social responsibility
40	Five-year summary
42	The share
45	Corporate governance
46	Board of Directors
48	Management
50	Report of the Directors
56	Consolidated Income Statement
57	Consolidated Balance Sheet
58	Consolidated Statement of Changes in Equity
59	Consolidated Cash Flow Statement
60	Accounting principles, group
63	Notes, group
71	Income Statement, parent company
71	Balance Sheet, parent company
72	Change in Equity, parent company
72	Cash Flow Statement, parent company
73	Accounting principles, parent company
73	Notes, parent company
76	Proposed appropriation of profits
76	Signatures
77	Audit Report
78	Employees
80	Definitions
	Property register
	Invitation to Annual General Meeting and addresses

The audited Annual Report consists of pages 50–76.

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



## 2008 in brief

- Net sales increased by 11 per cent to SEK 2,897 (2,612) m and gross profit increased by 15 per cent to SEK 1,967 (1,705) m.
- Kungsliden posted a loss before tax of SEK –1,185 (2,621) m, of which unrealised value changes were SEK –1,803 (1,372) m. The net loss was SEK –962 (2,400) m in the year, equivalent to SEK –7.00 (17.60) per share.
- As of 31 December 2008, the property portfolio comprised 603 (575) properties with a book value of SEK 28,576 (25,737) m.
- In 2008, 54 (213) properties were acquired for SEK 3,408 (9,625) m; 28 (222) properties were also divested for SEK 1,313 (9,475) m, generating a profit of SEK 12 (580) m. These divestments affected profit for calculating dividends by SEK 268 (1,465) m.
- Profit for calculating dividends for 2008 was SEK 840 (2,019) m, equivalent to SEK 6.20 (14.80) per share.
- The Board of Directors proposes a dividend of SEK 1.50 (8.00) per share.
- Kungsliden reached an agreement with the Third Swedish National Pension Fund (AP3) to divest 50 per cent of the ownership of 282 public properties, equivalent to a value of SEK 15.4 bn. This transaction is consistent with book value, and expected to affect profit for calculating dividends for 2009 by SEK 800 m. This transaction is conditional on retained financing and approval from the competition regulator.

### Earnings capacity

	31 Dec. 2008	31 Dec. 2007
No. of properties	603	575
Leasable area, 000 sq. m.	3,185	3,052
Book value of properties, SEK m	28,576	25,737
Rental value, SEK m	2,902	2,509
Rental revenues, SEK m	2,736	2,366
Operating net, SEK m	1,867	1,653
Economic occupancy, %	95.0	94.4
Property yield, %	6.5	6.4
Operating surplus margin, %	68.2	69.9

The high transaction rate of Kungsliden's operations implies that the Income Statement does not give the best view 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 gives a more accurate view of the property portfolio and its earnings capacity.

### Profit for calculating dividends

SEK m	2008	2007
Gross profit	1,967	1,705
Sales and administration costs	–374	–316
Net financial position	–986	–720
<b>Sub-total</b>	<b>607</b>	<b>669</b>
Property divestments		
Trading net on divestment	12	580
Realised value changes	256	885
<b>Sub-total</b>	<b>268</b>	<b>1,465</b>
Tax paid and other items not affecting cash flow	–35	–115
<b>Profit for calculating dividends*</b>	<b>840</b>	<b>2,019</b>

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



# This is Kungsleden

**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 its property portfolio, with the objective of improving portfolio risk-adjusted returns.**

## THE COMPANY

Kungsleden is a property company that is always open to new business opportunities – regardless of the type of property or its location. The deciding factor is high and stable sustainable returns, where diversifying risk is a key ingredient. The experience, skills and drive of Kungsleden's employees enables fast, secure and valuable solutions to customers' needs for property and premises.

Retirement home, School and Care are property types with specific needs where Kungsleden is a leader.

The objective is always to operate close to the market, be receptive and identify new patterns that can be transformed to benefit customers and shareholders. Simply put, Kungsleden sees opportunities where others do not in locations, buildings, premises and areas.

## BUSINESS MODEL

Kungsleden owns and manages properties. It 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 the property portfolio, with the objective of improving portfolio risk-adjusted returns. In practice, this involves working actively on managing and enhancing properties, while simultaneously seeking out deal opportunities involving acquisitions and divestments.

Kungsleden's ambition is to always maintain high and stable cash flow from operating activities. Operating risk is minimised, and revenues are stabilised, by diversifying property type and geographical location, through different types of tenants, and rental agreement maturities.

## OPERATIONS

Operations are organised into three divisions, with each division responsible for the management and letting of its property portfolio. 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. The third division, Nordic Modular, primarily conducts lettings, but also the production and sale, of modular buildings.

Kungsleden has flexible organisational resources with strong local links and substantial expertise in property transactions. Its head office is in Stockholm, and the company has offices in another 15 or so locations in Sweden.

## CUSTOMERS

Kungsleden's success is based on satisfied customers, new ideas and the company's ability to do good deals. Kungsleden's customers are a cross-section of the Swedish private and public sectors, with geographical diversity spanning over 100 municipali-

ties across Sweden. Its tenants are small enterprises and large corporations, but school students and pensioners occupy and live in Kungsleden properties. Over half of total property values are let to the public sector, or to tenants whose operations are publicly financed. The average remaining contract terms for customers in the Public division is some seven years, and for customers in the Commercial division, about six years.

## VISION

Kungsleden's vision is that 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.

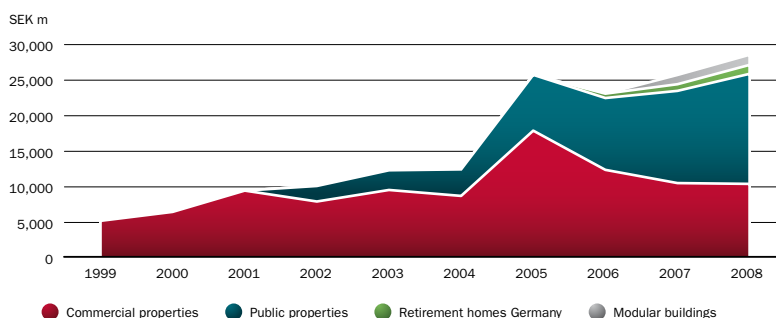
## FINANCIAL TARGETS

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

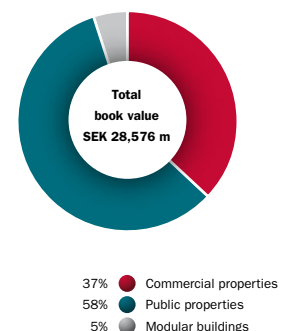
## THE SHARE

Kungsleden has been listed on Nasdaq OMX Stockholm since 1999.

**Property portfolio, 1999–2008**



**Property portfolio by type in 2008**



**VERONICA BODSTEN**  
ASSISTANT PROPERTY MANAGER

**What do you enjoy most at work?**  
That I learn something new every day.

**Why do you think Kungsleden has become such a large public sector landlord?**  
Kungsleden focused on this early, and because it was successful, we continued. Kungsleden has worked hard on building a contact network in the public sector over the years, which has created a lot of business opportunities.

**In what way is Kungsleden innovative?**  
Because we are in dialogue a lot with the customer, we can produce new ideas and solutions together, suited to their wants and needs.

**How would you describe Kungsleden as a workplace?**  
Somewhere that runs at a high tempo, with lots of laughs and scope for personal development.

**What do you think will be the most important thing to work on in 2009?**  
Continued customer care and environmental issues.



**LARS ÅKERSTEDT**  
PROPERTY MANAGER, ABB FASTIGHET

**What do you think distinguishes Kungsleden from other property companies?**  
Kungsleden is interested in us as tenants, and doesn't just switch on when rental agreements are to be signed.

**What characterises your collaboration with Kungsleden?**  
We perceive Kungsleden as being available, often acting preventatively on key issues.

**How does Kungsleden contribute value, do you think?**  
They take a long-term and holistic view that extends beyond what directly relates to rental agreements.

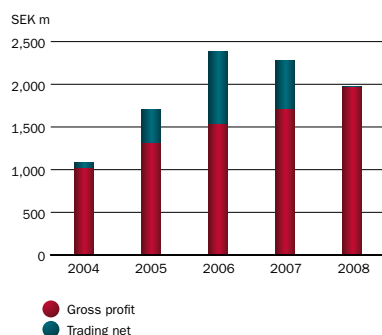
**What do you like most about Kungsleden?**  
Kungsleden is present out in its properties and takes responsibility for management, not merely viewing them as a transaction target. We notice a long-termism where Kungsleden is prepared to contribute to early exchanges of obsolete and un-environmental plant in property, for example.

**Kungsleden has described itself as the property company of opportunities, how do you notice this?**  
Nothing is impossible, which is important for us as a manufacturing business. Kungsleden is willing to discuss changes occurring in our business, that may affect properties or our rental agreement.

**How could Kungsleden make things easier for you?**  
We think that environmental matters are becoming more important to Kungsleden, and we think this is good. Together, we discuss how we can take an aggressive approach to converting properties to reduce their environmental impact.

**How does Kungsleden show that it is present?**  
Kungsleden conducts tenant meetings with us and visits our property regularly.

**Gross profit and trading net**



**Largest tenants**

	Rental revenues, SEK m	Share of rental revenues, %	No. of contracts
ABB	122	5.5	5
Västra Götaland County Council	100	4.5	85
Municipality of Härnösand	94	4.2	64
Frigoscandia	78	3.5	8
Attendo Care	64	2.9	33
Mälardalen University	54	2.4	4
City of Västerås	52	2.4	20
Vittra	52	2.4	8
Municipality of Norrköping	46	2.0	24
ICA Sverige AB	38	1.7	18
	<b>700</b>	<b>31.5</b>	<b>269</b>

# Stable earnings with a healthy risk spread

**Last year was one of extremes in many respects. Accepted 'truths' were turned on their head, with the playing-field completely redrawn and new teams appearing, often involving central government. In just over a month, inflationary threats transformed into recessionary ones. The demise of US investment bank Lehman Brothers created genuine uncertainty, and the world's central banks attempted to infuse fresh confidence with large-scale and rapid interest rate easings. With the benefit of hindsight, 2008 proved to be the year that marked the end of a lot of what we had grown accustomed to, but probably, also the start of something new.**

For Kungsleden's part, we continued to reduce our risks and modify operations to altered circumstances.

## A STABLE LETTINGS MARKET

The lettings market was stable without any clear signs of deterioration in vacancy levels. Kungsleden generally has long rental agreements. The average remaining contract term is nearly seven years in our property portfolio, and as yet, we see no increase in terminations compared to last year. Some reduction in rent levels and increase in vacancies has occurred, but not to any great extent on the markets where Kungsleden is active. It may be that our properties, such as schools and retirement homes, are less volatile types of property than many other parts of the lettings market. Moreover, our commercial properties have an average rent of SEK 600 per square metre, which is low compared to the market.

The transaction market was hesitant, especially in the second half-year. There is always some uncertainty regarding how much a property is worth, and the safest way to determine its value is to do a deal. All the divestments Kungsleden conducted in 2008 were at or above book value, including those transactions completed late in the year.

Last year's deals included the divestment of warehousing and logistics properties to Northern Logistic Property of Norway. The sales price was SEK 600 m, somewhat above book value. Basically all other divestments in the year were at or above book value. Kungsleden's strategy for its commercial portfolio has been to resemble the structure of its public portfolio, to alleviate risks through means including long rental agreements.

## COLLABORATION WITH THE AP3

Obviously, the keynote deal of the year was the creation of a joint venture with the Third Swedish National Pension Fund (AP3). This was conducted by Kungsleden selling 50 per cent of the shares

of the company that owns and manages Kungsleden's public properties. Pricing is based on a property value of SEK 15.4 bn including deductions for deferred tax, which is consistent with book value. The transaction is notable in several respects: partly, alongside other deals, it corroborates our valuations, and partly, it strengthens our balance sheet, creating increased financial flexibility. This opens access to business opportunities in the commercial and public part of our operations. Finally, we view our collaboration with the AP3 as recognition of our long-term efforts to build a high-quality portfolio with good risk diversification in the public property segment.

Our deal with the AP3 means no change to our business. With long-term commitment and two strong partners like the AP3 and Kungsleden, we see very good prospects of taking this new company forward. The transaction is conditional on retained financing and approval by the competition regulator.

The weak transaction market and increased funding costs meant that profit for calculating dividends was SEK 840 m, which was SEK 60 m below our original forecast. But thanks to a brisk conclusion to the year, it was better than we expected last autumn. Even if transaction volumes contracted last year, this can be regarded as a market correction to more sustainable levels than the SEK 150 bn in recent years.

## HEALTHY RISK SPREAD

We have seen no clear signs of reduced prices on the markets where Kungsleden is active. Our internal valuation processes are based on the cash flow a property generates. Our calculations also factor in items such as rent levels, property location and condition, potential and alternative usage. We want long-term rental agreements and a healthy spread of risks in terms of geography and types of tenant to limit risks. Tailoring our holding with this type of padding has been a goal in recent years.

Concerns over new credit losses meant the credit market worked unsatisfactorily, if at all, in the second half-year particularly. Turmoil on the credit market has continued in early 2009. The timing of our re-financing was good; we only needed to re-finance one smaller funding portfolio in 2008. This year, we will be re-financing SEK 1.8 bn of borrowing, which is fully manageable.

Interest rates fell sharply late in the year, resulting in the value of our financial instruments falling by SEK 1,590 m, which reduced our profits, although cash flow was unaffected.

## CONTINUED PORTFOLIO ADAPTATION

The events of last year meant we had to tailor operations to changed conditions, and we continued to re-allocate our portfolio to enhance risk-adjusted returns. Because we see more attractive deal opportunities in Sweden, we downscaled our rate of investment in Germany, and instead, are focusing on managing the retirement homes holding we have there. After modifying Nordic Modular's production to lower demand, mainly from the construction sector, our modular business is better prepared for the future.

Internally, we worked on strengthening our organisational resources, making strategic appointments in priority segments where we must possess the in-house skills. We have focused on leadership development and clarifying our positioning as the property company of opportunities. In the environmental segment, we worked actively on emphasizing environmental awareness internally and externally. After auditing our environmental impact, we conducted a training event for our staff, setting new environmental objectives for our business. We also worked actively on energy efficiency and initiated a dialogue with our tenants on possible collaboration in the environmental sphere.

The Board of Directors and myself want to thank our customers and shareholders for entrusting us. Not least, I



would like to thank all our staff, who have provided excellent support and assistance through anxious times. And, using our collective energies, we were able to post positive profits from our property operation, with a rising operating net.

**STABLE CASH FLOWS GIVE US A GOOD STARTING-POINT**

Early 2009 has continued more or less as last year concluded, and it will probably be some time yet before we see greater economic stability. I believe and hope that all the stimulus packages an interest rate cuts are effective, even if obviously, we cannot rule out the real economy deteriorating further. But this

need not necessarily mean any major negative effect on Kungsleden's profits. Although certainly, customers may increasingly demand cheaper premises, with our fairly low average rents, I think we are working from a good starting-point. Despite current uncertainties, I feel that Kungsleden is well-prepared and ready to exploit the business opportunities that may arise.

Because our deal with the AP3 is not definitely complete at the time of writing, we will state our forecast profit for calculating dividends for 2009 in a press release at a later date.

Overall, I feel that our business model is working well even in these trying

times. It is vital that we conduct good management and generate sound cash flows, while always endeavouring to create value by enhancing our portfolio. So our focus in 2009 is to keep optimising Kungsleden's risk-adjusted returns. If we keep following the path we have taken, I have high hopes that we will see our underlying earnings increase.

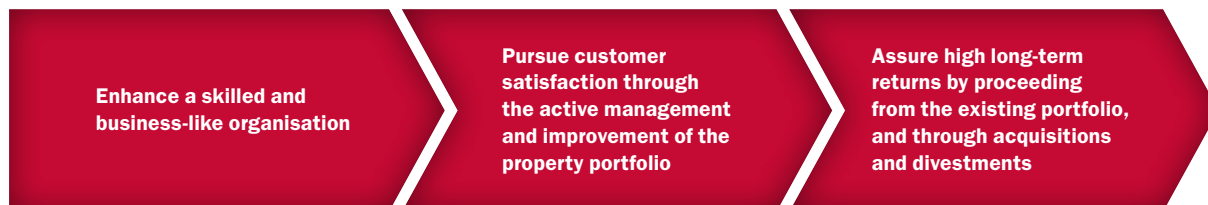
Thomas Erséus  
Chief Executive

Stockholm, Sweden, March 2009.

# 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 value creation and efficiency 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 agreement maturities. Its work is based on a control model which provides a continuous stream of decision support data for every property.

## KUNGSLEDEN'S STRATEGY



### OPTIMISING THE PROPERTY PORTFOLIO

The returns on a property cannot be judged 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 property portfolio. This is achieved by improving and adapting properties in accordance with customer needs and by optimising each property's tenant structure and operating net. Significant elements of this endeavour include attracting the

## FINANCIAL TARGETS

### Return on equity

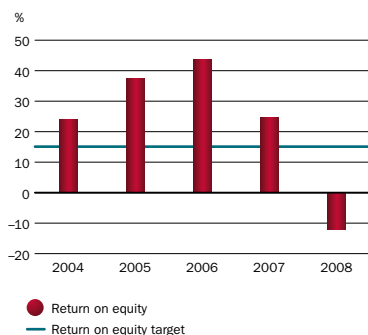
#### Target

A minimum return on equity of 15 per cent.

#### Definition

Net profit in relation to average equity. Average equity is calculated as the total of opening and closing balances divided by two.

#### Achievement



### Interest coverage ratio

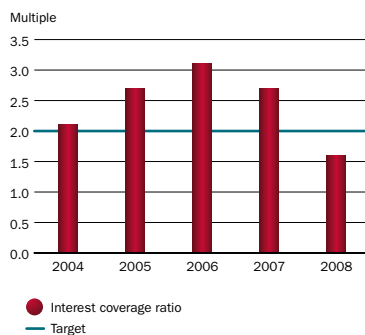
#### Target

A minimum interest coverage ratio of 2.

#### Definition

Profit before tax less unrealised value changes and net financial position in relation to net financial position.

#### Achievement



### Return on equity

The actual figure of -12 (26) per cent is below the 15 per cent target for the first time in six years. This lower figure is mainly due to unrealised negative value changes on financial instruments and properties.

### Interest coverage ratio

The interest coverage ratio of 1.6 (2.7) is below the target ratio of two, mainly due to the low trading net in 2008. However, the interest coverage ratio is above the risk limit of a ratio of 1.5.



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, laying a good foundation for making the right business decisions. The ambition is that the model will make things easier for staff at all levels to be more effective, thereby contributing to increased profitability.

**PROPERTY TRADING**

The objective of each property acquisition and 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 always 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 estimated current 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 22.

**CONTINUED PORTFOLIO TAILORING**

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 and long-term tenant relationships. Last year, Kungsleden attempted to reflect the public portfolio in its commercial holdings, with long contracts with stable counterparties. The average remaining contract term is now six years in the commercial portfolio and seven years for the public portfolio.

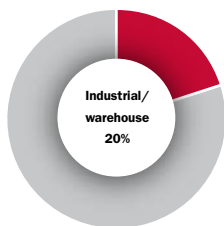
Overall, this tailoring of the portfolio and enhancement of our holding has generated a still more attractive risk and return level in the portfolio, consistent with Kungsleden’s business concept.

**RISK LIMITS**

**Rental revenues from industrial/warehouse**

Kungsleden limits risk by sourcing a maximum of 30 per cent of rental revenues from industrial and warehouse properties

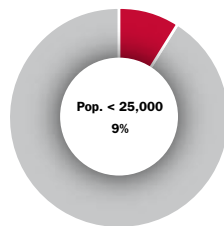
**Achievement**



**Rental revenues from smaller municipalities**

Kungsleden limits risk by sourcing a maximum of 30 per cent of rental revenues from properties located in municipalities with populations of less than 25,000

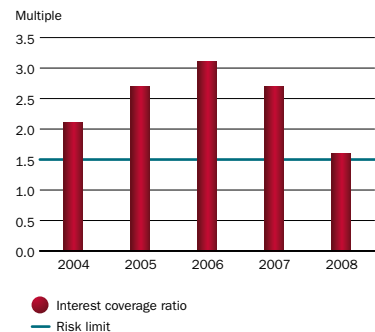
**Achievement**



**Interest coverage ratio**

Kungsleden limits risk by maintaining a minimum interest coverage ratio of 1.5

**Achievement**



# Market – credit squeeze resulted in reduced transaction volumes

2008 was highly eventful, featuring a global economic slowdown and turmoil on the financial markets. Research by Newsec stated that on the property market, the focus sharpened on stable cash flows and tenants' long-term ability to pay.

## THE ECONOMY

As Newsec reported in its research, 2008 was a highly eventful year featuring a global economic slowdown and turmoil on the financial markets.

In the first three quarters of 2008, inflation in Sweden rose sharply, going as high as 4.4 per cent in September, with the increase mainly due to rising costs of energy and food. To get inflation under control, the Swedish central bank, the Riksbank, raised interest rates on several occasions, to 4.75 per cent as recently as September. Since then, inflation has fallen sharply, and by December 2008 was only 0.9 per cent.

In the second half-year 2008, the slowdown became increasingly apparent, and concerns on the financial markets exacerbated. Eroding confidence between participants in the financial system meant that finance and borrowing became increasingly problematic. Attempting to mitigate these effects, the Riksbank cut its benchmark repo rate sharply. In early December, this rate was cut by as much as 1.75 percentage points to 2 per cent. In early 2009, the repo rate was cut by another one percentage point to 1 per cent. The repo rate is expected to fall further in 2009, and remain at a low level during 2010.

Growth slowed through the autumn, with a distinct increase in redundancies,

and estimated economic growth in 2009 is negative. In December 2008, the Swedish employment agency reported that employment was continuing to fall sharply and unemployment would reach 9 per cent in 2010.

The biggest downturns are expected in manufacturing, the engineering sector particularly. Construction employment is expected to fall in 2009, even if reduced production of housing and other premises is partly offset by increasing investments in public infrastructure. Central and local government employment is expected to fall by some 10,000 in 2009. The services sector has also entered a downturn phase, with previous brisk growth forecast to go negative in 2009.

## LETTINGS MARKET

In recent years, and especially 2006–2007, employment rose sharply, triggering increased demand for premises. The service sector witnessed particularly robust gains, reflected in the office lettings market. Employment growth was highest in major city regions, reducing vacancy levels and rental growth. Stockholm is the most volatile market, which saw the sharpest upturn.

Tenants are increasingly demanding flexibility, so they can adapt their premises as their businesses change.

This demand for flexibility meant a widening distinction between modern and older premises. Flexible contracts are becoming increasingly important to tenants, so they can increase or decrease floor-areas as needed. In Stockholm, Gothenburg and Malmö, production increased sharply on the back of tenant demands for flexibility.

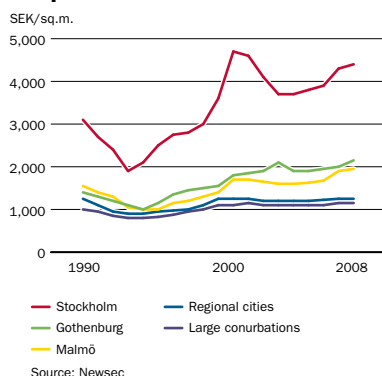
In terms of rents and vacancies, markets outside these major city regions are more stable, while the share of new production is relatively limited. The following diagram illustrates rents in some selected regional markets.

With reduced employment, Newsec expects vacancy levels to rise, which will be most evident in the major city regions. Increased vacancies will result in reduced rents. Outside the major city regions, the market is less volatile, with rent levels expected to remain at a relatively stable level.

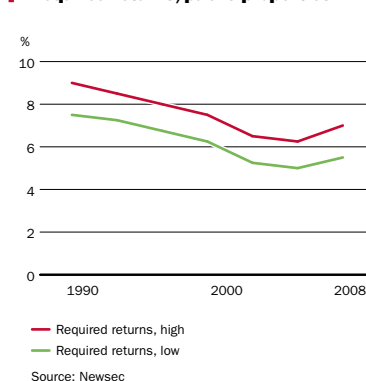
However, there is inertia, which means that there is a delay before the full effect of changes on the labour market reaches the lettings market. In the coming years, Newsec expects reduced demand and higher vacancies.

The lettings market for public properties remains stable. The common denominator of public properties is that publicly financed activities are conducted in them. They are often let

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



**Required returns, public properties**



through long rental agreements and rent levels for this type of property are less dependent on location, and more on the status of the premises.

Index-linking for 2008 was set at 4 per cent due to rising inflation in the first three quarters of the year. Inflation is forecast significantly below the Riksbank's 2 per cent target over the coming year.

#### **TRANSACTION MARKET**

Attractive interest rates and fairly high yields in the mid-2000s stimulated investor interest in the Swedish property market, exerting downward pressure on required returns. Increased interest costs and financial market turmoil meant required returns rising across all segments of the property market, especially in the second half-year 2008. The diagram to the left illustrates the required returns where most acquisitions of public properties have been conducted.

The property market has seen a sharpening focus on stable cash flows, and tenants' long-term ability to pay. The yield spread – the difference between required returns on better or worse properties in better or worse locations – has widened, and Newsec expects this trend to continue.

Coupled with difficulties securing financing, the above resulted in transac-

tion volumes falling sharply, particularly in the second half-year 2008. Banks are more restrictive and mortgage ratios are far lower than previously. Several transactions have been abandoned due to an inability to secure finance. Buyers now have strong balance sheets, i.e. a high equity share. Concerns on the financial markets are expected to continue while the labour market continues to deteriorate, suggesting that required returns will continue to rise.

One trend on the property market is a migration from full transparency to the opposite. Several transactions are being reached directly between buyer and seller, or with only a few parties in the process.

Previously, buyers were prepared to pay somewhat more for property portfolios, called a portfolio premium, than for individual properties. Now the opposite applies, with buyers securing portfolio discounts. Newsec is noting a tendency towards the share of unit sales increasing, but if anything, this is due to the number of portfolio transactions reducing due to the financial turmoil rather than individual property transactions increasing. But capital destined for the property market was sizeable in 2008, and with it, the demand for really large property portfolios. Transactions included the Swedish Government sell-

ing property company Vasakronan to AP Fastigheter for SEK 41.1 bn, and the sale of Steen & Ström to Klépierre and ABP Pension Fund. Apart from Kungslöden, other major investors in the Swedish property market included NIAM, Pembroke Real Estate and the AP3.

The share of foreign investors reduced, suggesting that they were hit earlier, and harder, by the financial crisis than their Swedish counterparts. In 2000, foreign investors represented 14 per cent of the total transaction market, but in recent years, the foreign share has increased, to as high as 59 per cent in 2007. In 2008, foreign investors represented about one-quarter of transaction volumes including Vasakronan (37 per cent excluding Vasakronan). When the financial turmoil settles, Newsec expects that eventually, high return levels will re-attract international investors.

Transaction volumes in 2008 increased compared to 2007 for office, wholesale and retail and housing property, while volumes of logistics, warehouse and industrial properties fell sharply. In the same period, transaction volumes rose somewhat for other property types (such as public properties, hotels and land) representing nearly 10 per cent of total.

Source: Newsec

# Market – Kungsleden's adaptation to new conditions

Flexibility, new offerings and a customer focus reduced vacancies and safeguarded rental revenues in Kungsleden's divisions.

## COMMERCIAL MARKET

Kungsleden offers office, warehouse and logistics properties on the commercial market. The holding is not concentrated on specific regions, which means competitors vary depending on region.

Kungsleden's collaboration with its customers goes a step beyond the everyday, implying that the company can follow large tenants as they expand.

“ If a tenant needs premises in Västerås for example, we're prepared to acquire properties on that market, commented Eskil Lindnér, Divisional Manager of Commercial properties.

Vacancy rates in the Commercial division were low early in the year, and reduced further through the year. To prepare for the expected more difficult market, the following targets were established:

- Maximum focus on new lettings.
- Renegotiating contracts with low rents.
- Improving customer satisfaction.
- Improving customer care.

All targets were achieved. Customer satisfaction improved in several regions, although not all. Increasing customer satisfaction is a long-term activity, where efforts are expected to improve results further in the longer term. Overall, this was a very good year for the division, with new lettings and tenant adaptations helping reduce vacancies and increase rental value. The tougher times were not apparent in the commercial

lettings market, although new lettings did level off late in the year. Increasing the share of contracts with long maturities, having tenants with good ability to pay and being prepared to make tenant adaptations are components of the division's strategy to mitigate the effects of a recession.

## PUBLIC MARKET

Activity on the transaction market for public properties reduced in the second half-year due to a deteriorating credit market. Competition over properties also reduced during the autumn.

The holdings Kungsleden acquired featured a higher share of retirement homes than previous years, while the share of properties where other public operations are conducted was lower.

The lettings market still featured stable demand and small or no changes to rent levels. There were signs of increased willingness for local government to consider letting solutions instead of investing in properties themselves.

There is a growing need for retirement home places in Germany, due to Germany's age demographics being slightly ahead of Sweden, with a large elderly population that need care places. Accordingly, the underlying demand for retirement homes remains high, but with the harsher climate on the credit market, the number of funding sources for new retirement homes has reduced significantly. With the market's latent need, the lettings market for retirement homes is stable. Kungsleden's retirement homes had good occupancy

in 2008, and four retirement homes under construction in Germany will come on stream in 2009.

## THE MODULAR MARKET

The market for new modular buildings moved from overheating to a sharp slowdown in the late-summer. Flexator, part of Nordic Modular, launched its buildings catalogue in the year, to further industrialise its method and offering. Flexator competes with traditional construction players in producing and selling modular buildings.

Production capacity was progressively downscaled in the autumn and early-2009. Despite a slacker market in the second half-year, the underlying need from municipalities particularly is expected to remain high, and for the long term, the demand base is forecast to increase, particularly for pre-schools and schools.

The lettings market also deteriorated in the year, but not to the same degree as the demand for new modular buildings. In late-2008 and early-2009, orders for lettings returned to normal levels. Modular letting or leasing alternatives are attractive in a tight credit market. As previously, the primary competitors are Cramo Instant and Expandia.

**KRISTOFFER GRAHN**  
**ASSISTANT PROPERTY MANAGER**

**What characterises your collaboration with Malmö Aviation?**

Dialogue and openness to the other side's needs.

**Where do you see the biggest potential for improvement in Kungsleden?**

A lot is being done on the environmental side now, but much more could be done, and needs to be done.

**What do you enjoy most at work?**

The varying tasks and challenges day-to-day.

**What do you enjoy most at work?**

That I learn something new every day.

**What's characteristic about Kungsleden, do you think?**

There's no prestige in a certain way of working or a certain way of being.

**How would you describe Kungsleden as a workplace?**

There are no glass ceilings.

**MIKAEL JÖRGENSEN**  
**MALMÖ AVIATION**

**What do you think distinguishes Kungsleden from other property companies?**

Personal contact, it's a company that really gets to know its customers' needs.

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

Professionalism and responsiveness.

**How could your collaboration with Kungsleden improve more?**

Could it get any better?

**Kungsleden has described itself as the property company of opportunities, how do you notice this?**

We perceive that our wants are not impossible for Kungsleden.

**How does Kungsleden show that it is present?**

They always give us fast feedback on our questions and potential problems.



**Kungsleden's public properties are all over Sweden but concentrated on the major city regions. Various types of social service like care, retirement homes and education are delivered at these properties.**



## **Kungsleden and the Municipality of Härnösand – a close partnership**

**In early-2008, Kungsleden took over some 40 properties including schools, pre-schools and retirement homes from the Municipality of Härnösand, in north-east Sweden. The total investment was over SEK 900 m.**

"We want to cut municipal debt by 2015," said Anders Gäfvert, Municipal Executive Board Chairman, "and this divestment was a big step on our way."

The divestment meant that the Municipality could pay off debt, cover its pension liabilities and invest in extended municipal services like bandy and curling arenas, and refurbish its swimming pool. Apart from better finances, there were other reasons behind the transaction. The Municipal Executive Board had come to the conclusion that its core activities were social services like care and schools, rather than owning property.

The Municipality signed rental agreements averaging 17 years, which require long-term planning of premises. Regular property maintenance is ensured through scheduled inspections, while index-linked rents make planning costs easier.

By taking a structured approach to property maintenance, the Municipality expects to cut operating costs by at least SEK 2 m annually,

money that can be used elsewhere. Agreements with Kungsleden formalise everything from maintenance to heating, offering security and stability. Greater clarity between landlord and tenant completely eliminates the risk of internal billing above market levels. The Municipality also avoids constantly being faced with the choice of investing in property maintenance or its operations.

"Kungsleden is a player that takes part in the everyday, is visible and can be heard, and is interested in progressing," continued Mr. Gäfvert, "Kungsleden has invested SEK 900 m, not to throw its money away, but to get a return. If things go badly for the Municipality, then they go badly for Kungsleden."

With a new landlord, the municipality gains another skill in its planning work, that views operations from a completely different perspective.

"We solve tomorrow's problems together," added Johan Frykland, Assistant Estate Manager, "where the Municipality sees beds and care consumers, Kungsleden sees tiles and the most durable materials. This helps improve premises planning and flexible occupancy."

Kungsleden also works on property project management; Kungsleden is managing the

renovation and re-building of a closed retirement home with the Municipal geriatric care unit. A range of fittings solutions were discussed and considered before the renovation started late in the year.

The holding Kungsleden took over included 12 schools, 14 pre-schools, 4 retirement homes, development projects and operational premises. To enable a smooth transition with so many activities and parties involved needs a clear division of responsibility when, say, fluorescent tubes fail or drains need cleaning. Because rental agreements are not structured in the same way as previously, operational responsibility was, on occasion, a little unclear. In close partnership, Kungsleden and the Municipality have agreed a supplementary plan specifying exactly who is responsible for what.

"Our personal contact has worked really well," continued Mr. Frykland, "we call each other, go out and have a look, then solve the problem. The decision-paths are short. Our office is only walking distance from Kungsleden, and that means a lot."

Find out more about how things are going for the Municipality of Härnösand at [www.harnosand.se](http://www.harnosand.se).

**From not owning any public properties at all in early 2001, by 31 December 2008, Kungsleden's holding ran to 296 properties in 79 Swedish municipalities and 4 German Federal States. A long-term and goal-oriented focus on a stable segment with long rental agreements lies behind the high growth of recent years. Competition over properties is greater now than when Kungsleden started investing in the public segment in the early-2000s.**

In recent years, the trend has been towards authorities and municipalities increasingly choosing to focus on core social service operations. Now, more municipalities are receptive to flexible solutions – with ownership of all properties no longer a given, a big difference from the situation seven or eight years ago.

The portfolio has grown through acquisitions of existing properties or complete property portfolios, acquisitions of properties that have then been converted to public social service usage, or through new production.

A fairly high share of the property portfolio is converted or has been produced in the last ten years. It is not unusual for Kungsleden to offer refurbishment or new production as part of its rental agreements. This means that generally, the holding maintains a high standard that satisfies the requirements of municipal and other public sector operations.

Kungsleden can offer an array of solutions to satisfy tenant needs. Value-for-money premises solutions are crucial for retaining and advancing

Kungsleden's positioning in public properties. Many agreements are linked to the CPI (consumer price index), conferring predictability to rents extending to the longer term. Flexibility is a key factor when preparing rental agreements, where the tenant can choose to take on all the costs for electricity, maintenance, heating etc., or hand over responsibility to Kungsleden. Tenants should feel they have a range of options.

**“ We structure our collaboration the way the municipality wants it, and try to be flexible. If they want to take care of everything, that's fine, or if they want Kungsleden to do it all, we do it, commented Göran Linder, Divisional Manager of Public properties.**

Every property has a manager, and Kungsleden has some ten local offices nationwide whose purpose is to be close to tenants. Some 85 per cent of the company's property holding is within 50 km of the nearest Kungsleden office. This means Kungsleden is never far away – presence is important for security and service to our tenants.

Experience indicates that over time, collaboration with municipalities often expands to cover other issues not confined to existing properties, perhaps relating to providing other social services in the Municipality. Kungsleden has an

extensive base of experience and knowledge in the property sector, that it is very willing to share. The company's policy is to be transparent. With a presence in over 100 municipalities, gaining an impression of Kungsleden as a potential collaboration partner is quick and easy.

For a municipality considering increasing its room to act by divesting properties, there are a lot of questions to answer depending on what the municipality wants to achieve. Do they want flexible premises solutions, do they want to be free of management issues, or free up capital?

“Municipalities tend to invest in their own properties to keep using them, even if it would often have been far cheaper to rent another, more suitable property in town. This suggests that municipalities should consider the financial advantages and disadvantages of continued ownership,” concluded Mr. Linder.

Late in the financial year, Kungsleden signed an agreement to sell half of its ownership of Public properties, excluding its holding in Germany, to the AP3. This transaction is conditional on retained financing and approval from the competition regulator. Alongside a strategic partner like the AP3, Kungsleden can exploit the growth potential of the public segment.

**“ Our personal contact has worked really well. We call each other, go out and have a look, then solve the problem. The decision-paths are short.**

Johan Frykland,  
Assistant Estate Manager



# 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. Commitment, a businesslike approach and staff skills are key factors for Kungsleden's long-term success.

## CORPORATE CULTURE AND VALUES

Kungsleden's corporate culture features strong employee commitment and a creative, fast-moving business climate. By being faithful to Kungsleden's investment criteria, we see opportunities with land, buildings and premises where perhaps, other players do not. This has encouraged a status-free environment, where our staff get sizeable responsibility. Through entrepreneurship and high skills levels, Kungsleden's vision of becoming Sweden's most profitable and successful property company takes skill, flexibility and an open mind. Kungsleden's guiding values can be summarised in three words: innovative, present and simplifying.

**Innovative** – understanding property, transactions and customer needs, combined with an entrepreneurial culture, enables Kungsleden to focus on opportunities. This contributes to flexibility and the ability to create value for customers, employees and shareholders every day.

**Present** – Kungsleden has a substantial geographical presence with offices in several locations. Its high transaction tempo means it operates close to the market capturing the deal opportunities that emerge to benefit customers and shareholders.

**Simplifying** – Kungsleden does not cause unnecessary difficulties, but is straightforward and simple to deal with. Its culture features stakeholding that gives employees scope to act.

Kungsleden's values rest on a firm foundation of entrepreneurship. Financial stability enables a proactive approach, but its employees are decisive. Their experience, skills and drive enable fast, secure and valuable solutions to the needs of customers, property and premises.

## ORGANISATIONAL STRUCTURE

Kungsleden utilises an organisational structure that clarifies the parts and focus of its various operations. There are three 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, Karlstad, Jönköping and Västerås.

Public properties is a property portfolio, mainly of the Retirement Home, School and Care property types. These operations are managed from offices in Stockholm, Gothenburg, Malmö, Jönköping, Norrköping, Linköping, Uddevalla, Borås, Härnösand, Växjö, Nyköping and Västerås. There is also a property portfolio in Germany, consisting of retirement homes managed from the head office in Stockholm.

Nordic Modular produces and lets premises in modular buildings, 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.

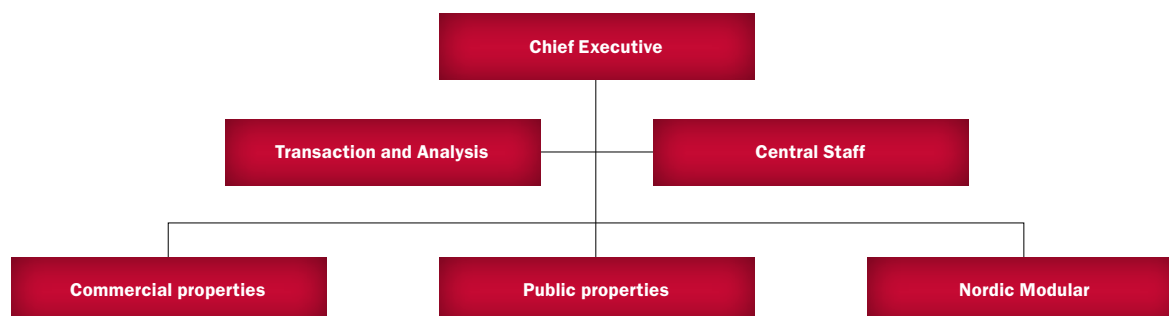
Central Staff functions operate as a group-wide service centre within finance, legal, environment, HR, communication, marketing and IT. Central Staff functions are mainly based at the head office in Stockholm, although some staff are stationed at the Gothenburg and Malmö offices. Accordingly, the Central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

## EMPLOYEE AND MANAGEMENT DEVELOPMENT

Kungsleden's ability to attain positive long-term profit growth is highly dependent on skilled and professional employees. The combination of its organisational structure and business model means that work at Kungsleden is in constant development.

Employee development is a central component 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 targets and activities for the forthcoming period, and to review employees' developmental needs and focus for the immediate future and the slightly longer term. Required training is then conducted on an individual basis. To stay updated in different segments, regular training packages are held in IT, accounting and legal issues, for exam-

## Organisational structure





ple. Most management staff also participated in internal further training in the year linked to Kungsleden's customer care system. The purpose of the system is to gain a collective and integrated view of customers and ongoing activities that affect customer relations. This simplifies interfacing with customers and tenants, thus enhancing Kungsleden's prospects of delivering professional and effective service.

All employees of the company gathered to discuss leadership issues and future opportunities and challenges together in the financial year. This leadership conference marked the start of a continued leadership development package that started in the first quarter 2009. Leadership in Kungsleden should also be innovative, present and simplifying. This could be about managers seeing the potential of their staff, being present and coaching, and making it easier for staff to succeed in their work.

More time was set aside for managers to truly be leaders in the year. In concrete terms, this has implications including more encounters between managers and staff. Targets at departmental level were clarified so that individual targets and departmental targets became more compatible with the company's overall targets. Clear targets and feedback from line managers contribute to increased motivation. The employee survey for 2008 confirmed that initial activities were heading in the right direction.

Apart from stimulating tasks with good developmental prospects, Kungsleden's ambition is to offer performance-related incentive schemes.

In recent years, all employees have been eligible for a bonus scheme, offering an extra month's salary, where half the outcome is related to the company's profits and the remainder to individual targets. At the time of writing, the outcome of profits for calculating this bonus for the financial year 2008 had not been determined.

#### 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 possess considerable know-how in property management and local property and lettings markets. They are also closely 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 portfolio and working methods.

Primarily, administration staff operate on group-wide issues. Service and specialist skills are the central concepts in work on supporting the organisation and endeavouring to continuously improve Kungsleden's working methods and to be accountable for satisfying all legal requirements.

#### WELL-BEING, HEALTH AND EQUALITY

In autumn 2008, Kungsleden again conducted an extensive employee survey which 90 per cent of employees responded to. The result for the year showed progress throughout the operation and a stronger organisation. A further increase in well-being, from an already high level, is one very positive feature, as was strong progress in leadership and customer-orientation. Nine out of ten employees think going to work is 'enjoyable'.

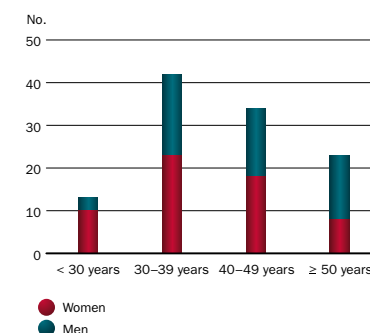
The results showed that as many as 96 (94) per cent of employees are strongly committed to their work. Also, 92 (87) per cent often talk positively about the company to other people, and describe it as a good place to work. These figures mark a further step up from already-high levels. Goals in the year included clarifying targets and monitoring at departmental level, and to devote more time to being leaders. Both these segments improved, by 5 and 10 percentage points respectively. Improving the collaboration between departments was another goal. The result was an improvement from 36 per cent to 45 per cent, but there is scope to improve collaboration further.

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

Positions – salaried employees



Age profile – salaried employees



# Organisational and human resources

In 2008, Kungsleden had sickness absence of 2 per cent, against 4 per cent in 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 24 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 division in executive positions. At Kungsleden, equality means everyone having the same value and being treated with respect and dignity regardless of sex, age, origin or class. Kungsleden will be a functional workplace where everyone has good prospects to succeed and give their best. No-one in the organisation will be exposed to derogatory treatment, i.e. bullying, social exclusion or sexual harassment.

The starting-points and targets of Kungsleden's equality activities are:

- That there will be no gender-based differences in terms of employee working conditions, salaries, influence, career opportunities and prospects of achieving a work-life balance.
- That no employee will be exposed to harassment, discrimination or other derogatory treatment due to gender or sexual orientation.

- That all employees will have the same rights, obligations and opportunities to the company regardless of gender or sexual orientation.
- That all human resources are developed and used.

Results of the equality audit conducted in the financial year indicate that Kungsleden applies the same remuneration principles for everyone in terms of salary issues and the same terms and conditions apply to women and men. Kungsleden takes a positive view of parental leave and offers attractive terms. At year-end, 8 (3) Kungsleden employees were on parental leave.

## OTHER HR STATISTICS

At year-end 2008, the Kungsleden group had a total of 393 (384) full-time employees of which 261 were employed by subsidiary Nordic Modular. The subsidiary is operated as an independent unit with its own central functions. At year-end, Kungsleden had 132 (125) employees of which 115 (103) were salaried employees and 17 (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 division between men and women.

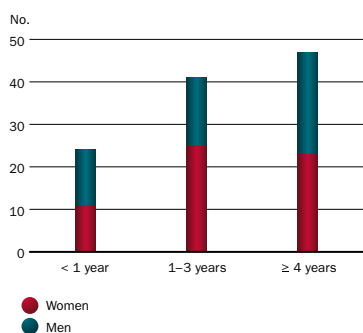
There were 67 (56) people in property management and 48 (47) in administration. The share of women in admin-

istration is somewhat higher than men, while the reverse applies within property management. All janitors were men.

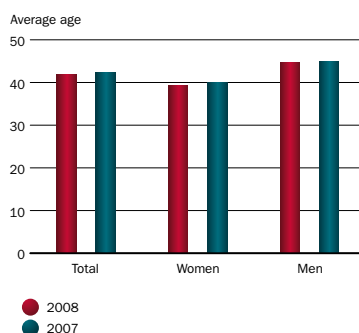
Overall at year-end, 45 per cent of staff were women. The average age of salaried employees was 43 (42). By gender, the average age is slightly higher among men than women, at 45 and 40 respectively. Women are a clear majority in the age group under 40, while the division between genders for employees over 40 is very even. 53 (55) per cent of salaried employees are 40 or older.

Overall, the statistics demonstrate that Kungsleden has a favourable mix of employees of varying age and experience. 42 (55) per cent have worked for Kungsleden for four years or more, 34 (17) per cent between one and three years and the remaining 24 (28) per cent for less than one year.

**Length of service – salaried employees**



**Average age – salaried employees**



**RIKARD DERVING**  
**ÖRESTAD DENTALLABB AB**

**How does Kungsleden contribute value, do you think?**

By giving us the possibility of renting premises that really suit our business.

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

The good relationship between them and us.

**Kungsleden has described itself as the property company of opportunities, how do you notice this?**

Through good flexibility.

**How does Kungsleden show that it is present?**

By asking these questions, for example.

**KRISTINA BORGSTRÖM**  
**ASSISTANT PROPERTY MANAGER**

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

It's a good workplace, great colleagues and stimulating tasks. There's a good atmosphere.

**What characterises your collaboration with Örestad Dentallabb AB?**

We have an open and honest dialogue.

**What do you enjoy most at work?**

Varying tasks and the sense of community with my customers and colleagues.

**What do you think distinguishes Kungsleden?**

We're skilled at exploiting business opportunities, maybe seeing solutions other than the traditional ones.

**What do you think will be the most important thing to work on in 2009?**

When we're not devoting so much time to transactions, we gain more time to review our operating costs and environmental issues.



# Property portfolio

Kungsliden has continued to supplement its property portfolio with public properties after making acquisitions of over SEK 2 bn. On 31 December 2008, the portfolio consisted of 603 properties with a book value of SEK 28.6 bn, a net increase of 28 properties and SEK 2.8 bn in the year.

## 2008 IN BRIEF

As of 1 January, Kungsliden's property portfolio consisted of 575 properties with a book value of SEK 25,737 m and rental value of SEK 2,509 m. Gross leasable area was 3,052,000 sq.m.

Kungsliden acquired 54 properties with rental value of SEK 320 m and area of 657,000 sq.m. for SEK 3,408 m. Kungsliden divested 28 properties with rental value of SEK 119 m and area of 198,000 sq.m., for SEK 1,313 m. On 31

December 2008, Kungsliden's property portfolio had 603 properties with a book value of SEK 28,576 m, rental value of SEK 2,902 m and leasable area of 3,185,000 sq.m.

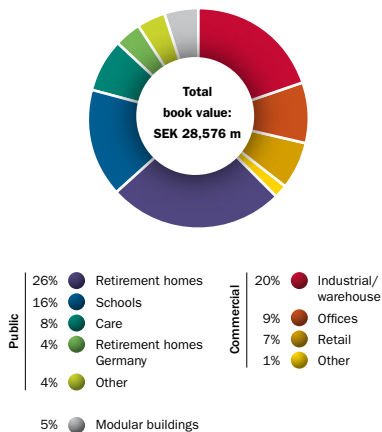
Acquisitions and divestments of public properties in the year meant that the number of public properties increased by 22, with Retirement homes representing 13 properties, including 2 in Germany. On the com-

mercial side, Industrial/warehouse properties increased by a net of 8 properties, while the Office share reduced by 3. In the Retail and Other types, net changes to the holding were less significant.

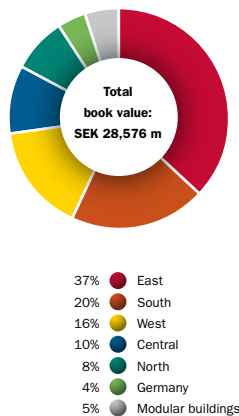
In the year, SEK 774 m was invested in the existing portfolio, an increase of SEK 130 m on 2007. Total value changes in the portfolio were SEK -213 m for the year.

## 31 DECEMBER 2008

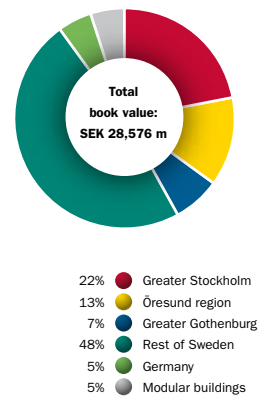
### Property portfolio by type



### Property portfolio by market area

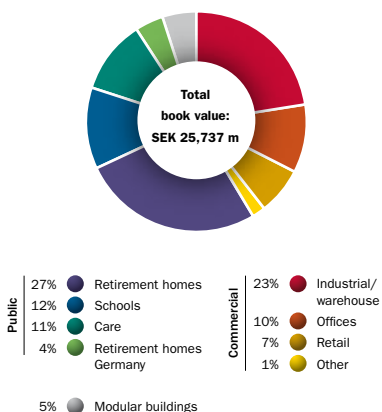


### Property portfolio by city region

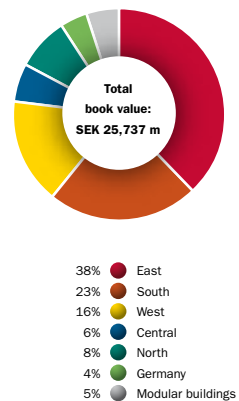


## 31 DECEMBER 2007

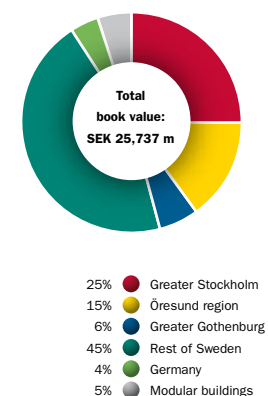
### Property portfolio by type



### Property portfolio by market area



### Property portfolio by city region



# Property portfolio – transactions

After two years of extremely high transaction volumes, the property market reverted to a significantly lower level of transactions. This also resulted in fewer transactions for Kungsleden in 2008. Total transaction volumes for the year were SEK 4,721 m on 82 properties, excluding Kungsleden's transaction with the AP3. The final quarter was very heavily affected by the global credit crisis, which resulted in the transaction market basically halting from early-October onwards.

## 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 2008 was successful in this respect, although transaction volumes were low. Kungsleden endeavoured to increase its share of properties with stable tenants and long rental agreements. The average term of rental agreements in the property portfolio rose, partly due to the share of public properties overall increasing, but also as a result of transactions in the year increasing the average contract term in the commercial portfolio.

Property acquisitions in the year were conducted at an estimated property yield of 7.1 per cent while the property yield of divested properties was 5.2 per cent. Overall, transactions in the year contributed to a more advantageous risk/return relation in the portfolio.

## ACQUISITIONS

In the year, 54 properties with area of 327,000 sq.m. were acquired for a value of SEK 3,408 m. Of these acquisitions, 21 were of the Industrial/warehouse type, 5 were Offices, 3 were Retail, 6 were Schools, 6 were Care and 13 were Retirement homes (2 of them in Germany).

In January, Kungsleden signed a letter of intent with the City of Västerås regarding the acquisition of 13 public properties for a purchase price of SEK 1,050 m. 9 of these properties are retirement homes and sheltered housing, with the City of Västerås leasing all premises, and Mälardalen University as the main tenant in 4 of the properties. Gross leasable area is 46,686 sq.m.

In March, Kungsleden acquired 6 properties in Norrköping and Nyköping near Stockholm from GE Real Estate Nordic for a purchase price of SEK 955 m. Gross leasable area is 89,300 sq.m. with a rental value of over SEK 95 m. The main tenants are the Police Author-

ity, the Swedish National Courts Administration, the Swedish Civil Aviation Administration, the Swedish Meteorological and Hydrological Institute, the Swedish Prison and Probation Service and Södermanland County Council.

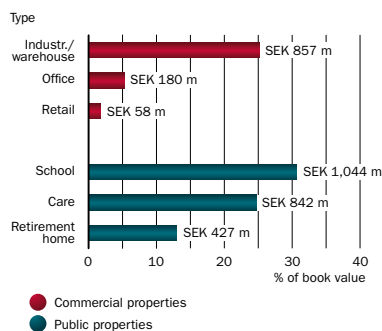
## DIVESTMENTS

In the year, 28 properties with area of 198,000 sq.m. were divested for SEK 1,313 m. Of these properties, 8 were Offices, 13 were Industrial/warehouse, 2 were Retail, 2 were Schools, 1 was a Care property and 2 were of the Other type. The book value of the divested properties was SEK 1,301 m and acquisition cost was SEK 1,045 m.

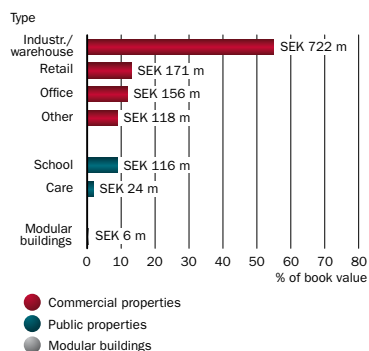
In July, Kungsleden sold 5 commercial properties to Northern Logistic Property ASA for SEK 600 m. The sales price exceeded book value by SEK 7 m and acquisition cost by SEK 51 m.

In December, Kungsleden sold eight properties and 2 site-leasehold rights in 4 separate transactions for SEK 429 m, which was SEK 167 m above acquisition cost.

## Acquisition cost by property type



## Sales price by property type



# Property portfolio – as of 31 December 2008

As of 31 December 2008, the portfolio comprised 603 (575) properties with a book value of SEK 28,567 (25,737) m and rental value of SEK 2,902 (2,509) m. Gross leasable area was 3,185,000 (3,052,000) sq.m.

## PROPERTY TYPES

Kungsliden's property holding can be divided into nine property types on the basis of the primary activity associated with each type: Office, Industrial/warehouse, Retail, Other Commercial, Retirement homes, Care, Schools and Other Public. Together, the first four types comprise the portfolio 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, School and Other Public properties, i.e. publicly financed activities, are in the Public properties division.

In 2008, Kungsliden continued to expand its public property holding. These properties normally have attractive risk and return levels, consistent with Kungsliden's business concept. They are often located in attractive areas and have creditworthy tenants with long rental agreements, and accordingly, their prospects for raising 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, special public properties 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 agreements are longer, requiring a longer-term perspective, and 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. Kungsliden'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.

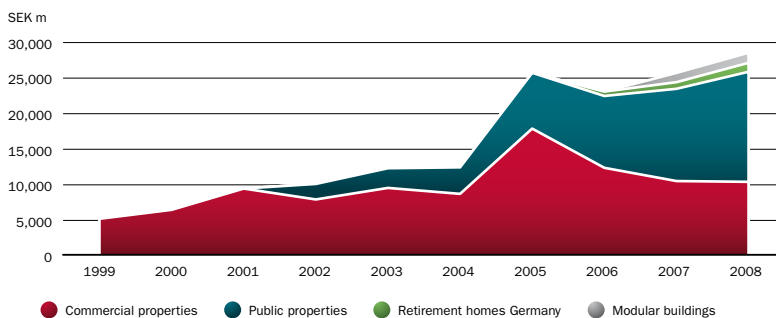
At year-end, public properties in Sweden represented 54 (50) per cent of total book values and 49 (47) per cent of rental values, conferring the

group as a whole with attractive operating risk and value risk. The retirement homes holding in Germany, which at year-end represented 4 (4) per cent of total book value and 3 (3) per cent of rental value, is additional.

## NORDIC MODULAR

The Nordic Modular Group 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 2008, modular buildings represented 5 (5) per cent of total book values, and 10 (9) per cent of rental values.

Property portfolio, 1999–2008



In the period 1999–2008, the value of Kungsliden's property portfolio increased from SEK 5.2 bn to SEK 28.6 bn, equivalent to annual growth of 21 per cent. The greatest change to Kungsliden's holding are the initiatives in Retirement homes, Care and Schools in recent years. At year-end 2008, these property types represented some 55 per cent of total portfolio values. The biggest property type in terms of book value is Retirement homes.

Property values, total and per property



The average value per property increased from SEK 36 m to SEK 47 m in 2004–2008. 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.

### GEOGRAPHICAL LOCATION

Kungsleden's property holding can also be divided into six market areas: East, South, West, Central, North and Germany. Changes to the property holding's geographical diversification or concentration 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, increased from 575

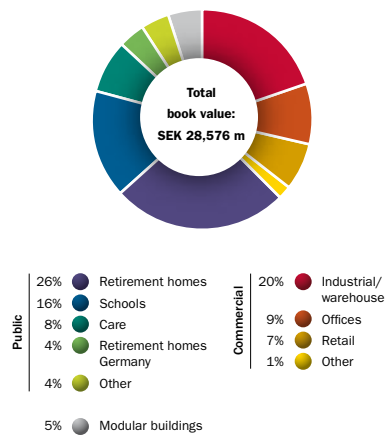
properties to 603, located in 132 (134) Swedish municipalities and in 4 (2) German Federal States. Thus the property portfolio has good risk diversification in terms of geography, and between larger and smaller municipalities.

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 (9) per cent. Thus a substantial share of property values are allocated to larger municipalities.

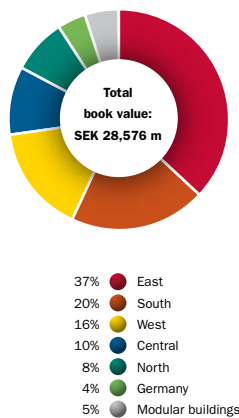
However, the focus of the Swedish holding on the three major city regions of Greater Stockholm, Greater Gothenburg and the Öresund region reduced in 2008, and was 42 (46) per cent at year-end, calculated as the regions' share of the book value of the total portfolio. The holding in Greater Stockholm decreased to 22 (25) per cent and the Öresund region to 13 (15) per cent, while Greater Gothenburg increased to 7 (6) per cent.

### 31 DECEMBER 2008

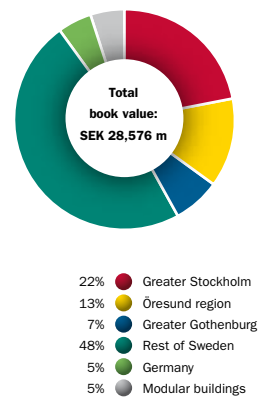
#### Property portfolio by type



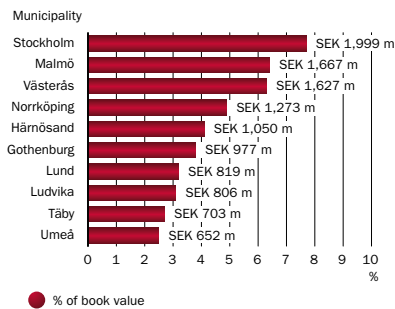
#### Property portfolio by market area



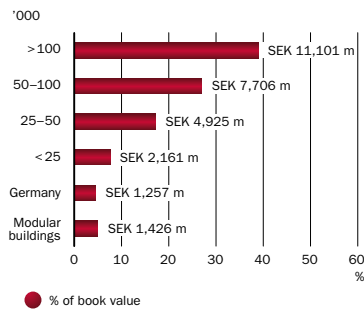
#### Property portfolio by city region



#### Kungsleden's ten largest municipalities



#### Municipalities by population



# 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 normally provides a solid basis for highly accurate valuations. In late-2008, conducting market valuations of properties became more difficult due to far fewer transactions being completed.

## INTERNAL VALUATION

Kungsleden's property portfolio, valued at what is known as fair value, had a book value of SEK 28,576 (25,737) m as of 31 December. Fair value is an accounting term, which for properties, has the same meaning as market value.

Kungsleden has chosen to base its fair value on internally conducted valuations. Kungsleden conducts internal valuations on an ongoing basis, as an integrated component of its business process, where individual appraisals of what each property could raise through sale are conducted. 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.

In late-2008, valuing properties became more difficult, due to the relatively small number of property transactions completed because of the financial crisis. The deals Kungsleden

completed, and made bids for but did not secure, were at levels that do not indicate any general reduction of property values.

Kungsleden's internal valuations return an average property yield of 6.5 per cent. Property yield is calculated on current earnings capacity, which has implications including development projects reducing property yields until a current investment has generated an operating net for one year. In other words, property yields are not a normalised value of Kungsleden's property portfolio. The future cash flows returned by Kungsleden's business plans imply a higher property yield. Cash flows indicate an average property yield of 6.7 per cent one year in advance in each property type. Retirement homes have the lowest average property yield at 6.0 per cent, and Industrial/warehouse has the highest at 7.5 per cent. The following table indicates average future property yields by property type. Required returns in the valuations are in the 4–15 per cent interval. Value adjustments in the Income Statement in the year, increased

operating net and index-linking for 2009 indicate a value decrease of 5–7 per cent on the property portfolio compared to one year previously.

## VALUATION METHOD

Kungsleden applies a valuation method, which is basically a version of the location price method. The required returns applied have been determined on the basis of Kungsleden's knowledge of completed transactions on those markets where Kungsleden is active and bidding processes where Kungsleden has participated. A present value calculation with a five-year forecast period is used for internal valuations. Properties intended for letting are valued by calculating the present value of the properties' forecast free cash flows during the forecast period, 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. The valuations proceed from current earnings capacity. Future rent

## Operating net and property yield by property type<sup>1</sup>

SEK m	Book value	Operating net in one year	Property yield, %	Interval, required return, %
Industrial/warehouse	5,706	430	7.5	6.0–13.3
Office	2,530	156	6.2	4.5–14.1
Retail	1,921	137	7.1	6.6–10.9
Other commercial	315	20	6.2	6.4–8.1
<b>Commercial properties</b>	<b>10,472</b>	<b>743</b>	<b>7.1</b>	
Retirement homes	7,543	450	6.0	4.0–13.3
Schools	4,600	314	6.8	5.1–11.4
Care	2,390	167	7.0	5.6–15.0
Other public	1,034	76	7.4	6.7–8.3
<b>Public properties</b>	<b>15,567</b>	<b>1,007</b>	<b>6.5</b>	
<b>Total</b>	<b>26,039</b>	<b>1,750</b>	<b>6.7</b>	

<sup>1</sup> Excluding Retirement homes Germany and modular buildings.



payments are calculated for each property on the basis of current rental agreements. 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 Kungsliden'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 50–70 per cent of the total portfolio value. In the years in between, 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 2008, and with valuation date in December, Newsec conducted desktop valuations of all Public properties, and Svefa conducted desktop valuations of all Commercial properties in Sweden owned for the full year. Full valuations were conducted on properties acquired in Sweden in the year. Overall, this means that 90 per cent of total book value was valued externally. The external valuations of Commercial properties exceed book value by SEK 1,049 m, or 10 per cent, while the valuation of Public properties was SEK 450 m less than book value, or 3 per cent.

#### REALISED VALUES

In Kungsliden'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, Kungsliden 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 8 (7) per cent and 7 (15) per cent respectively. The corresponding relationships also applied to those transactions completed in the fourth quarter 2008. Historically, prices achieved are significantly above external valuations and above internal valuations.

Sales prices can be affected by sales being conducted on a unit basis or in a portfolio. In recent years this has resulted in portfolio premiums being secured, although this trend discontinued in 2008.

### Property value summary 2008

Type, SEK m	Commercial properties				Public properties				Valued properties	Not valued <sup>1</sup>	Total
	Office	Industrial/ warehouse	Retail	Other	Retirement homes	Care	School	Other			
Book value	2,530	5,706	1,831	314	7,532	2,339	4,565	1,035	<b>25,852</b>	2,724	<b>28,576</b>
External valuation	2,725	6,550	1,837	318	7,373	2,277	4,425	946	<b>26,451</b>		<b>26,451</b>

<sup>1</sup> Retail properties represented SEK 41 m of properties not valued, Retirement homes Germany represented SEK 1,257 m and modular buildings SEK 1,426 m.

# Property portfolio – earnings capacity

The property yield of the property portfolio was 6.5 per cent at year-end, against 6.4 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 portfolio is in continuous change, and thus that the Income Statement, which illustrates historical earnings for a specified period, does not give the best view 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 portfolio as of 31 December

2008 had been held throughout 2008. Another aim is to illustrate how changes in the holding affect various key figures.

The earnings capacity parameter is a combination of calculated operating net and actual operating net for the most recent 12-month period. For the first 5 months after taking possession of a property, earnings capacity is the estimated operating net from the acquisition analysis. In months 6 to 11 inclusive, earnings capacity is actual outcomes after taking possession converted to 12-month equivalents. From month 12 onwards, earnings capacity is equal to actual 12-month figures for the relevant property.

## PROPERTY YIELD

Property yield is a central parameter for evaluating earnings capacity, which 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 2008 was 6.5 (6.4) per cent. An explanation for the progress of the property yield can be divided into three components:

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

## Earnings capacity, SEK m

	31 Dec. '08	SEK/sq.m.	31 Dec. '07	SEK/sq.m.
Rental revenues	2,736	835	2,366	775
Operating and maintenance costs	-819	-250	-662	-217
Property tax	-36	-11	-38	-12
Ground rent	-14	-4	-14	-4
<b>Operating net</b>	<b>1,867</b>	<b>570</b>	<b>1,653</b>	<b>542</b>
No. of properties	603		575	
Leasable area, 000 sq.m.	3,185		3,052	
Book value, SEK m	28,576		25,737	
Economic occupancy, %	95.0		94.4	
Property yield, %	6.5		6.4	
Operating surplus margin, %	68.2		69.9	

## Property yield, %

	2008	2007
<b>Property yield at 1 Jan.</b>	<b>6.4</b>	<b>6.5</b>
Change in property yield of the year		
– Acquisitions and divestments	0.1	0.6
– Management of properties owned for the full year	-0.1	-0.1
– Value changes	0.1	-0.6
<b>Property yield at 31 Dec.</b>	<b>6.5</b>	<b>6.4</b>

## 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.

## PROPERTY TRADING

Property trading in the year exerted a positive impact on returns from the property portfolio, because divested properties had lower 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 0.1 (0.6) percentage points. Divested properties' yields in terms of sales price were 5.2 (4.5) per cent, indicating that it is still possible to do favourable property deals despite general market conditions. The overall property yield of properties acquired in the year was 7.1 (7.3) per cent. Other changes to key figures in the earnings capacity table below are largely attributable to changes in portfolio composition in the year.

## VALUE CHANGES

The most significant factor underlying the progress of property yields in 2008 is negative value changes on properties, which contributed to reducing portfolio property yields by 0.1 (-0.6) percentage points. The past year featured intense competition for attractive properties on the market with low risk. The year also featured increased interest rates, lower mortgage ratios, and notably, difficulties in securing finance from banks.

### Earnings capacity by division

	Commercial properties	Public properties	Modular buildings	Total
No. of properties	307	296	-	603
Leasable area, 000 sq.m.	1,578	1,383	224	3,185
Book value, SEK m	10,422	16,728	1,426	28,576
Rental value, SEK m	1,102	1,515	285	2,902
Rental revenues, SEK m	1,004	1,478	254	2,736
Operating net, SEK m	712	1,040	115	1,867
Economic occupancy, %	92.5	97.8	89.3	95.0
Property yield, %	6.8	6.2	8.1	6.5
Operating surplus margin, %	71.0	70.4	45.2	68.2

### Earnings capacity by geographical distribution

	Greater Stockholm	Öresund region	Greater Gothenburg	Rest of Sweden	Germany	Modular buildings	Total
No. of properties	101	77	44	367	14	-	603
Leasable area, 000 sq.m.	492	427	236	1,740	66	224	3,185
Book value, SEK m	6,358	3,773	1,973	13,789	1,257	1,426	28,576
Rental value, SEK m	559	380	177	1,405	96	285	2,902
Rental revenues, SEK m	517	341	173	1,355	96	254	2,736
Operating net, SEK m	345	219	123	981	84	115 <sup>1</sup>	1,867
Economic occupancy, %	92.8	92.0	97.4	97.1	100.0	89.3	95.0
Property yield, %	5.4	5.8	6.2	7.1	6.7	8.1 <sup>1</sup>	6.5
Operating surplus margin, %	66.8	64.3	71.1	72.4	87.7	45.2 <sup>1</sup>	68.2

1 The operating net of modular buildings has been reduced by standard depreciation/value changes of SEK 119 m.

# Property portfolio – earnings capacity

## Earnings capacity by division, group

	Commercial properties				Public properties				Nordic Modular	Total
	Industrial/warehouse	Office	Retail	Other	Retirement homes	Schools	Care	Other	Modular buildings	
No. of properties	137	89	65	16	126	85	75	10	–	<b>603</b>
Leasable area, 000 sq.m.	977	317	256	28	583	453	266	81	224	<b>3,185</b>
Book value, SEK m	5,706	2,530	1,872	314	8,789	4,565	2,339	1,035	1,426	<b>28,576</b>
Rental value, SEK m	564	313	199	26	692	461	264	98	285	<b>2,902</b>
Rental revenues, SEK m	536	269	174	25	690	441	250	97	254	<b>2,736</b>
Operating net, SEK m	444	145	107	16	506	304	155	75	115	<b>1,867</b>
Economic occupancy, %	95.7	87.7	90.4	95.5	99.4	97.0	95.1	98.1	89.3	<b>95.0</b>
Property yield, %	7.8	5.7	5.7	5.0	5.8	6.6	6.6	7.3	8.1	<b>6.5</b>
Operating surplus margin, %	82.8	54.0	61.6	63.8	73.4	68.8	61.9	77.9	45.2	<b>68.2</b>

## Earnings capacity, Commercial properties

Industrial/warehouse	East	South	West	Central	North	Total
No. of properties	32	57	25	11	12	<b>137</b>
Leasable area, 000 sq.m.	179	313	187	246	52	<b>977</b>
Book value, SEK m	1,126	1,956	1,323	1,034	267	<b>5,706</b>
Rental value, SEK m	125	166	117	123	33	<b>564</b>
Rental revenues, SEK m	122	153	113	116	32	<b>536</b>
Operating net, SEK m	96	136	93	98	21	<b>444</b>
Economic occupancy, %	97.8	93.3	98.0	94.2	97.9	<b>95.7</b>
Property yield, %	8.5	7.0	7.0	9.5	8.0	<b>7.8</b>
Operating surplus margin, %	78.7	89.0	82.3	84.1	65.9	<b>82.8</b>
<b>Office</b>	<b>East</b>	<b>South</b>	<b>West</b>	<b>Central</b>	<b>North</b>	<b>Total</b>
No. of properties	26	28	8	4	23	<b>89</b>
Leasable area, 000 sq.m.	110	109	21	14	63	<b>317</b>
Book value, SEK m	913	987	173	110	347	<b>2,530</b>
Rental value, SEK m	110	123	19	13	48	<b>313</b>
Rental revenues, SEK m	92	105	17	12	43	<b>269</b>
Operating net, SEK m	39	65	7	8	26	<b>145</b>
Economic occupancy, %	86.5	86.8	91.2	90.0	90.8	<b>87.7</b>
Property yield, %	4.3	6.6	4.4	7.3	7.5	<b>5.7</b>
Operating surplus margin, %	42.4	61.6	45.0	69.6	59.9	<b>54.0</b>
<b>Retail</b>	<b>East</b>	<b>South</b>	<b>West</b>	<b>Central</b>	<b>North</b>	<b>Total</b>
No. of properties	22	15	13	9	6	<b>65</b>
Leasable area, 000 sq.m.	103	47	38	36	32	<b>256</b>
Book value, SEK m	748	311	339	308	166	<b>1,872</b>
Rental value, SEK m	90	33	32	25	19	<b>199</b>
Rental revenues, SEK m	69	33	31	24	17	<b>174</b>
Operating net, SEK m	37	23	21	15	11	<b>107</b>
Economic occupancy, %	80.7	99.0	96.5	99.6	98.9	<b>90.4</b>
Property yield, %	5.0	7.5	6.2	4.9	6.3	<b>5.7</b>
Operating surplus margin, %	53.6	70.3	68.5	63.2	62.9	<b>61.6</b>
<b>Other commercial</b>	<b>East</b>	<b>South</b>	<b>West</b>	<b>Central</b>	<b>North</b>	<b>Total</b>
No. of properties	5	4	2	3	2	<b>16</b>
Leasable area, 000 sq.m.	15	9	0	3	1	<b>28</b>
Book value, SEK m	193	80	0	35	6	<b>314</b>
Rental value, SEK m	13	10	0	3	0	<b>26</b>
Rental revenues, SEK m	14	9	0	2	0	<b>25</b>
Operating net, SEK m	12	4	0	0	0	<b>16</b>
Economic occupancy, %	100.0	93.0	0.0	82.2	100.0	<b>95.5</b>
Property yield, %	6.4	4.3	-0.2	0.9	-3.6	<b>5.0</b>
Operating surplus margin, %	92.7	38.4	0.0	14.0	-55.4	<b>63.8</b>

## Earnings capacity, Public properties

<b>Retirement homes</b>	<b>East</b>	<b>South</b>	<b>West</b>	<b>Central</b>	<b>North</b>	<b>Germany</b>	<b>Total</b>
No. of properties	52	26	14	12	8	14	<b>126</b>
Leasable area, 000 sq.m.	281	88	70	39	39	66	<b>583</b>
Book value, SEK m	4,472	1,401	781	495	383	1,257	<b>8,789</b>
Rental value, SEK m	330	118	74	41	33	96	<b>692</b>
Rental revenues, SEK m	335	111	74	41	33	96	<b>690</b>
Operating net, SEK m	247	71	49	32	23	84	<b>506</b>
Economic occupancy, %	99.7	98.3	98.4	100.0	100.0	100.0	<b>99.4</b>
Property yield, %	5.5	5.1	6.3	6.4	6.0	6.7	<b>5.8</b>
Operating surplus margin, %	73.6	64.5	66.7	77.3	70.1	87.7	<b>73.4</b>
<b>Schools</b>	<b>East</b>	<b>South</b>	<b>West</b>	<b>Central</b>	<b>North</b>		<b>Total</b>
No. of properties	30	8	15	7	25		<b>85</b>
Leasable area, 000 sq.m.	70	116	99	58	110		<b>453</b>
Book value, SEK m	1,475	860	698	893	639		<b>4,565</b>
Rental value, SEK m	115	103	84	75	84		<b>461</b>
Rental revenues, SEK m	114	94	73	76	84		<b>441</b>
Operating net, SEK m	95	50	49	66	44		<b>304</b>
Economic occupancy, %	99.4	91.9	95.7	99.5	99.1		<b>97.0</b>
Property yield, %	6.4	5.8	7.0	7.4	6.9		<b>6.6</b>
Operating surplus margin, %	82.8	52.9	67.1	86.6	52.6		<b>68.8</b>
<b>Care</b>	<b>East</b>	<b>South</b>	<b>West</b>	<b>Central</b>	<b>North</b>		<b>Total</b>
No. of properties	22	4	38	2	9		<b>75</b>
Leasable area, 000 sq.m.	75	19	149	8	15		<b>266</b>
Book value, SEK m	812	185	1,192	66	84		<b>2,339</b>
Rental value, SEK m	87	18	141	7	11		<b>264</b>
Rental revenues, SEK m	81	18	133	7	11		<b>250</b>
Operating net, SEK m	55	13	77	5	5		<b>155</b>
Economic occupancy, %	93.0	95.4	95.7	100.0	100.0		<b>95.1</b>
Property yield, %	6.7	6.9	6.5	8.4	5.6		<b>6.6</b>
Operating surplus margin, %	67.4	71.4	58.1	78.2	42.1		<b>61.9</b>
<b>Other public</b>	<b>East</b>	<b>South</b>	<b>West</b>	<b>Central</b>	<b>North</b>		<b>Total</b>
No. of properties	5	3	1	0	1		<b>10</b>
Leasable area, 000 sq.m.	60	3	2	0	16		<b>81</b>
Book value, SEK m	696	55	53	0	231		<b>1,035</b>
Rental value, SEK m	67	5	4	0	22		<b>98</b>
Rental revenues, SEK m	66	5	4	0	22		<b>97</b>
Operating net, SEK m	52	4	3	0	16		<b>75</b>
Economic occupancy, %	97.2	100.0	100.0	0.0	100.0		<b>98.1</b>
Property yield, %	7.4	6.9	6.6	0.0	7.0		<b>7.3</b>
Operating surplus margin, %	78.8	84.9	89.7	0.0	72.0		<b>77.9</b>

## Earnings capacity, Nordic Modular

	<b>Modular buildings</b>
No. of properties	-
Leasable area, 000 sq.m.	<b>224</b>
Book value, SEK m	<b>1,426</b>
Rental value, SEK m	<b>285</b>
Rental revenues, SEK m	<b>254</b>
Operating net, SEK m	<b>115</b>
Economic occupancy, %	<b>89.3</b>
Property yield, %	<b>8.1</b>
Operating surplus margin, %	<b>45.2</b>

# Property portfolio – customers and rental revenues

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

## 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 agreement 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 agreements, which contribute to good rental revenue stability.

Rental agreements are also usually very long in properties where private sector operators deliver publicly financed services. 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 agreement term in its commercial portfolio. The average remaining contract term at year-end on commercial and public properties respectively is 6 to 7 years.

Offices represent the largest share of commercial contracts, while they have the short average remaining term. On the Public side, Retirement homes have 8.4 years of average remaining contract term and represent the largest share of contracts, which is a major contributor to the long average remaining contract term in Public properties.

## VACANCIES

Changes in vacancy levels affect rental revenues quite quickly. At year-end 2008, vacancies in the total property portfolio were 5 (6) per cent of rental revenues, corresponding to a rent shortfall of SEK 145 (143) m. The unchanged vacancies are mainly a result of Kungsleden working actively on letting existing properties.

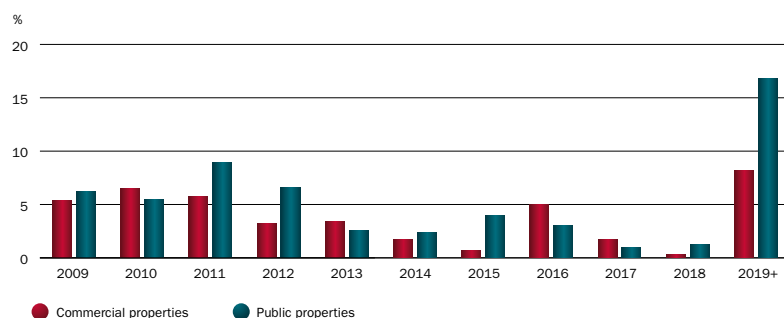
## DIVISION OF REVENUES

The following diagram illustrates rental revenue maturity structures as of 31 December 2008 divided between commercial and public properties. The division shows the difference in rental agreement terms between commercial and public properties and the lower risk associated with public bodies as tenants. Of rental revenues from public properties, 29 per cent mature in 2019 or later.

The diversification of rental agreements across societal sectors also illustrates low operating risk. The following diagram shows that 58 per cent of total rental revenues were attributable to public properties.

In 2008, the ten largest tenants represented 31.5 per cent of rental revenues, or SEK 701 m, divided between 269 rental agreements. Several of the largest tenants are in the public sector.

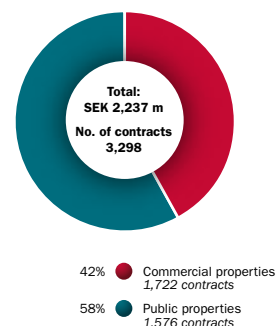
## Rental revenue maturity structure



## Average remaining contract term

Type	Year
Industrial/warehouse	7.9
Office	3.3
Retail	4.7
Other commercial properties	7.9
<b>Total commercial properties</b>	<b>6.1</b>
Retirement homes	8.4
Schools	7.5
Care	4.3
Other public properties	4.3
<b>Total public properties</b>	<b>7.2</b>
<b>Total</b>	<b>6.8</b>

## Contracted annual rents, 31 December 2008



**EVA-LOTTA SVENSSON**  
**ASSISTANT PROPERTY MANAGER**

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

The entrepreneurial spirit in the company, straightforward and simple communication and I really enjoy my job.

**What characterises your collaboration with the Swedish Fortifications Agency?**

It varies in each case, but we try to be businesslike, flexible and satisfy the customer's wishes in the best way.

**What do you enjoy most at work?**

That you really get a lot of different types of customer and do good lettings, or can be part of a favourable property deal.

**Why do you think Kungsleden has become such a large public sector landlord?**

Because we are perceived as a professional, long-term landlord, and I think the public sector regards Kungsleden as a good counterparty for long-term collaboration.

**In what way is Kungsleden innovative?**

We've got the courage to take a slightly different approach to other property companies, and are fast-moving when doing transactions.

**What do you think distinguishes Kungsleden?**

Our business model, where returns are more important than building type or location.

**What do you think will be the most important thing to work on in 2009?**

Customer care, but I also think that energy efficiency and environmental issues will get more focus.

**LARS G ANDERSON**  
**THE SWEDISH FORTIFICATIONS AGENCY**

**What characterises your collaboration with Kungsleden?**

Our collaboration with Kungsleden is very open and discussions are held in a good spirit.

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

What I like most is Kungsleden's professionalism.

**How do you deal with environmental issues?**

The Swedish Fortifications Agency is preventing contamination from its operations, mainly through its consumption of energy and resources, and through regular monitoring of our operations so that continuous improvements can be made. We communicate our environmental activities with affected stakeholders, and monitor environmental legislation and other environmental standards. We also have ISO 14001 environmental certification.

**How does Kungsleden show that it is present?**

Kungsleden shows that it is present because it is highly accessible.



# Partnership with the Third Swedish National Pension Fund

In late-2008, Kungsleden signed an agreement to sell 50 per cent of its ownership of Public properties to the Third Swedish National Pension Fund, AP3. This transaction strengthens Kungsleden's Balance Sheet while also freeing capacity for continued business development across all divisions. Alongside a strategic partner like the AP3, Kungsleden can exploit the growth potential in the public segment. The transaction is conditional on retained finance and approval from the competition regulator.

Pricing is based on a property value of SEK 15.4 bn including deductions for deferred tax, which is consistent with book value and corresponds to a property yield of 6.3 per cent based on a pro forma year-2008 operating net. This property portfolio runs to a total of 282 Retirement home, School and Care properties. Gross leasable area on 31 December 2008 was 1,317,000 sq.m. and total rental value is SEK 1.4 bn. The properties features stable tenants with long rental agreements, with an average remaining contract term of some seven years.

The deal will create a positive liquidity effect of SEK 2.3 bn, and increase Kungsleden's pro forma equity ratio as of 31 December 2008 from 23 per cent to 32 per cent. The transaction will affect profits for calculating dividends for 2009 by SEK 800 m. The company sees continued high potential for transactions with municipalities, where a financially stronger Kungsleden can act faster, and in a larger context.

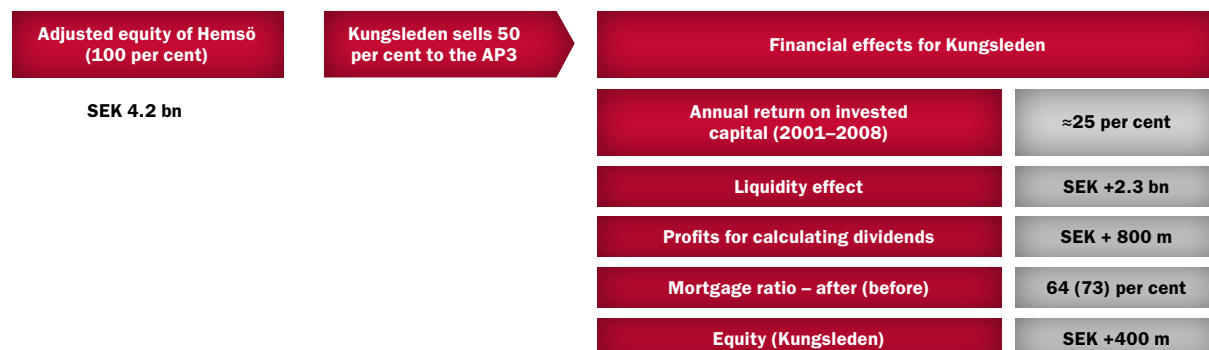
The transaction is being conducted through the incorporation of a joint venture, 'Hemsö'.

The AP3 has signed a five-year shareholders' agreement with Kungsleden ensuring Hemsö has an unchanged business focus. Initially, operations will be assured through a management agreement between the parties.

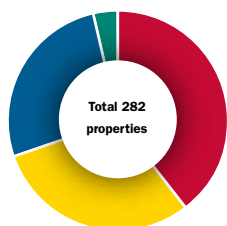
In the future, Kungsleden will report Hemsö using the proportional method. The transaction means Kungsleden's pro forma profit/loss before tax in 2008<sup>1</sup> will be SEK -897 m, or SEK -6.60 per share. As of 31 December 2008 pro forma, the equity ratio was 32 per cent, interest-bearing net debt was SEK 12,220 m and equity per share was SEK 55.20.

<sup>1</sup> The pro forma Income Statement has been prepared on the basis of 2008 with a 50 per cent adjustment for the results of the public segment.

## FINANCIAL EFFECTS FOR KUNGSLLEDEN

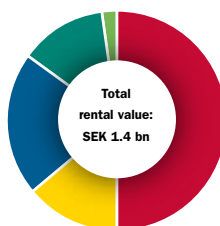


### Hemsö's property portfolio



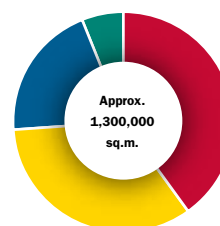
112 Retirement homes  
85 Schools  
75 Care  
10 Other

### Division of tenants



50% Municipalities  
14% County councils  
21% Public services with private sector providers  
13% Central government  
2% Private

### Area by type



40% Retirement homes  
34% Schools  
20% Care  
6% Other



The transaction corroborates Kungsliden's property valuations and strengthens its Balance Sheet, creating increased financial room to act. Thus it creates opportunities in the commercial and public parts of operations. Finally, this partnership with the AP3 is recognition of Kungsliden's long-term efforts to accumulate a high-quality portfolio with a healthy risk-spread in the public property segment.

Kungsliden's deal with the AP3 does not imply any change to operations. With long-term commitment and two strong partners like the AP3 and Kungsliden behind it, there are good prospects of taking the new company forward.

### The transaction in brief

The transaction reveals values in Kungsliden:

- Transaction value consistent with book value.
- 25 per cent return on invested capital.
- Increased profit for calculating dividends.
- Reduces Kungsliden's mortgage ratio.
- Increases Kungsliden's equity.

Freed liquidity creates new business opportunities for Kungsliden overall.

Kungsliden retains its exposure to the public property market.

The AP3 is a secure partner for Kungsliden, strategically and financially.

### The AP3

One of five buffer funds in the state pension system.

AUM of SEK 181 bn on 31 December 2008.

Diversified portfolio of listed equities, fixed-income assets and alternative investments.

Total property holdings as of 31 December 2008, SEK 10.0 bn.

The biggest holding is Vasakronan (formerly AP Fastigheter).

### Income Statement, pro forma

SEK m	2008 pro forma <sup>1</sup>	2008
Rental revenue	1,916.0	2,528.5
Sales revenue, modular buildings	368.1	368.1
<b>Net sales</b>	<b>2,284.2</b>	<b>2,896.7</b>
Property costs	-453.6	-621.2
Production costs, modular buildings	-308.9	-308.9
<b>Gross profit</b>	<b>1,521.7</b>	<b>1,966.6</b>
Trading net	10.4	12.4
Sales and administration costs	-318.7	-374.0
Net financial position	-719.2	-986.1
Unrealised value changes		
- Properties	-231.6	-213.0
- Financial instruments	-1,159.9	-1,590.4
<b>Profit/loss before tax</b>	<b>-897.3</b>	<b>-1,184.5</b>

<sup>1</sup> The pro forma Income Statement has been prepared on the basis of 2008 with a 50 per cent adjustment for the results of the public segment.

### Balance Sheet, pro forma

As of 31 December 2008, SEK m	2008 pro forma <sup>1</sup>	2008
<b>ASSETS</b>		
Properties	20,840.3	28,575.8
Receivables, etc.	2,410.6	1,504.1
Cash and cash equivalents	641.6	641.6
<b>TOTAL ASSETS</b>	<b>23,892.5</b>	<b>30,721.5</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	7,531.3	7,064.8
Interest-bearing liabilities	13,289.0	20,742.7
Non interest-bearing liabilities	3,072.3	2,914.0
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>23,892.5</b>	<b>30,721.5</b>

<sup>1</sup> The pro forma balance sheet has been prepared as if the transaction had been completed on 31 December 2008, considering the effect the transaction would have had on profits and finance, and with half of the assets and liabilities in the public segment no longer being reported in Kungsliden's Balance Sheet.

# Risks and opportunities

In approximate terms, risks and opportunities can be divided into two components – changes to cash flow and changes to values. Cash flows are mainly affected by rental revenue, property costs, interest costs and tax. Kungsleden works actively to spread risk and reduce costs in these areas. Because Kungsleden reports properties at what is termed fair value, these values are heavily affected by changes to the business cycle and access to funding.

## RISKS AND OPPORTUNITIES IN CASH FLOW

Rent levels and vacancies are dependent on factors including economic growth in Sweden, the production rate of new properties, changes to infrastructure, employment and demographics. Economic growth is expected to increase the demand for premises, reduce vacancies, increase new production and the potential for rising market rents. Stagnation is expected to have the opposite effect.

### Rental revenue

Kungsleden's contract portfolio is relatively long term with average contract terms across the portfolio of 6.8 years. Because contract terms are relatively long, a short-term change in market rent levels on commercial properties does not exert any great effect on rental revenue. This also applies to public properties, which are influenced by demographic factors to a far greater degree. Kungsleden has worked actively on increasing the average contract term on its commercial and public portfolio.

Actively spreading risks by premises type, geography, contract sizes and tenants means that Kungsleden has a well-balanced portfolio affected by exogenous factors differently and to varying degrees. A combination of tur-

moil on the credit market and the current recession means an increased risk of bankruptcies, mainly affecting commercial properties. Potential bankruptcies have a direct impact on rental revenue. In 2008, rental losses were SEK 26 m.

Having few and large commercial tenants increases the risk of vacancies and rental losses. Kungsleden's ten largest tenants represent 32 per cent of rental revenue, and three of these commercial tenants represent some 11 per cent of rental revenue, the remainder are public sector tenants. Economic vacancy at year-end 2008 was SEK 145 m, and offers potential in the form of potential lettings.

### Property costs

The biggest operating costs are the costs of electricity, cleaning, heating, water, care and maintenance. Electricity and heating costs have the biggest profit effect. Electricity prices are controlled by supply and demand on the competitive electricity market.

Kungsleden has limited risk by hedging a predetermined share of its electricity. A high share of electricity and heating costs are also billed to tenants. Kungsleden gains recompense for costs not billed to tenants by normally index-link-

ing its rental agreements to the Consumer Prices Index, and thus inflation. Indexation clauses mean that rents increase by 75–100 per cent of inflation. Thus, Kungsleden's exposure to changes in these costs is limited. Cost increases for care and maintenance have exceeded the CPI for several years; the recession means these costs are expected to decrease. Kungsleden's properties maintain a high standard and good maintenance levels.

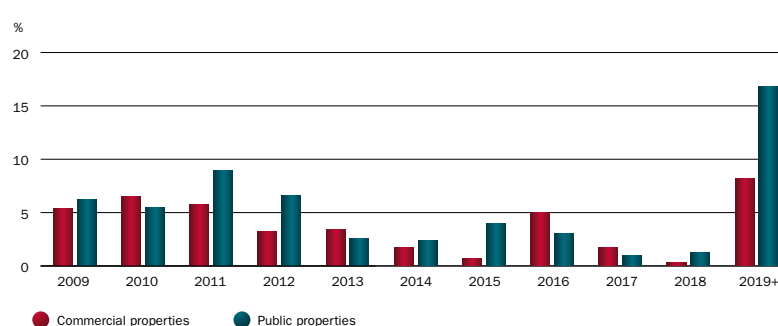
Kungsleden's properties with site-leaseholds are usually re-negotiated at 10–20 year intervals. Ground rent is currently calculated so that the relevant municipality receives a reasonable real return on the estimated value of the land. There are no guarantees that ground rent will not rise when re-negotiations are conducted. Nor can the possibility that the basis of calculating ground rent may change in the future be ruled out.

Property tax, based on property taxable values, is entirely dependent on political decisions. This applies to the calculation base, taxable values and the tax rate. Normally, property tax is billed on to tenants for let premises, while Kungsleden pays the tax on vacant premises.

## Largest tenants

	Rental revenues, SEK m	Share of rental revenues, %
ABB	122	5.5
Västra Götaland County Council	100	4.5
Municipality of Härnösand	94	4.2
Frigoscandia	78	3.5
Attendo Care	64	2.9
Mälardalen University	54	2.4
City of Västerås	52	2.4
Vittra	52	2.4
Municipality of Norrköping	46	2.0
ICA Sverige AB	38	1.7
	<b>700</b>	<b>31.5</b>

## Rental revenue maturity structure



The Swedish Environmental Code stipulates that the party conducting the operation causing contamination is also responsible for subsequent decontamination. If the party conducting this operation is unable to effect or pay for the decontamination of property, the party acquiring the property, and that was aware of or should have discovered the contamination upon acquisition, is responsible. Normally, Kungsleden conducts an analysis and risk assessment coincident with acquisitions. No comprehensive survey of potential contamination of the property holding has been conducted. Nor can the possibility of environmental contamination that may result in costs for Kungsleden be ruled out.

#### Interest costs

Interest costs are the biggest cost item for Kungsleden. A comprehensive review of Kungsleden's funding and its risks is in a separate section, on pages 34–36.

#### Taxes

Political decisions affect Kungsleden through the level of corporation tax, property tax, tax legislation and its interpretation. Revised rules for income taxation and their interpretation may

mean that Kungsleden's tax position changes in a positive or negative direction.

#### RISKS AND OPPORTUNITIES IN VALUES

Kungsleden reports its properties at what is termed fair value based on internal valuations with value changes reported in the income statement. This mainly means profits, but also financial position, may be volatile.

#### Property values

Assuming a functional credit market and transaction market, property values are determined by supply and demand, with price mainly dependent on the expected profit margin of the property and the acquirer's required returns. Increased demand, lower required returns and positive real growth in profit margins result in increased market values, while reducing demand, higher required returns and negative real growth result in reduced market values.

In late-2008, valuing properties became more difficult because relatively few property transactions were conducted. Some value reduction, mainly on commercial properties, did occur in 2008, mainly due to a more cautious view of real growth in future profit margins and

difficulties in securing finance due to turmoil on the international credit market.

The adjacent sensitivity analysis indicates how mortgage ratios are affected given a value change of +/- 5 and 10 per cent respectively. The fair value of a property cannot be determined until it is sold. Kungsleden's reported market values are based on an internal valuation conducted for each property, involving an individual appraisal of what it could raise through sale. Accordingly, valuations should incorporate a value interval, which in a functional market, is normally +/- 5–10 per cent, to reflect the uncertainty in assumptions and calculations. Higher value intervals may apply in a less liquid market. Values can also be affected by sales being on a unit or portfolio basis.

#### Interest-bearing liabilities

A functional credit market is a prerequisite for all property ownership. Kungsleden's biggest financial risk is not having access to funding. This risk is limited by active risk diversification by contract terms, premises type, geography, tenants and contract size. A comprehensive review of Kungsleden's funding and its risks is in a separate section.

#### Leasable area and economic vacancy

	Leasable area, 000 sq.m.	Economic occupancy,%
Industrial/warehouse	977	95.7
Offices	317	87.7
Retail	256	90.4
Other commercial	28	95.5
<b>Commercial properties</b>	<b>1,578</b>	<b>92.5</b>
Retirement homes	583	99.4
School	453	97.0
Care	266	95.1
Other public	81	98.1
<b>Public properties</b>	<b>1,383</b>	<b>97.8</b>
Modular buildings	224	89.3
<b>Total</b>	<b>3,185</b>	<b>95.0</b>

#### Sensitivity analysis, properties

	-10%	-5%	0%	+5%	+10%
Value change before tax, SEK m	-2,857	-1,429	-	+1,429	+2,857
Equity ratio	17%	20%	23%	26%	28%
Mortgage ratio	78%	75%	73%	70%	68%

#### Sensitivity analysis, cash flow

	Change	Profit effect, SEK m
Rental revenue	+/-1 %	274
Economic vacancy	+/-1 percentage point	-29
Property costs	+/-1 %	-87
Funding fees given change in interest levels	+/-1 percentage point	27

# Financing and financial risks

Kungsleden bases its business model on properties being financed with 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 Finance 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 Finance 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 found is in swap agreements and investments of surplus liquidity.

Liquidity risk is defined as the risk of not having access to cash or un-utilised credits to satisfy payment commitments.

## LOAN FINANCING

Kungsleden's properties are financed with 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 five to seven years, which can be considered customary on the Swedish market for property credits. In these agreements, Kungsleden endeavours to secure short fixed interest terms to retain the greatest possible flexibility. The company also deals with interest risk at an overall group level, and to minimise the cost of potential early redemptions of fixed loans. As of 1 January, Kungsleden had an average

capital tie-up period of 4.0 years, and at year-end, 3.5 years.

## FIXED INTEREST 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 fixed interest terms 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 (one year, two to three 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 with a predetermined duration and, for a fee, insuring that interest costs never exceed a predetermined level. Interest swaps and

## Fixed interest terms

As of 31 December 2008 Interest maturity	Loan, SEK m	Proportion, %	Average interest, %
2009	10,675	51.5	4.4
2010	1,300	6.3	5.5
2011	1,200	5.8	4.8
2012	1,068	5.1	4.0
2013	1,700	8.2	4.5
2014	1,300	6.3	4.4
2015	1,600	7.7	4.3
2016	600	2.9	4.4
2017	300	1.4	4.5
2018	1,000	4.8	4.5
<b>Total loans</b>	<b>20,743</b>	<b>100.0</b>	<b>4.5</b>
Market value of loans and derivatives	1,545		
<b>Total</b>	<b>22,288</b>		

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

The average fixed interest term increased from 1.4 years to 2.7 years in 2008. This was deliberately low at the beginning of the year, because a planned amortisation was conducted in January, after substantial sales proceeds were received. Later in the year, turmoil on the financial markets affected the strategy. Three-month Stibor peaked in October at 5.60 per cent, and in light of rising interest rates, Kungsleden chose to fix SEK 5,000 m of the short portion of its borrowings at just under 4 per cent for 2009. In October, Kungsleden also fixed some SEK 1,000 m with maturities of between four and eight years. In 2008, Kungsleden also entered closable swaps reducing its interest costs in 2008. Hedged interest rates in 2009 and closable swaps mean that Kungsleden's interest costs would not be significantly affected if short interest rates fell. Short market interest rates reducing by one percentage point would generate a SEK 27 m positive cash flow effect.

#### 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.

#### FOREIGN EXCHANGE RISKS

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

Kungsleden's current investments have resulted in currency hedging of translation risk. Currency forwards imply the company entering a contract and fixing rates of exchange at a predetermined time. As of 31 December 2008, Kungsleden's holdings of currency forwards were EUR 11 (24) m with a market value of SEK -13 (-6) m. Currency forwards are valued on the basis of discounted cash flows for the currency on the balance sheet date.

#### CREDIT RISKS

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 26 (9) m in 2008. 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 2008

The year began with low unemployment and healthy growth; at that time the Swedish central bank, the Riksbank, was focusing on inflation. Despite financial turmoil centred on the US housing market, surging oil and raw materials prices created high inflation expectations. In January, inflation was just over 3 per cent. Early in the year, 10-year swap rates were quoted at 4.60 per cent, and three-month Stibor was 4.40 per cent.

Turmoil on the financial markets exacerbated through the spring, and inflation continued to rise. Market interest rates also climbed. The Riksbank increased its repo rate in two stages totalling 50 basis points to 4.50 per cent, and long yields peaked in the summer.

Just a few days after the Riksbank again tightened its repo rate by 25 basis

### Sensitivity analysis, interest rate changes

As of 31 December, 2008 SEK m	Effect on net financial position (12 mth.)
Average interest change on loan portfolio, +/-1 percentage point	-207
Short market interest rates (<6 months) changes, +/-1 percentage point	27

# Financing and financial risks

points to 4.75 per cent in September, US investment bank Lehman Brothers filed for bankruptcy. Financial uncertainty increased again, with a sharp erosion of confidence between participants on the financial markets. This resulted in drastically reduced access to capital. Despite Swedish banks generating healthy profits and hardly having any exposure to the US housing market, they were also affected by the financial crisis, because of the risk aversion and suspicion affecting the whole banking sector.

The effect was that lending rates to consumers and businesses rose sharply due to more expensive funding on the interbank and bond markets. Three-month Stibor peaked at 5.60 per cent, and overnight Stibor was as high as 6.48 per cent. Liquidity risks also worsened funding for businesses, regardless of their financial positions, triggering reduced investments.

In October, the Riksbank made two repo rate cuts of 50 basis points each, down to 3.75 per cent. Late in the year, focus shifted rapidly from fighting infla-

tion to recessionary and deflationary threats. In December, the rate of inflation was 0.9 per cent. The Riksbank's large repo rate cut of 1.75 basis points down to 2.00 per cent confirmed the serious real economic situation. Ten-year swap rates fell to below 3 per cent.

## FINANCING IN 2008

In 2008, the loan portfolio was fairly constant for a few months early in the year. After a substantial divestment early in the year, approximately SEK 2,500 m was amortised in February.

As of 1 January, liabilities to credit institutions were SEK 20,743 m, against SEK 21,068 m as of 1 January. SEK 4,510 (5,850) m of Kungsleden's SEK 6,000 m syndicated loan facility was drawn down as of year-end. Other funding is through individual loan agreements.

Loans and overdraft facilities of SEK 1,817 m mature in 2009, corresponding to 8 per cent of Kungsleden's entire funding portfolio. After the end of the fourth quarter, Kungsleden received tenders from lenders on some SEK

1,200 m of these facilities, which together with un-utilised credits, guarantee the company's funding.

## COSTS AND REVENUE

The Income Statement is charged with interest costs and changes in fair value on loans and derivatives. Interest costs in 2008 were SEK 1,006 (708) m, with the increase explained by a higher average loan volume and higher interest rates for much of the year.

Interest income, other financial income and other financial costs were SEK 20 m net. Value changes on financial derivatives were negative due to falling interest rates late in the year, and were SEK -1,590 (66) m for the full year.

## LIQUIDITY

As of 31 December 2008, disposable liquidity including un-utilised overdraft facilities and the un-utilised portion of the syndicated loan facility was SEK 2,384 (1,244) m.

## Maturity structure, credits (including un-utilised credit facilities)

As of 31 December 2008 Year	Credits, SEK m	Proportion, %	Average conversion term, years
2009	1,962	8.7	
2010	1,211	5.4	
2011	2,263	10.1	
2012	13,073	58.1	
2013	3,270	14.5	
2014	-	-	
2015	-	-	
2016	-	-	
2017	-	-	
2018	714	3.2	
<b>Total credits</b>	<b>22,493</b>	<b>100.0</b>	<b>3.5</b>
Un-utilised credit facilities	-1,750		
<b>Total utilised credit facilities</b>	<b>20,743</b>		

**KERSTIN JAKOBSSON**  
**SCANIA REGION**

**What distinguishes Kungsleden from other property companies?**

I think Kungsleden takes more responsibility, for example with fire alarms, Kungsleden makes sure they work itself instead of passing responsibility onto the tenant.

**What characterises your collaboration with Kungsleden?**

Our collaboration is straightforward, and we are treated well.

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

Its speed and responsiveness.

**How do you work on environmental issues?**

We have appointed an environmental representative who keeps up to date and ensures colleagues comply with standards.

**TOBIAS NILSSON**  
**ASSISTANT PROPERTY MANAGER**

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

Its flexibility and open-mindedness. We're not scared of reconsidering previous strategies and decisions.

**What characterises your collaboration with Scania region?**

Openness and flexibility on both sides.

**Why do you think Kungsleden has become such a large public sector landlord?**

We moved in early and established our brand, and we're not confined geographically.

**In what way is Kungsleden innovative?**

We're always trying to change and improve established business methods.

**What's distinctive about Kungsleden?**

Its willingness to change.

**How would you describe Kungsleden as a workplace?**

Open and effective, with a lot of warmth.

**What do you think will be the most important thing to work on in 2009?**

Enhancing the existing holding and screening new acquisition targets.



# Corporate social responsibility

Taking responsibility for how people and the environment are affected by Kungsleden's operations is an important prerequisite for long-term progress and profitability. Kungsleden's good reputation is not down to financial success exclusively, but also the way we run our business. As a major landlord and employer, Kungsleden endeavours to be a responsible corporation. Corporate social responsibility applies socially, ethically and environmentally to all our stakeholders such as employees, customers, shareholders and society generally.

## THE ENVIRONMENT

Interest in environmental issues is increasing among tenants, investors and employees. New opportunities are appearing for collaboration with tenants to address environmental issues. Kungsleden's environmental activities are a natural part of its corporate culture, and we are continuing to pursue environmental work actively with a sharp focus and high level of ambition.

## ENVIRONMENTAL ACTIVITIES IN 2008

In 2008, Kungsleden continued to work towards its established environmental targets. The environmental targets for 2008–2010 are overall goals that Kungsleden will continue to work towards. Kungsleden formulated quantifiable and more detailed environmental targets for 2009–2011 in the year, with the aim of clarifying its achievement of targets. The environmental targets for 2008–2010 are reviewed below, with comments and their level of achievement.

Kungsleden also conducted an environmental audit to map its environmental impact as part of building its environmental management system. This

environmental audit resulted in the following major environmental issues being identified:

- Purchasing services and contracting services.
- Heating.
- Electricity consumption.
- Materials in properties.
- Travelling at work and business trips.
- Accidents and emergencies.

To prioritise the company's environmental issues, the requirements of stakeholders, quantities and environmental impact were assessed for all environmental issues. New environmental targets were formulated based on the environmental audit, and new key figures were formulated to measure Kungsleden's environmental impact:

- Kungsleden has adopted a new Environmental Policy.
- New collective environmental standards for purchasing external products and services have been formulated and implemented.

## ENVIRONMENTAL TARGETS FOR 2009–2011

Proceeding from the substantial environmental impact identified in its environmental audit, Kungsleden formulated a number of over-arching targets for its operations up to and including 2011:

- All properties in Kungsleden's holding will have caulking compounds containing PCB removed by year-end 2010.
- Phasing out oil as a heating source before year-end 2011.
- In 2010, Kungsleden will only purchase electrical energy from renewable sources.
- All energy declarations will be complete in 2009.
- Remedial action will be taken at the ten properties with the highest potential for saving energy each year.
- In 2009, Kungsleden will investigate how waste sorting at source can become more effective.
- Increase the share of environmental vehicles as company cars.

## Environmental activities in 2008

Target	Comment
Prepare energy declarations for affected properties.	Work on energy declarations was sourced from accredited inspectors for all properties and conducted on most properties.
Minimise energy consumption.	Energy-saving measures were identified and conducted on most properties in the year. New routines for assessing energy-saving measures were prepared. An energy council was created to identify energy-saving measures and to benefit from internal best practice from measures implemented. Work on energy optimisation will be a continuous process.
Increase interaction with tenants on environmental issues.	More meetings with tenants were conducted with environmental issues on the agenda. Several collaborative projects were identified and conducted focusing on reducing environmental burden. Interaction with tenants and innovative solutions will remain important target areas in future.
Audit and report potential environmental damage.	New working processes for conducting environmental risk assessments when acquiring properties were prepared.
Conduct an audit of all properties at risk of PCBs, and prepare decontamination action-plans.	Audit complete for all properties, action-plans for decontamination prepared and decontamination started at over 60 per cent of properties with caulking compounds containing PCBs.
Enhance employee awareness of Kungsleden's environmental impact and environmental legislation.	A collective environmental training package was conducted for all staff in property management resources, and for accounting staff, while the environmental management system was uploaded to the intranet.



- Increase interaction with tenants on environmental matters.
- Conduct radon surveys at all public properties before year-end 2009.

#### **SOCIAL AND ETHICAL RESPONSIBILITY**

Kungsleden conducts operations in a businesslike manner. Agreements it has entered are respected and observed. Bribery and corruption of any form is not acceptable in Kungsleden. No forms of moonlighting or child labour are accepted in any context.

A self-evident foundation for Kungsleden's ethical guidelines is that the company, through its employees, respects applicable laws and other ordinances and respects international human rights, labour and environmental standards. Additionally, discussing business ethics regularly, and clarifying what is unacceptable by example, is important.

Kungsleden maintains a broad perspective on life and encourages new ideas, reflecting the original idea of our corporate name. We make no distinctions between employees on the basis

of sex, origin, ethnicity, sexual orientation or age. Internal and external relations feature openness, truthfulness and accountability.

As an employer and property company, Kungsleden observes human rights as defined by the UN. For goods and services, Kungsleden has also defined standards it applies to its suppliers that must be compatible with:

- The ILO's eight core conventions.
- Article 32 of the UN's Convention on the Rights of the Child.
- The labour law and working environment legislation applicable in countries of manufacture.
- The labour laws, including legislation on minimum wages and social insurance applicable in countries of manufacture.

For more information on Kungsleden's CSR activities, please refer to the organisational and human resources section and Kungsleden's website, [www.kungsleden.se](http://www.kungsleden.se).

#### **SOCIAL SPONSORSHIP**

Kungsleden is a donor to Situation Stockholm, an organisation recognised for the newspapers sold by homeless people in Stockholm, but which also has broader social activities.

In collaboration with as children's charity SOS Barnbyar, Kungsleden made a donation for the construction of a building in an orphans' village near Kiev, in the Ukraine. Construction was completed in 2008. Kungsleden is planning on a continued programme of social sponsorship, although the details had not been finalised at the time of writing.

#### **Environmental key figures**

	<b>2008</b>	<b>2007</b>
Electrical energy consumption (Kungsleden's subscriptions)	89 GWh	93 GWh
Energy consumption/sq.m.	28 kWh/sq.m.	30 kWh/sq.m.
Share of properties heated with oil	6%	7%
Share of environmental vehicles of company cars	14%	10%

# Five-year summary

## Summary Income Statement

SEK m	2008	2007	2006	2005	2004
Rental revenue	2,529	2,324	2,349	1,845	1,429
Sales revenue, modular buildings	368	288	–	–	–
<b>Net sales</b>	<b>2,897</b>	<b>2,612</b>	<b>2,349</b>	<b>1,845</b>	<b>1,429</b>
Property costs	–621	–653	–821	–541	–412
Production costs, modular buildings	–309	–254	–	–	–
<b>Gross profit</b>	<b>1,967</b>	<b>1,705</b>	<b>1,528</b>	<b>1,304</b>	<b>1,017</b>
<b>Property trading</b>					
Sales revenues, net	1,313	9,475	12,258	2,917	2,704
Book value					
Acquisition cost	–1,045	–8,010	–9,887	–2,514	–2,520
Realised value changes	–256	–885	–1,518	–85	–117
	<b>–1,301</b>	<b>–8,895</b>	<b>–11,405</b>	<b>–2,599</b>	<b>–2,637</b>
<b>Trading net</b>	<b>12</b>	<b>580</b>	<b>853</b>	<b>318</b>	<b>67</b>
Sales and administration costs	–374	–316	–246	–152	–139
Net financial position	–986	–720	–681	–546	–456
Unrealised value changes	–1,803	1,372	2,120	1,191	10
<b>Profit/loss before tax</b>	<b>–1,185</b>	<b>2,621</b>	<b>3,575</b>	<b>2,116</b>	<b>499</b>
Tax	223	–221	–1	–129	377
<b>Net profit/loss for the year</b>	<b>–962</b>	<b>2,400</b>	<b>3,574</b>	<b>1,987</b>	<b>876</b>

## Summary Balance Sheet

As of 31 December, SEK m	2008	2007	2006	2005	2004
<b>ASSETS</b>					
Properties	28,576	25,737	23,106	25,750	13,452
Receivables, etc.	1,504	6,410	1,049	1,556	994
Cash and cash equivalents	642	634	107	164	68
<b>TOTAL ASSETS</b>	<b>30,722</b>	<b>32,781</b>	<b>24,262</b>	<b>27,470</b>	<b>14,514</b>
<b>LIABILITIES AND EQUITY</b>					
Equity	7,065	9,040	9,700	6,649	3,954
Interest-bearing liabilities	20,743	21,068	12,781	18,004	9,832
Non interest-bearing liabilities	2,914	2,673	1,781	2,817	728
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>30,722</b>	<b>32,781</b>	<b>24,262</b>	<b>27,470</b>	<b>14,514</b>

## Key figures

	2008	2007	2006	2005	2004
<b>Property-related</b>					
<i>Earnings capacity</i>					
Property yield, %	6.5	6.4	6.5	7.2	7.8
Economic occupancy, %	95.0	94.4	90.2	90.0	93.7
Operating surplus margin, %	68.2	69.9	67.0	67.4	72.7
<i>Actuals</i>					
Property yield, %	7.0	6.8	6.3	6.7	7.6
Economic occupancy, %	94.3	91.9	89.5	91.4	93.2
Operating surplus margin, %	75.4	73.4	65.1	70.7	71.2
Book value of properties, SEK m	28,576	25,737	23,106	25,750	13,452
<b>Financial</b>					
Profit after tax, SEK m	-962	2,400	3,574	1,987	876
Profit for calculating dividends, SEK m	840	2,019	2,913	1,001	587
Return on total capital, %	5.1	6.9	8.3	7.0	6.7
Return on equity, %	-11.9	25.6	43.7	37.5	24.1
Return on capital employed, %	5.7	7.6	9.1	7.7	7.3
Interest coverage ratio, multiple	1.6	2.7	3.1	2.7	2.1
Equity ratio, %	23.0	27.6	40.0	24.2	27.2
Proportion of risk-bearing capital, %	22.2	27.7	38.2	22.7	24.9
Gearing, multiple	2.9	2.3	1.3	2.7	2.5
Mortgage ratio, %	72.6	81.9	55.3	69.9	73.1
Adjusted equity, SEK m	6,860	7,948	8,199	6,149	3,670
Cash flow from operating activities, SEK m	840	2,019	2,913	1,001	587
<b>Employees</b>					
No. of employees at year-end	393	384	137	213	83

# The share

Compared to the closing price at year-end 2007, of SEK 72, Kungsleden's share price fell by 25 per cent in 2008. The share generated total returns of -14 per cent. In the same period, the SIX Return Index generated total returns of -39 per cent.

## MARKET CAPITALISATION AND TURNOVER

Kungsleden's share has been quoted on Nasdaq OMX Stockholm since 14 April 1999. It is a constituent of OMX Nordic Exchange's Mid Cap list. The closing price on 31 December 2008 was SEK 54.00, equivalent to a market capitalisation of SEK 7,371 m. A total of 242 million shares were traded in 2008, equal to 177 per cent of the total number of outstanding shares. The year low and high were SEK 28.60 and SEK 79.75 respectively. Against the closing price at year-end 2007 of SEK 72.00,

the share price fell by 25 per cent. Dividends paid in 2008 were SEK 8.00, implying a total yield of -14 per cent. Average annual total yields over the last five years have been 24 per cent. In 2008, the SX4040 Real Estate\_PI fell by 28 per cent, while the OMX Stockholm\_PI fell by 42 per cent.

## SHARE CAPITAL

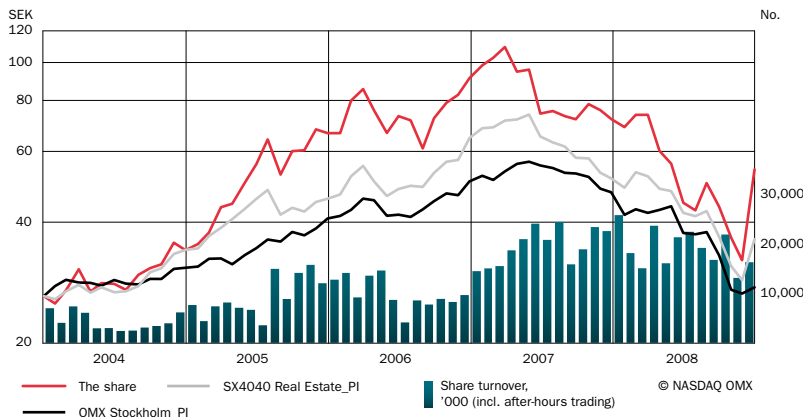
At year-end, Kungsleden's share capital was SEK 56,875,860 divided between 136,502,064 shares, each with a quotient value of SEK 0.42. Each share

has one vote and confers equal rights to participation in the company's assets and profits.

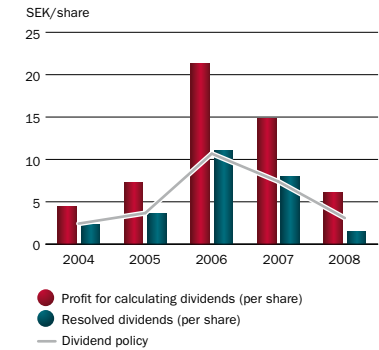
## SHAREHOLDERS

Kungsleden had 25,707 shareholders as of 31 December 2008, a 7 per cent increase on the previous year. At year-end, the ten largest shareholders controlled 21 per cent of the capital and votes. Private investors were 48 per cent of the total, and foreign owners 24 per cent.

### The share



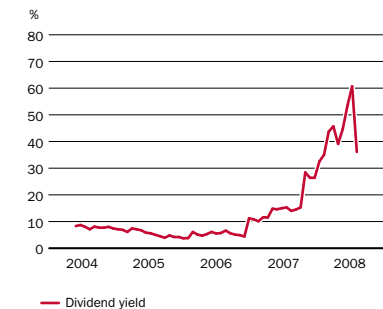
### Profit for calculating dividends per share



### Total yield



### Dividend yield<sup>1</sup>, %



<sup>1</sup> Dividend yield for the share is calculated as dividend paid for each year in relation to the share price.

## 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.

## PROPOSED DIVIDENDS

Against the background of substantial uncertainty on the financial markets and in the real economy the Board of

Directors judges that it is appropriate to diverge from Kungsleden's dividend policy. Accordingly, for the financial year 2008, the Board proposes dividends of SEK 1.50 per share, equivalent to a dividend yield of 3 per cent in terms of the closing price at year-end 2008. For more information, see the proposed appropriation of profits on page 76.

## INVESTOR RELATIONS

Deputy Chief Executive/Chief Financial Officer Johan Risberg is responsible for Kungsleden's investor relations. His tele-

phone number is +46 (0)8 503 05206. The company's press releases and financial reports are distributed through Cision and are uploaded at the company's website, [www.kungsleden.se](http://www.kungsleden.se) coincident with publication.

Financial information is available on order from Kungsleden AB (publ) via the website, by telephone +46 (0)8 503 05200 or by e-mail: [info@kungsleden.se](mailto:info@kungsleden.se).

## Data per share

	2008	2007	2006	2005	2004
Share price, SEK <sup>1</sup>	54.00	72.00	105.00	77.00	42.00
Beta value	0.43	0.29	1.09	0.57	0.31
Resolved dividend/share redemption (proposed for 2008), SEK <sup>1</sup>	1.50	19.50	11.00	4.00	2.50
Total yield, %	-13.9	-10.0	41.7	88.9	36.8
Dividend yield, %	2.8	11.1	21.4	5.2	6.0
P/E ratio, multiple	-7.6	4.1	4.9	4.2	2.6
P/CE ratio, multiple	11.7	7.1	3.6	3.8	5.2
Gross profit, SEK <sup>1</sup>	14.40	12.50	11.20	10.50	8.40
Profit/loss after tax, SEK <sup>1</sup>	-7.00	17.60	26.20	16.00	7.20
Profit for calculating dividends, SEK <sup>1</sup>	6.20	14.80	21.30	7.30	4.80
Equity, SEK <sup>1</sup>	51.80	66.20	71.10	48.70	34.80
Property book value, SEK <sup>1</sup>	209.30	188.50	169.30	188.60	118.30
Cash flow from operating activities, SEK <sup>1</sup>	6.20	14.80	21.30	7.30	4.80
No. of shares at year-end <sup>1</sup>	136,502,064	136,502,064	136,502,064	136,502,064	121,290,351
Average number of shares in the year <sup>1</sup>	136,502,064	136,502,064	136,502,064	123,846,384	113,751,720

1. 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.

## Share capital history

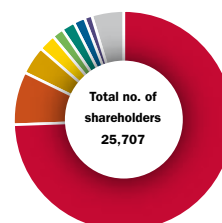
Year	Event	Change in no. of shares	Total no. of shares	Quotient value	Increase in share capital, SEK	Accumulated share capital, SEK
1997	Incorporation	1,000	1,000	100	100,000	100,000
1997	Split 20:1	19,000	20,000	5	-	100,000
1997	New issue	230,000	250,000	5	1,150,000	1,250,000
1997	Promissory note with 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 share

## Shareholders as of 31 December 2008

Shareholder	No. of shares	% of vote and share capital
The Second AP Fund	7,905,415	5.8
Swedbank Robur mutual funds	6,767,072	4.9
Florén Olle and companies	3,000,800	2.2
SHB/SPP mutual funds	2,895,209	2.1
Nordea mutual funds	2,208,035	1.6
SEB mutual funds	1,427,712	1.0
Kåpan Pensioner	1,080,000	0.8
Avanza Pension Försäkring AB	1,021,823	0.7
Crafoord Foundation	963,000	0.7
Länsförsäkringar mutual funds	936,033	0.7
<b>Total, 10 largest shareholders</b>	<b>28,205,099</b>	<b>20.7</b>
Board and Management	422,390	0.3
Foreign shareholders, other	32,605,771	23.9
Other shareholders	75,268,804	55.1
<b>Total</b>	<b>136,502,064</b>	<b>100.0</b>

## Shareholders by country, 31 December 2008



74.5%	Sweden
7.8%	US
4.2%	UK
2.6%	Luxembourg
1.7%	Netherlands
1.7%	Ireland
1.7%	Switzerland
1.3%	France
4.5%	Other

## Shareholdings by size

Shareholdings	Proportion of shareholders, %	No. of shareholders	Participating interest, %
1-1,000	64.5	16,596	4.4
1,001-10,000	30.0	7,714	18.8
10,001-20,000	2.5	654	6.9
20,001-50,000	1.6	423	9.7
50,001-100,000	0.6	147	7.6
100,001-500,000	0.5	136	22.4
500,001-10,000,000	0.3	37	30.2
<b>Total</b>	<b>100.0</b>	<b>25,707</b>	<b>100.0</b>

## Financial analysts

The following financial analysts monitor Kungsleden on an ongoing basis:

### ABG Sundal Collier

Jonas Andersson, jonas.andersson@abgsc.se

### Carnegie

Fredrik Skoglund, fresko@carnegie.se

### Cheuvreux

Andreas Dahl, adahl@cheuvreux.com

### Danske Bank

Peter Trigarzsky, peter.trigarzsky@danskebank.se

### Deutsche Bank

Hans Derninger, hans.derninger@db.com

### DnB Nor

Simen Mortensen, simen.mortensen@dnbnor.no

### HQ Bank

Olof Nyström, olof.nystrom@hq.se

### Handelsbanken

Tobias Kaj, toka14@handelsbanken.se

### Kaupthing Bank

Erik Nyman, erik.nyman@kaupthing.com

### Laurent Saint Aubin

Serge Demirdjian, sdemirdjian@aurel-bgc.com

### Merrill Lynch London

Bernd Stahli, bernd\_stahli@ml.com

### Rabo Securities

Ruud van Maanen, ruud.van.maanen@rabobank.com

### SEB/Enskilda

Bengt Claesson, bengt.claesson@enskilda.se

### Swedbank Markets

Andreas Daag, andreas.daag@swedbank.se

# Corporate governance

Corporate governance consists of the decision systems through which shareholders control the company directly and indirectly. Corporate governance has been developed through legislation, recommendations and self-regulation. Transparency of communication is another important component.

## ADOPTION OF THE SWEDISH CODE OF CORPORATE GOVERNANCE

Kungsleden adopted the Swedish Code of Corporate Governance ("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.

## ANNUAL GENERAL MEETING

The Annual General Meeting for the financial year 2007 was held on 17 April 2008. The AGM resolved on dividends, election of the Board of Directors, remuneration to the Board of Directors and Auditors, remuneration principles and other employment terms for senior executives, election of the Nomination Committee and the second part of the planned three-year performance-related staff stock option plan for key staff, approved by the AGM 2007.

A report on the AGM is available from Kungsleden's website.

The AGM for the financial year 2008 will be held on 22 April 2009 at Hotel Rival, Mariatorget 3, Stockholm, Sweden. 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 shareholder base 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

Pursuant to the current instructions on the Nomination Committee's activities, the Nomination Committee will comprise a minimum of three and a maximum of five members and the Chairman of the Board. Three of the members will represent those shareholders that are among the largest shareholders in terms of the vote as of 31 January each year, and that also wish to participate in Nomination Committee activities.

The members are elected by the AGM for the period extending until the end of the following AGM.

The Nomination Committee's tasks include preparing and submitting pro-

posals to the AGM regarding the Board composition, Directors' and Auditors' fees, and when appropriate, the election of Auditors.

## Nomination Committee

The AGM 2008 elected KG Lindvall (representing Swedbank Robur fonder), Gunnar Balsvik (representing Kåpan Pensioner Försäkringsförening), Olle Florén (representing Olle Florén and companies) and Chairman of the Board Bengt Kjell as members of the Nomination Committee. The Nomination Committee appointed KG Lindvall as Chairman and Kungsleden's General Counsel Åke Theblin as its secretary. On 22 September 2008, Carl Rosén, representing the Second AP Fund, joined the Nomination Committee, which as stated in an announcement of 16 September 2008, had become Kungsleden's largest shareholder with approximately 5.1 per cent of the shares of the company. Carl Rosén was appointed Chairman of the Nomination Committee at a meeting on 12 November 2008.

A statement of the Nomination Committee's activities has been uploaded to Kungsleden's website.

## BOARD OF DIRECTORS

The parent company's current Articles of Association stipulate the company's Board of Directors comprising a

## Attendance at Board and Committee meetings in 2008

	Board of Directors		Audit Committee		Remuneration Committee		
No. of meetings, total		18		4		3	
Bengt Kjell	x	0	18		x	0	3
Jonas Nyrén	x		15	x	0	4	
Anna Weiner Jiffer	x		16	x		4	
Per-Anders Ovin	x		16	x		4	
Jan Nygren	x		15			x	1
Thomas Erséus	x		18				
Magnus Meyer <sup>1</sup>	x		14				
Jens Engwall	x		15				
Mats Israelsson <sup>2</sup>	x		1			x	2
<b>Average attendance, %</b>			<b>89</b>				

x - Member of Board/Committee  
1 - Elected at AGM 2008

0 - Chairman of Board/Committee  
2 - Resigned at AGM 2008

# Corporate governance

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 2008 elected Magnus Meyer as a Board member after Mats Israelsson declined re-election. Other Board members were re-elected. No deputies were elected.

## Board activities and rules of procedure

Board activities conform to the rules of procedure 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 rules of procedure also stipulate that the Board ensures that

Kungsleden'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 has eight members. Bengt Kjell was elected Chairman of the Board at the AGM 2008. The Board has been composed to provide active and effective support to the management in Kungsleden'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, Thomas Erséus is not independent, due to him being Chief Executive of the company. Other members are independent of Kungsleden, the corporate management and major shareholders.

## Board activities in 2008

In 2008, the Board met on 13 occasions, all in Stockholm. Per capsulam meetings were held on 5 occasions coincident with acquisition, divestment and funding issues. Attendance at each Board meeting is stated in the table on page 45. The Board considered issues including Kungsleden's strategy, targets, business plan, market, external reporting, property acquisitions and divestments, investments in existing properties, raising loans and other funding issues, preparing sales mandates and incentive schemes. Both Deputy Chief Executives, and the General Counsel, also the Board secretary, also attended Board meetings.

## Directors' fees

Fees are payable to the Board pursuant to AGM resolution. Additionally, after proposals from the Nomination Committee, the Meeting also resolves on the division of fees between the Chairman and Board members. No

## Board of Directors

**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. Kungsleden shareholding: 0.

**Jens Engwall.** Board member. Born in 1956, B.Sc. (Eng.). Elected to the Board in 2006. Main employment: self-employed. Other assignments: Chairman of Runsvengruppen AB and N & R Properties Ltd. Board member of Vasallen AB, Tengbomgruppen AB, Ruric AB, Cheng de Intressenter AB, Catella Financial Advisory AB, Bonnier Cityfastigheter and Reinhold Polska AB. Kungsleden shareholding: 0.

**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, PrimeKey Solution AB and CombuTech AB. Board member of GE Moneybank, E.ON Sverige AB and Tiohundra AB. Chairman of the Swedish High Command's advisory board on societal contacts. Kungsleden shareholding: 1,600.

**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, Industrivärden. Other assignments: Chairman of Indutrade AB. Board member of Skanska AB, Höganäs AB, Munters AB, Pandox AB and Helsingborgs Dagblad AB. Kungsleden shareholding: 40,000.

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

**Thomas Erséus.** Board member and Chief Executive. Elected to the Board in 2007. See page 49.

**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 AB and Albert Bonnier AB. Other assignments: Board member of SkandiaBanken AB, Bisnode AB and a number of Bonnier group companies. Kungsleden shareholding: 22,050.

**Magnus Meyer.** Born in 1967, B.Sc. (Eng.) and Licentiate of Technology from the Royal Institute of Technology, Stockholm. Elected to the Board in 2008. Main employment: CEO of Tengbomgruppen AB. Other assignments: Board member of Tengbomgruppen AB, Culmen AB and member of DTZ's Advisory Board. Kungsleden shareholding: 0.

*The above information for shareholdings is as of 31 December 2008, and includes holdings through companies and related parties.*





fees are payable to Board members employed by Kungsleden. The AGM 2008 resolved on fees to ordinary members of SEK 220,000 annually and fees of SEK 475,000 annually to the Chairman of the Board. The AGM also resolved on fees to members of the Remuneration Committee of SEK 25,000 annually, fees of SEK 50,000 annually to the Chairman of the Audit Committee and fees of SEK 25,000 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 2008 appointed a Remuneration Committee comprising Bengt Kjell and

Jan Nygren. This Committee submits proposals to the Board regarding the Chief Executive's employment terms, the terms for the group management and principle issues relating to pensions, salaries, redundancy pay, fees and benefits.

#### **Audit Committee**

The Board meeting following election in April 2008 appointed an Audit Committee comprising 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 three meetings in 2008. Kungsleden's Auditors and representatives of the company attended all 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 11.2 and 10.5 of the Code, and is thus confined to internal control of financial reporting.

The control environment the Board and management continually utilises forms the foundation of internal controls, although decision-paths, authorisation 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



## Corporate governance

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 reconciliations, certification and similar controls intended to prevent, discover and rectify misstatements and variances. 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. An external party reviewed the company's processes for its financial statement, tax and business plans in the year. The internal controls are considered satisfactory and expedient for an organisation of Kungsleden's size, and accordingly, the Board and management do not see any need for an internal audit function.

### AUDITORS

Authorised Public Accountant Björn Flink, practising at KPMG Bohlins AB, has been elected as the Auditor of the parent company for the period until the AGM 2011 inclusive. Authorised Public Accountant George Pettersson,

practising at KPMG Bohlins AB, was appointed Deputy Auditor for the period until the AGM 2011 inclusive. In addition to auditing, in recent years, KPMG has also provided other services, mainly tax advisory services.

Fees are payable on approved account. In 2008, audit fees were SEK 6.2 (6.7) m for the group.

### GROUP MANAGEMENT

The group management comprises Kungsleden's 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 General Counsel. The Divisional Manager of Retirement homes Germany resigned in the autumn as a result of its merger with the Public properties division. The Deputy Chief Executive/Business Development & Strategy left the company at year-end 2008.



### Remuneration to the group management, etc.

Pursuant to the principles approved by the AGM 2008 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. The principles governing remuneration to the Board of Directors and group management, and the scale of remuneration payable for 2008 is stated in Notes 6 and 7 of the Annual Report. Note 7 also states the conditions for bonus agreements. The group management is eligible for the performance-related staff stock option plan approved by the AGMs of 2007 and 2008.

In 2008, 25,000 staff stock options each were granted to the Chief Executive and Deputy Chief Executives relating to the staff stock option plan approved by the AGM 2007, and

12,000 stock options each to the other senior executives that are members of the group management. The exercise price is set at SEK 113.34.

Granting of staff stock options in the staff stock option plan approved by the AGM 2008 is dependent on the Kungsliden group's profit for calculating dividends for 2008 and implies that a maximum of 30 key staff of the Kungsliden group are entitled to acquire a maximum of 300,000 shares of the company. The maximum term of the staff stock options is four years from the grant date, and accordingly, concludes on 31 March 2013. The staff stock options can be exercised to acquire shares from 1 June 2011 at the earliest to 31 March 2013, both dates inclusive, providing the employee remains employed by the group. The exercise price is 115 per cent of the average volume-weighted price paid on NASDAQ OMX Stockholm for the period

of ten trading days immediately after the AGM 2008 and has been set at SEK 70.91.

As of 1 March 2009, the cost of the plan is approximately SEK 400,000. More detail on the incentive scheme is available at Kungsliden's website, [www.kungsliden.se](http://www.kungsliden.se).

In 2009, 25,000 staff stock options each were granted to the Chief Executive and Deputy Chief Executives relating to the staff stock option plan approved by the AGM 2008, and 12,000 stock options each to the other senior executives that are members of the group management. The Board of Directors' decision on granting is conditional on the AGM 2009 approving the Board of Directors' granting decision in the manner stated in the notice convening the AGM 2009.



### Management

**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.

**Åke Theblin.** General Counsel. Born in 1961, LL.B. from the University of Stockholm. Kungsliden employee since 2001. Previous experience: General Counsel, AP Fastigheter AB, Advokat Hellström Advokatbyrå AB. Kungsliden shareholding: 20,500.

**Thomas Erséus.** Chief Executive. Born in 1963, B.Sc. (Eng.) from Chalmers University of Technology, Gothenburg. Kungsliden employee since 2006. Other assignments: Board member of HQ Bank AB, Bravida AB and DSV Miljö A/S of Denmark. Previous experience: President and CEO of WSP Europe AB, CEO of AB Jacobson & Widmark. Kungsliden shareholding: 80,000.

**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: 1,600.

**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: 24,440.

**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: 208,000.

**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.

*The above information for shareholdings is as of 31 December 2008, 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 accounts and consolidated accounts for the financial year 2008. 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 organised into three divisions, with each division responsible for the management and letting of its property portfolio. Commercial properties concentrates mainly on the Industrial/warehouse, Office and Retail property types. Public properties are divided between the Retirement home, School and Care types, where retirement homes are also owned in Germany. The third division, Nordic Modular, primarily conducts lettings, but also the production and sale, of modular buildings.

Kungsleden has been quoted on Nasdaq OMX Stockholm since 1999.

## FINANCIAL TARGETS

The group's financial targets are to achieve a minimum return on equity of 15 per cent and a minimum interest coverage ratio of 2.

For the first time in six years, return on equity is below target, mainly because of negative unrealised value changes.

## SUMMARY OF PROGRESS IN THE YEAR

The year featured substantial uncertainty on the financial markets, particularly in the second half-year. The number of property transactions reduced, while the lettings market remained largely unaffected. For Kungsleden's part, ongoing management progressed well, and net sales rose by 11 per cent, while gross profit increased by 15 per cent.

Property divestments were conducted around, or just above, book value and realised previous value changes, while the trend of recent years of value increases on the existing holding discontinued, and value reduction became apparent.

The public sector initiative remained substantial, with acquisitions of just over SEK 2 bn in Sweden. Continued focus is planned in partnership with the Third Swedish National Pension Fund, which signed an agreement to acquire 50 per cent ownership of the public portfolio in late-2008. As a result of this transaction, Kungsleden will also free capital for continued business development.

The transaction is conditional on retained financing and approval from the competition regulator.

As a result of the dividend, shareholders received high dividend yields, totalling SEK 8.00 per share in 2008.

## REVENUE AND PROFITS

Net sales in 2008 were SEK 2,897 (2,612) m, divided between rental revenues of SEK 2,529 (2,324) m and sales revenues from modular buildings of SEK 368 (289) m.

Rental revenue increased by 9 per cent due to a larger property portfolio. Rental discounts are low in relation to total rental revenues and amounted to SEK 26 (21) m. As in the previous year, Kungsleden has low rental loss levels, with the figure for 2008 being SEK 26 (9) m.

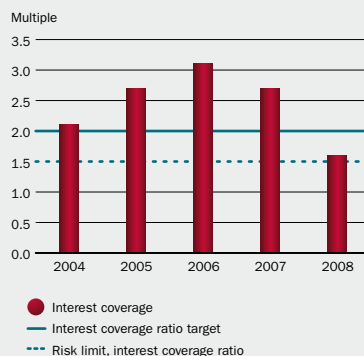
Gross profit increased more than revenue, growing by 15 per cent to SEK 1,967 (1,705) m, because the property portfolio has more high-yielding properties. The property yield amounted to 7.0 (6.8) per cent in 2008.

Profit from property trading was SEK 12 (580) m, including realised value changes of SEK 256 (885) m. The profit deterioration is mainly due to fewer divested properties in 2008 than in the previous year.

### Return on equity



### Interest coverage ratio



The trading net was also charged with costs of SEK 25 m for previous years' divestments.

Tax on net profit was SEK 223 (-222) m. The year-2008 item is a revenue, against the previous year's cost mainly because of the loss before tax. More information on the tax position is in Note 11.

The net loss was SEK -962 (2,400) m, with this lower figure due mainly to negative value changes on financial instruments and properties as well as a lower trading net.

This figure corresponds to a return on equity of -12 (26) per cent, which is below the target of a 15 per cent return for the first time in six years.

Profit for calculating dividends for 2008 was SEK 840 (2,019) m, which is consistent with the most recent forecast and SEK 60 m below the forecast published a year ago. Increased funding costs and a weak transaction market are the main reasons for the discrepancy against the original forecast. The following table states how profit for calculating dividends is calculated.

#### COSTS

Property costs were SEK 621 (653) m, with operating costs of SEK 530 (517) m, maintenance costs of SEK 178 (186)

m and allocated tenant adaptations of SEK 119 (82) m being the largest items. A portion of these costs are subject to supplementary invoicing, which reduced property costs by a total of SEK 129 (108) m. In addition, SEK 716 (553) m was capitalised in the form of investments in existing properties, while new properties of SEK 58 (91) m were produced.

Sales and administration costs were SEK 374 (316) m, with this increase due to the new operations of Nordic Modular and in Germany. 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 Kungsholmen's stock market quotation. This also includes property administration including costs for rent billing, rent negotiations, rent demands, reporting and depreciation of inventories.

The net financial position reduced by SEK 266 m to SEK -986 (-720) m. This is explained by a higher loan volume after net acquisitions of properties and funding substantial transfers of capital to shareholders through dividends and share redemption processes over the past year, and higher interest rates in 2008 than 2007.

Value changes on properties and financial instruments in the year were SEK -213 (1,305) m and SEK -1,590 (66) m respectively, totalling SEK -1,803 (1,372) m.

The negative value changes on properties are a net of new value appraisals and investments made that equate to nearly 1 per cent of book value. The fact that property earnings capacity increased by 0.1 percentage points, corresponding to a value change of -2 per cent, is also noteworthy. Combined with index-linking of year-2009 rents, this generates a total value change of -6 per cent. Value changes on properties are mainly related to the commercial portfolio.

The valuation of financial instruments was negatively affected by a sharp fall in interest rate levels late in the year. Interest derivatives, intended to provide stable cash flow over time at fixed interest, have a market value that changes continuously due to changed interest levels and durations reducing. A negative value arises at year-end when market interest rates are lower. The negative value of loans and derivatives of SEK 1,545 m as of 31 December will reduce with time, *ceteris paribus*, and a positive value change will be reported in the Income Statement going forward.

#### Profit for calculating dividends

SEK m	2008	2007
Gross profit	1,967	1,705
Sales and administration costs	-374	-316
Net financial position	-986	-720
<b>Sub-total</b>	<b>607</b>	<b>669</b>
Property divestments		
Trading net on divestment	12	580
Realised value changes	256	885
<b>Sub-total</b>	<b>268</b>	<b>1,465</b>
Tax paid and other items not affecting cash flow	-35	-115
<b>Profit for calculating dividends*</b>	<b>840</b>	<b>2,019</b>

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

# Report of the Directors

## PROPERTY PORTFOLIO

The portfolio comprised 603 (575) properties with area of 3,185,000 (3,052,000) sq.m. and a book value of SEK 28,756 (25,737) m at year-end. 90 per cent of properties were valued by an external valuer as of 31 December 2008. These valuations and the agreement with the AP3 confirm the company's book values because they are consistent with internal valuations.

SEK 1,426 (1,306) m of book value relates to modular buildings. Of the 603 properties, 307 (corresponding to 51 per cent) are commercial properties and 296 (corresponding to 49 per cent) are public properties.

Earnings capacity indicates the earnings ability of the current property holding at any given time as if the portfolio had been held throughout the reporting period. At year-end, annual rental revenue on the property portfolio was SEK 2,736 (2,366) m, the operating net was SEK 1,867 (1,653) m and property yield was 6.5 (6.4) per cent.

The properties were located in 132 (134) municipalities, with 52 (48) per

cent of book value located in municipalities with populations of less than 100,000. 42 (46) 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 portfolio in Germany represents SEK 1,257 (933) m of total book value. In addition, Kungsliden signed agreements to acquire 5 retirement homes in Germany for SEK 562 (937) m. These are properties under construction and Kungsliden will take possession in 2009. Four previously contracted construction projects of SEK 270 m have been delayed; Kungsliden has chosen not to complete them.

Property management in Germany differs from Sweden. For example, tenants basically carry 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 774 (644) m in 2008.

## PROPERTY TRADING

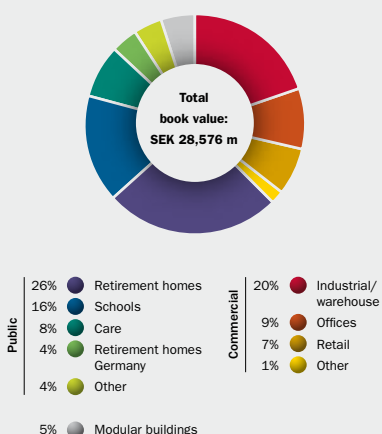
After two years of extremely high transaction volumes, the property market returned to a significantly lower and more normalised level of transactions. For Kungsliden, this meant fewer acquisitions and divestments in 2008.

In the year, 54 (213) properties with area of 327,000 sq.m. were acquired for a value of SEK 3,408 (9,625) m. Of these acquisitions, 29 were commercial properties and 25 were public properties. The acquisitions include two retirement homes in Germany. These acquisitions were conducted at an estimated property yield of 7.1 (7.3) per cent.

The major acquisitions in the year include:

- 13 public properties with municipal and central government operations, acquired from the City of Västerås for SEK 1,050 m.
- Six public properties in Norrköping and Nyköping, near Stockholm, acquired from GE Real Estate for SEK 955 m.

## Property portfolio by type, 31 December 2008



## Property portfolio changes

SEK m	2008	2007
Properties at the beginning of the period	25,737	23,106
Acquisitions	3,408	9,625
Investments	774	596
Divestments	-1,301	-8,895
Exchange rate fluctuations	171	0
Value changes	-213	1,305
<b>Properties at the end of the period</b>	<b>28,576</b>	<b>25,737</b>

## Earnings capacity

	31 Dec. 2008	31 Dec. 2007
No. of properties	603	575
Leasable area, 000 sq. m.	3,185	3,052
Book value of properties, SEK m	28,576	25,737
Rental value, SEK m	2,902	2,509
Rental revenues, SEK m	2,736	2,366
Operating net, SEK m	1,867	1,653
Economic occupancy, %	95.0	94.4
Property yield, %	6.5	6.4
Operating surplus margin, %	68.2	69.9

## Property values

SEK m	Commercial properties	Public properties	Valued properties	Not valued <sup>1</sup>	Total book value
Book value	10,381	15,471	25,852	2,724	28,576
External valuation	11,430	15,021	26,451		

1. Of un-valued properties, SEK 1,426 m are modular buildings, SEK 1,257 m are Retirement homes in Germany and SEK 41 m are commercial properties.

During the year, 28 (222) properties with an area of 198,000 sq.m. were sold for SEK 1,313 (9,475) m; of these properties, 25 are commercial and three public.

The book value of divested properties was SEK 1,301 m (8,895) m and acquisition cost were SEK 1,045 (8,010) m. The divestments were conducted at a property yield of 5.2 (4.5) per cent.

The largest divestments were:

- Five warehouse and logistics properties in central and southern Sweden, sold to Northern Logistic Properties for SEK 600 m.
- One industrial property and two site-leaseholds in the Stockholm region, sold to Sagax for SEK 204 m.

#### NORDIC MODULAR

Nordic Modular has been a division of Kungsliden since 2007. Flexible and cost-efficient modular buildings are a strong complement to Kungsliden's offering, particularly to the public sector. Nordic Modular's operations are primarily modular lettings (through the companies Temporent and Nordic

Modular Leasing) and the production and sale of modular buildings (within Flexator).

At year-end, modular buildings had total area of 223,000 (210,000) sq.m. and a book value of SEK 1,426 (1,306) m. Rental revenues for modular buildings were SEK 255 (214) m for the year with a gross profit of SEK 234 (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 modular buildings including inventory changes amounted to SEK 368 (289) m with gross profit of SEK 59 (35) m.

#### FINANCING

Kungsliden's loan portfolio is based on agreements with banks and a syndicated credit facility. Usually, loan agreements are reached with maturities of five to seven years, which can be considered customary on the Swedish market for property credits. In its agreements, Kungsliden endeavours to secure short

fixed interest terms, to maximise its flexibility to work on interest risk at an overall group level. The desired risk level of its fixed interest structure is achieved using instruments called interest swaps or caps.

The loan portfolio at year-end amounted to a nominal SEK 20,743 m, and including the market value of financial instruments, was SEK 22,288 (21,067) m. Un-utilised credit facilities amounted to SEK 1,750 (610) m. Average interest on Kungsliden's loan portfolio was 4.5 per cent as of 31 December against 4.8 per cent as of 1 January.

The average fixed interest term as of 31 December was 2.7 years against 1.4 years as of 1 January. Interest rates fluctuated in the year. Three-month Stibor peaked in October at 5.6 per cent, and in light of rising interest rates, Kungsliden chose to fix SEK 5,000 m of the short portion of its borrowings at just under 4 per cent for 2009. In October, Kungsliden also fixed some SEK 1,000 m with maturities of between four and eight years. In 2008, Kungsliden also entered closable swaps, with a pos-

#### Property trading



#### Property divestments in 2008

SEK m	No. of properties	Profit/loss from divestments
Profitable divestments	22	125
Break-even divestments	2	0
Loss-making divestments	4	-16
Sales overheads		-72
Profit/loss items from previous year's divestments		-25
<b>Trading net</b>	<b>28</b>	<b>12</b>
Realised value changes		256
<b>Effect on profit for calculating dividends</b>		<b>268</b>

#### Maturity structure, credits (including un-utilised credit facilities)

As of 31 December 2008 Year	Credits, SEK m	Proportion, %	Average conversion term, years
2009	1,962	8.7	
2010	1,211	5.4	
2011	2,263	10.1	
2012	13,073	58.1	
2013	3,270	14.5	
2014	-	-	
2015	-	-	
2016	-	-	
2017	-	-	
2018	714	3.2	
<b>Total credits</b>	<b>22,493</b>	<b>100.0</b>	<b>3.5</b>
Un-utilised credit facilities	-1,750		
<b>Total utilised credit facilities</b>	<b>20,743</b>		

# Report of the Directors

itive effect on cash flow and average interest in 2008. The hedged interest in 2009 and closable swaps mean that Kungsleden's interest costs would not be significantly affected if short interest rates fall.

The sharp fall in interest rates in late-2008 resulted in a negative valuation on Kungsleden's derivative portfolio, which increased the balance sheet item non-interest bearing liabilities by SEK 1,545 m at year-end.

Loans and overdraft facilities of SEK 1,817 m mature in 2009, corresponding to 8 per cent of Kungsleden's entire funding portfolio. After the end of the fourth quarter, Kungsleden received tenders from lenders on some SEK 1,200 m of these facilities, which together with un-utilised credits, guarantee the company's funding.

For more information, see 'Financing and financial risks' on pages 34–36.

## EQUITY

Equity was SEK 7,065 (9,040) m or SEK 52 (66) per share, equivalent to an equity ratio of 23 (28) per cent. The transaction with the AP3, which is conditional on retained finance and approval from the competition regulator, reduces total assets and equity ratio increases by 9 per cent pro forma.

## CASH FLOW

Cash flow from operating activities was SEK 840 (2,019) m. Investment activity generated a cash flow of SEK 543 (–6,816) m through payment being received for transactions from late-

2007. Financing activities generated a cash flow of SEK –1,371 (5,281) m, of which SEK –1,092 m for dividends for the year.

## HUMAN RESOURCES

The average number of employees in the year was 407 (353), 281 (233) of which worked for Nordic Modular, of which 203 (164) in the production of modular buildings.

Approximately 100 employees in modular production were issued with redundancy notices in the autumn due to reduced orders received. The group management staff was reduced in the year when the Divisional Manager for Germany, Albrecht von Malortie, left as a result of the merger with the Public properties division, and Lars Thagesson, Deputy Chief Executive/Business Development & Strategy, resigned at year-end.

On 17 April, the AGM approved the Board of Directors' proposal to introduce a second performance-related staff stock option plan, based on targets and results for 2008, and a third plan will be considered at the AGM 2009, as stated in the notice convening the Meeting.

For more information on Kungsleden's human resources including information on staff stock option plans and guidelines on remunerating senior executives, see pages 14–16 and 46–49 and Notes 6 and 7.

## ENVIRONMENT

Environmental activities are a clear focus for Kungsleden, where the energy consumption of properties generates a

substantial environmental impact. In the period 2009–2011, energy and climate change will be key target segments for Kungsleden. The environmental targets for the coming period and results from environmental activities in 2008 are reviewed on pages 38–39.

Kungsleden 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 Kungsleden tenants conduct operations that require notification or permits pursuant to the Swedish Environmental Code.

## PARENT COMPANY

The parent company's operations are mainly to own shares in the operational subsidiaries. The parent company's net profit was SEK 1,701 (2,719) 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 6,683 (6,782) m. Financing was mainly through equity, which was SEK 5,632 (4,894) m at year-end, implying an equity ratio of 54 (64) per cent.

## SHARE CAPITAL

At year-end, Kungsleden'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.



## SHAREHOLDERS

Kungsleden had 25,707 shareholders at year-end, of which the biggest were the Second AP Fund with 5.8 per cent of the share capital and votes, Swedbank Robur fonder with 4.9 per cent and Olle Florén with 2.2 per cent. For more information on the share and shareholders, see pages 42–44.

## RISKS AND UNCERTAINTY FACTORS

Kungsleden's operations, profits and financial position are affected by a number of risk factors and in certain cases, particularly for property valuations, are based on judgments.

The risks affecting profits and cash flow are mainly attributable to changes in rent levels, occupancy levels, general cost growth, interest rate levels and property market liquidity.

The Balance Sheet is dominated by properties and funding. The overall risk in property values depends on geographical diversity, property type, property size, length of rental agreements, tenant structure, technical standard, etc. Property values are appraised individually progressively through the year based on a series of judgments and estimates of future cash flows and required returns in a transaction. The approach for internal valuations is reviewed on pages 22–23 and Note 13.

The main financial risks are liquidity risk, re-financing risk and interest risk, and are managed on the basis of the Finance Policy. More information on managing financial risks is on pages 34–36.

For more information on Kungsleden's risks and uncertainty factors see pages 32–33 and Note 1.

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

## BOARD ACTIVITIES

A statement of the Board of Directors' composition and activities in the year is provided in the Corporate Governance Report on pages 45–49.

## FORECAST FOR 2009

Because at the time of writing, the transaction with the AP3 is not definitively complete, the company intends to publish its year-2009 forecast of profits for calculating dividends in a press release at a later date. Profit for calculating dividends corresponds to the Cash Flow Statement item cash flow from operating activities.

## SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

There were no significant events after the end of the financial year.



# Consolidated Income Statement

SEK m	Note	2008	2007
Rental revenues	4	2,528.6	2,323.6
Sales revenues, modular buildings		368.1	288.6
<b>Net sales</b>		<b>2,896.7</b>	<b>2,612.2</b>
Property costs		-621.2	-652.7
Production costs, modular buildings		-308.9	-254.1
<b>Gross profit</b>	6	<b>1,966.6</b>	<b>1,705.4</b>
<b>Property trading</b>			
Sales revenues, net		1,313.1	9,474.9
Book value			
Acquisition cost		-1,044.7	-8,009.9
Realised value changes		-256.0	-885.1
		<b>-1,300.7</b>	<b>-8,895.0</b>
<b>Trading net</b>		<b>12.4</b>	<b>579.9</b>
<b>Sales and administration costs</b>	5-8	<b>-374.0</b>	<b>-315.9</b>
<b>Net financial position</b>			
Financial revenues	10	36.6	23.2
Financial costs	10	-1,022.7	-743.4
		<b>-986.1</b>	<b>-720.2</b>
<b>Unrealised value changes</b>			
Investment properties		-213.0	1,305.4
Financial instruments	10	-1,590.4	66.3
		<b>-1,803.4</b>	<b>1,371.7</b>
<b>Profit/loss before tax</b>		<b>-1,184.5</b>	<b>2,620.9</b>
<b>Tax</b>			
Current tax	11	-40.7	-130.1
Deferred tax	11	263.7	-91.3
		<b>223.0</b>	<b>-221.4</b>
<b>Net profit/loss for the year</b>		<b>-961.5</b>	<b>2,399.5</b>
Profit attributable to parent company shareholders		-961.5	2,399.5
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	23	-7.00	17.60
Proposed dividend per share, SEK		1.50	8.00

# Consolidated Balance Sheet

SEK m	Note	31 Dec 2008	31 Dec 2007
<b>ASSETS</b>			
<b>Properties</b>			
Investment properties	12		
Property used in business operations	13	28,446.6	25,661.8
Property development projects	14	15.8	16.3
	15	113.4	58.9
		<b>28,575.8</b>	<b>25,737.0</b>
<b>Receivables, etc.</b>			
Goodwill	16	193.2	196.8
Machinery and equipment	17	19.3	17.1
Shares in associated companies	18	20.0	7.6
Deferred tax asset	11	247.0	–
Other long-term receivables	19	679.7	116.7
Inventories		62.0	67.8
Accounts receivable		154.8	154.1
Other receivables	20	57.1	5,750.3
Pre-paid costs and accrued income		71.0	99.5
	21, 27	<b>1,504.1</b>	<b>6,409.9</b>
<b>Cash and cash equivalents</b>			
Cash and bank balances	22	641.6	633.9
<b>TOTAL ASSETS</b>		<b>30,721.5</b>	<b>32,780.8</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Equity</b>			
Share capital	23	56.9	56.9
Other contributed capital		1,373.1	1,373.1
Translation reserve		72.9	–5.3
Profit brought forward including net profit for the year		5,561.9	7,615.4
<b>Total equity (attributable to parent company shareholders)</b>		<b>7,064.8</b>	<b>9,040.1</b>
<b>Interest-bearing liabilities</b>			
Liabilities to credit institutions	24, 26, 27	20,742.7	21,067.6
		<b>20,742.7</b>	<b>21,067.6</b>
<b>Non-interest bearing liabilities</b>			
Deferred tax liability	11	–	26.7
Accounts payable		200.2	329.1
Tax liabilities		41.0	110.7
Other liabilities	25	1,728.4	1,621.1
Cumulative costs and deferred income		944.4	585.5
	26, 27	<b>2,914.0</b>	<b>2,673.1</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>30,721.5</b>	<b>32,780.8</b>

For information on the group's assets pledged and contingent liabilities, see Notes 28 and 29.

# Consolidated Statement of Changes in Equity

SEK m	Share capital	Other contributed capital	Translation reserve	Profit brought forward including net profit for the year	Total equity
<b>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 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>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>
<b>Equity, opening balance 1 Jan 2008</b>	<b>56.9</b>	<b>1,373.1</b>	<b>-5.3</b>	<b>7,615.4</b>	<b>9,040.1</b>
Changes in net worth reported directly to equity					
Translation differences			78.2		78.2
Net loss for the year				-961.5	-961.5
<b>Total changes in net worth excl. transactions with shareholders</b>			<b>78.2</b>	<b>-961.5</b>	<b>-883.3</b>
Dividends				-1,092.0	-1,092.0
<b>Total transactions with shareholders</b>				<b>-1,092.0</b>	<b>-1,092.0</b>
<b>Equity, closing balance 31 Dec 2008</b>	<b>56.9</b>	<b>1,373.1</b>	<b>72.9</b>	<b>5,561.9</b>	<b>7,064.8</b>

# Consolidated Cash Flow Statement

SEK m	Note 30	2008	2007
<b>Operations</b>			
Profit/loss before tax		-1,184.5	2,620.9
Realised value changes, properties		256.0	885.1
Unrealised value changes		1,803.4	-1,371.7
Adjustment for items not included in cash flow from operating activities		2.6	6.8
Tax paid		-37.6	-121.8
<b>Cash flow from operating activities</b>		<b>839.9</b>	<b>2,019.3</b>
<b>Change in working capital</b>			
Decrease (+)/increase (-) in inventories		5.6	11.4
Increase (-)/decrease (+) in operating receivables		736.7	-1,535.4
Increase (+)/decrease (-) in operating liabilities		-745.7	1,566.1
		<b>-3.4</b>	<b>42.1</b>
<b>Cash flow from operating activities after change in working capital</b>		<b>836.5</b>	<b>2,061.4</b>
<b>Investing activities</b>			
Acquisition of properties directly and via asset acquisitions		-3,408.0	-8,588.6
Acquisition of properties via business combinations		-	-1,003.6
Investments in existing properties		-774.2	-643.9
Divestments of properties (acquisition cost) <sup>1</sup>		5,292.9	3,382.9
Investments in machinery and equipment		-8.4	-17.4
Divestments of machinery and equipment		3.2	2.0
Long-term loans issued		-577.2	-5.4
Repayment of long-term loans issued		14.2	58.0
<b>Cash flow from investment activity</b>		<b>542.5</b>	<b>-6,816.0</b>
<b>Financing activities</b>			
Loans drawn down		6,740.4	18,910.9
Loans amortised		-7,019.7	-10,558.3
Dividends/redemption		-1,092.0	-3,071.3
<b>Cash flow from financing activities</b>		<b>-1,371.3</b>	<b>5,281.3</b>
<b>Cash flow for the year</b>		<b>7.7</b>	<b>526.7</b>
Cash and cash equivalents, opening balance		633.9	107.2
<b>Cash and cash equivalents, closing balance</b>		<b>641.6</b>	<b>633.9</b>

1 The sales price of divested properties was SEK 1,313.1 (9,474.9) m. Cash flows sourced from value adjustments during the holding period of SEK 256.0 (885.1) m are reported higher up in the Cash Flow Statement as a part of cash flow from operating activities (profit for calculating dividends). Possession of all properties was not relinquished, and payment for these properties was not received, in 2008, while payments for transactions in 2007 were received/paid in 2008.

# 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.

No new standards were adopted for 2008. The interpretation statements that are new and apply from 2008 onwards are IFRIC 11 (IFRS 2), IFRIC 12 and IFRIC 14 (IAS 19). These new standards did not imply any change to accounting principles or altered disclosures in this annual accounts.

One new standard and one interpretation statement as well as a number of amendments to standards come into force from the financial year 2009 onwards and have not been adopted when preparing these annual accounts. The new standard is IFRS 8, Operating Segments and the new interpretation statement is IFRIC 13, Customer Loyalty Programmes. The current standards that have been updated are IFRS 2, Share-based Payment, IFRS 3 Business Combinations, IAS 1, Presentation of Financial Statements, IAS 23 Borrowing Costs, IAS 27 Consolidated and Separate Financial Statements and IAS 32 Financial Instruments: Presentation.

Consolidated profits and financial position are not expected to be significantly affected, while supplementary disclosures may be further extended, mainly due to IFRS 3, IFRS 8 and IAS 1.

## Basis of preparation of financial statements

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 cost, 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 statements 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 have a significant effect on financial statements and conducted estimates are reviewed in more detail in Note 1.

## Classification, etc.

Kungsleden's operations largely consist of the management of a large number of properties that are let to external tenants. Initially, rental agreements are normally entered for a term of three years. However, rental terms vary, and can be for up to 20 years.

Re-negotiation is conducted with the tenant before the end of the agreement term, and relate to rent levels and other terms of the agreement, unless the agreement is terminated. However, after the initial agreement, specifying how long an agreement will run is problematic, and at any time, there are a high number of parallel agreements in place with differing terms. This means that defining Kungsleden's business cycle is problematic. It is also difficult to define how long a property can be expected to be held. Consequently, assets and liabilities are presented in the Balance Sheet in order of reducing liquidity, because this provides information that is reliable and relevant in relation to operations.

## Consolidated accounts

The consolidated accounts include the parent company, subsidiaries and associated companies. Subsidiaries are companies over which the parent company exerts a controlling influence. The consolidated accounts have been prepared pursuant to acquisition accounting, implying that assets and liabilities are measured 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 accounts 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 votes. Participations in associated companies are reported pursuant to the equity method in the consolidated accounts from the time a significant influence is attained. The group's share of associated companies' net profits after tax and minority holdings adjusted for potential depreciation and amortisation, impairment or dissolution of acquired surplus and deficit values are reported in the Consolidated Income Statement.

## Translations of foreign operations

The accounts of each of the foreign subsidiaries are prepared in the local currency where operations are conducted. The consolidated accounts 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 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 equity as a translation difference. The following exchange rates have been used for translations.

SEK	Average rate of exchange		Rate of exchange at year-end	
	2008	2007	31 Dec. 2008	31 Dec. 2007
EUR	9.61	9.25	10.94	9.47
DKK	1.29	1.24	1.47	1.27
NOK	1.17	1.15	1.10	1.19

## 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 for counterparties between the transaction date and settlement date are reported gross under other receivables and other liabilities respectively.

## Asset deal

In recent years, indirect property transactions using companies incorporating such properties have become more common, as opposed to direct property transactions. Asset deal using corporate transactions are reported as if the relevant property/properties had been acquired directly. This type of acquired enterprise normally has no employees or organisational resources, or other operations than those directly attributable to the property holding. The acquisition cost 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 included 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 differ from other segments. Segment reporting takes place for operating segments and geographical markets. Corporate governance and the character of the

company's risks and opportunities implies that, for Kungsleden, operating segments are the primary basis of division for segment reporting.

Kungsleden's operating segments are 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 giving a true and fair view of operations proceeding from revenue and cost classes, and thus give a fair view of cash flows from operating activities. 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 view. Valuations and the unrealised value change reported in the Income Statement imply an uncertainty interval.

Realised value changes show 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 cost, and how much has arisen through value changes during the holding period, termed realised value changes.

#### **Revenues**

Rental agreements 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 allocated over time pursuant to the substance of agreements, 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. Interest income and interest costs 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 equity, whereupon the associated tax effect is reported in 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 primarily arise in properties, shares in partnerships and limited partnerships 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. The tax rate for 2009 is 26.3 per cent, which was used as a tax rate for measuring balance sheet items as of 31 December 2008. 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 and makes other disclosures stipulated by the Swedish Annual Accounts Act. Commitments relating to employees are underwritten through defined contribution pension schemes or ITP (supplementary pensions for salaried employees). 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.

#### **Staff stock options**

Staff stock options entitle the employee to acquire shares at a predetermined price or cash redemption of the option upon exercise. To ensure delivery of shares, and as a hedge against the potential share price effect of social security costs, hedging measures were taken in the form of share swaps with a third party. For exercise through redemption to shares, treasury shares are acquired that are then transferred to the employee.

The actual value of the option and social security costs are expensed as personnel costs during the vesting period of options, based on the actual value on the balance sheet date. The amount reported is continuously re-evaluated during the vesting period of the staff stock options, and also considers potentially forfeited options. Profits/loss items for hedging the plan in the form of interest and dividends received, and provisioned actual values of share swaps, are reported as financial income and costs.

A theoretical value of a staff stock option is calculated by an external party based on the Black & Scholes option valuation model. The calculation is based on factors including a share price corresponding to the average volume-weighted price paid for a predetermined 10-day period and expected volatility of 30 per cent.

For a description of the staff stock option plan, see Notes 6 and 7.

#### **Leases**

Kungsleden is party to a number of smaller-scale lease arrangements on office machines. The aggregate total value 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, see the Revenues heading.

#### **Foreign currency transactions**

Foreign currency transactions are translated 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.

# Accounting principles

## Properties

Properties are reported in subsidiaries at acquisition cost, with the capitalisation of expenditure effected when the related actions result in future economic benefits. Then, market valuations are effected 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 effected 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.

### Property used in business operations

Those properties where a not-insignificant portion of area is used for delivering services or administrative purposes within the group are classified as property used in business operations. Reporting is pursuant to IAS 16 Property, Plant and Equipment. Property used in business operations is reported at acquisition cost 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, three factory properties were classified as property used in business operations for the Kungslöden group. Depreciation is reported on the unrealised value changes line, when the relevant amount is not significant.

### Property development projects

Property development projects for future use as investment properties or property used in business operations are reported at cumulative 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 property 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 cost less accumulated depreciation according to plan and any potential impairment. IAS 16 is observed. Equipment is depreciated according to plan on a straight-line basis over five years.

### Property valuations

The fair value of investment properties is based on internal valuations.

For more information on the valuation of properties, see pages 22–23 and Note 13.

## Intangible fixed assets

Goodwill is measured at acquisition cost less potential accumulated impairment losses. Goodwill is allocated to cash-generating units and tested for impairment at least on an annual basis.

## Financial instruments

### Recognition in the Balance Sheet

A financial asset or financial liability is recognised in the Balance Sheet when the company becomes party to the instrument's contracted terms. Accounts receivable are recognised in the Balance Sheet when invoices are sent. Long-term receivables, which exclusively consist of promissory notes issued by the seller to the buyer, are recognised as a nominal receivable adjusted for the present value of the potential difference against market interest rates. Liabilities are recognised when the counterparty has delivered and there is a contracted obligation to pay, even if an invoice has not yet been received. Accounts payable are reported when invoices are received.

A financial asset is de-recognised from the Balance Sheet when the contracted rights are realised, become due or the company relinquishes control over them. The same applies to parts of a financial asset. A financial liability is de-recognised from the Balance Sheet when the obligation in the agreement is satisfied, or extinguished in some other way. The same applies to parts of a financial liability.

### Other categories:

*Loans receivable* – loan receivable and accounts receivable are financial assets that are not derivatives, and have measured or measurable payments and that are not listed on an active market. Such assets are valued at cumulative acquisition cost. Cumulative acquisition cost is measured on the basis of the effective interest measured at the time of acquisition.

Loans receivable and accounts receivable are recognised at the amounts expected to be received, i.e. after deducting for doubtful debt.

*Financial liabilities recognised at fair value via the Income Statement* – this category consists of two sub-categories: financial liabilities held for sale and other financial liabilities that the company has initially chosen to categorise in this way (using the fair value option). Financial instruments in this category are measured at fair value on an ongoing basis, with value changes recognised in the Income Statement. All derivatives apart from derivatives that are an identified and effective hedging instrument are categorised in the first sub-category. The fair value of listed financial assets corresponds to the asset's listed bid price on the balance sheet date. The fair value of un-listed financial assets is measured by comparison with similar instruments or discounted cash flows.

*Other liabilities* – other financial liabilities, such as accounts payable and properties acquired that have not been paid for, are included in this category. These liabilities are measured at cumulative acquisition cost.

### Derivatives and hedge accounting

Hedge accounting is not applied to interest derivatives, and accordingly, the derivative's changed market value is reported in the Balance Sheet as an un-realised value change over the Income Statement.

However, hedge accounting is used for currency forwards that are entered with the aim of reducing the effect of exchange rate fluctuations on net assets denominated in EUR and in the German operation.

## 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 cumulative cost, 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 measured according to special regulations that are outlined in the relevant section under accounting principles. Nor can previous goodwill impairment be reversed.

## Inventories

Inventories are valued at the lower of acquisition cost and net realisable value. The acquisition cost of inventories is measured using the FIFO (first in first out) method and including expenses arising when acquiring the inventory asset. For finished goods and work in progress, acquisition cost includes a reasonable share of indirect costs based on normal capacity.

## 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.



# Notes, group

## NOTE 01 RISKS, JUDGEMENTS AND SPECIAL CONSIDERATIONS

### Business operations – risks and opportunities

Kungsleden'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 Kungsleden and other properties on the market. Balancing and optimising the overall risk level by diversifying the portfolio between types, tenants and geographical areas are 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 – controlling and reporting

Kungsleden'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 components. As a secondary feature, reporting also provides an outline of the progress made by the various organisational components. 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

The value of properties is determined by supply and demand on the property market, and is 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 lettings 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 lettings market is assessed to be the prime explanation for the value growth of properties.

Valuation of properties is based on a range of judgments and assumptions regarding future progress and events, and how the market for property transactions is functioning. However, the value of a property does not become a reality until sale. The value interval between appraised value and sales price is usually +/- 5 to 10 per cent on a functional market.

### The lettings market

The lettings 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.

### Operating and maintenance costs

Several major cost items in property management are tariff-related costs such as costs for heating, power, water and waste management. In most cases, Kungsleden 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 investments in equipment and distribution networks, costs of raw materials and tax. For electricity, costs are generally dependent on demand on the open electricity market.

### Property tax

Sweden's lettings 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 agreements include a stipulation that Kungsleden can transfer increased property tax onto the tenant.

### Interest rate sensitivity

Interest rates are significant to Kungsleden's operations in several respects. The market values of properties and the loan portfolio, and thus book values, are dependent on interest rate levels. 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 agreements. The increase in rental revenues may be as large as, or larger than, the increased interest costs.

### Funding opportunities

The properties Kungsleden owns are financed through borrowings and 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. Kungsleden'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 34–36 of these annual accounts.

### Exchange rate fluctuations

Through its investments in properties in foreign countries, mainly in Germany, Kungsleden is exposed to fluctuations in exchange rates. However, the majority of financing of properties in foreign countries is arranged in foreign currency, which together with currency forwards entered, reduces this exposure.

### Dependency on employees

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

### Sensitivity analysis

The sensitivity analysis in the following table illustrates how operations are affected by changes in significant variables, and is based on the situation as of 31 December 2008.

Sensitivity analysis, properties	-10%	-5%	0%	+5%	+10%
Value change before tax, SEK m	-2,857	-1,429	-	+1,429	+2,857
Equity ratio, %	17	20	23	26	28
Mortgage ratio, %	78	75	73	70	68

Sensitivity analysis, cash flow	Change	Profit effect, SEK m
Rental revenue	+/-1 per cent	274
Economic vacancy	+/-1 percentage point	-29
Property costs	+/-1 per cent	-87
Funding costs, upon changed interest level	+/-1 percentage point	27

# Notes, group

## NOTE 02 SEGMENT REPORTING

SEK m Operating segment (primary segment)	Commercial properties		Public properties		Retirement homes Germany		Nordic Modular		Other/ group wide <sup>1</sup>		Total Kungsleden	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
<b>Income Statement</b>												
Rental revenues	973.0	1,154.3	1,225.0	894.9	75.3	52.6	255.2	214.0		7.8	2,528.5	2,323.6
Sales revenues, modular buildings							368.1	288.6			368.1	288.6
<b>Net sales</b>	<b>973.0</b>	<b>1,154.3</b>	<b>1,225.0</b>	<b>894.9</b>	<b>75.3</b>	<b>52.6</b>	<b>623.4</b>	<b>502.6</b>	<b>-</b>	<b>7.8</b>	<b>2,896.7</b>	<b>2,612.2</b>
Property costs	-262.8	-406.3	-335.2	-218.6	-1.9	-3.7	-21.3	-22.0		-2.1	-621.2	-652.7
Production costs, modular buildings							-308.9	-254.1			-308.9	-254.1
<b>Gross profit</b>	<b>710.2</b>	<b>748.0</b>	<b>889.8</b>	<b>676.3</b>	<b>73.4</b>	<b>48.9</b>	<b>293.2</b>	<b>226.5</b>	<b>-</b>	<b>5.7</b>	<b>1,966.6</b>	<b>1,705.4</b>
Trading net	6.6	683.5	4.0	-6.5	-	-	1.8	4.8		-101.9	12.4	579.9
Sales and administration costs	-110.6	-132.3	-110.6	-70.0	-29.3	-5.2	-93.4	-66.4	-30.1	-42.0	-374.0	-315.9
Net financial position	-359.6	-305.6	-533.9	-343.3	-43.4	-27.6	-49.2	-38.7		-5.0	-986.1	-720.2
Unrealised value changes												
- Investment properties	-217.7	466.3	37.2	839.1	-32.5						-213.0	1,305.4
- Financial instruments	-580.0	31.0	-861.0	30.6	-69.9	1.9	-79.4	2.7			-1,590.4	66.3
<b>Profit/loss before tax</b>	<b>-551.2</b>	<b>1,490.9</b>	<b>-574.5</b>	<b>1,126.2</b>	<b>-101.7</b>	<b>18.0</b>	<b>73.0</b>	<b>128.9</b>	<b>-30.1</b>	<b>-143.2</b>	<b>-1,184.5</b>	<b>2,620.9</b>
<b>Balance Sheet</b>												
Properties	10,421.8	10,535.2	15,470.7	12,962.9	1,256.8	932.9	1,426.5	1,306.0			28,575.8	25,737.0
Other assets <sup>2</sup>									2,145.7	7,043.8	2,145.7	7,043.8
<b>Total assets</b>	<b>10,421.8</b>	<b>10,535.2</b>	<b>15,470.7</b>	<b>12,962.9</b>	<b>1,256.8</b>	<b>932.9</b>	<b>1,426.5</b>	<b>1,306.0</b>	<b>2,145.7</b>	<b>7,043.8</b>	<b>30,721.5</b>	<b>32,780.8</b>
Liabilities to credit institutions	7,565.0	7,910.5	11,229.9	9,733.3	912.3	613.2	1,035.5	860.6		1,950.0	20,742.7	21,067.6
Other liabilities	580.0	20.4	861.0	21.1	69.9	1.3	79.4	2.2	1,323.6	2,628.1	2,914.0	2,673.1
<b>Total liabilities</b>	<b>8,145.0</b>	<b>7,930.9</b>	<b>12,091.0</b>	<b>9,754.4</b>	<b>982.2</b>	<b>614.5</b>	<b>1,114.9</b>	<b>862.8</b>	<b>1,323.6</b>	<b>4,578.1</b>	<b>23,656.7</b>	<b>23,740.7</b>
<b>Other disclosures</b>												
Acquisitions and investments in properties	1,381.8	6,982.9	2,488.7	1,799.0	189.8	319.5	121.9	1,167.6	-	-	4,182.2	10,269.0
Income Statement items not affecting cash flow	-797.7	497.3	-823.8	869.7	-102.4	1.9	-79.4	2.7	-	-	-1,803.4	1,371.7

1 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. In the annual accounts for 2008, financial instruments and their value changes have been allocated by segment. Comparative figures for 2007 have been re-stated

2 Assets that are not properties are not allocated by segment. Nor are liabilities that are not liabilities to credit institutions or derivatives allocated.

Geographical market (secondary segment), SEK m	Sweden		Germany		Denmark/Norway		Netherlands/Belgium		Total Kungsleden	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Net sales	2,782.0	2,520.3	75.3	52.6	39.4	31.5	-	7.8	2,896.7	2,612.2
Properties	27,247.5	24,676.8	1,256.8	932.9	71.5	127.3	-	-	28,575.8	25,737.0
Acquisitions and investments in properties	3,990.0	9,761.8	189.8	319.5	2.4	187.7	-	-	4,182.2	10,269.0

## NOTE 03 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 asset deal or business combinations. In 2008, only asset deals were conducted, i.e. acquisitions of companies only including assets (properties) and their associated items. One business combination was completed in 2007 when Nordic Modular Group was acquired. The price was SEK 918 m, of which SEK 181 m was redeemed loans and otherwise affected cash and cash equivalents by SEK 97 m. Net assets were SEK 606 m, of which excess values of properties was SEK 728 m, and a goodwill item relating to production operations and modular lettings was set at SEK 131 m.

## NOTE 04 OPERATING LEASES – REVENUES

Rental revenues, SEK m	31 Dec 2008	31 Dec 2007
Due for payment within one year	218.9	230.2
Due for payment in 1–5 years	1,081.9	1,033.4
Due for payment after more than 5 years	936.6	923.9
<b>Total</b>	<b>2,237.4</b>	<b>2,187.5</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 3,298 as of 31 December 2008. Kungsleden endeavours to strike a balance between short and long agreements in its public and commercial properties, where agreements are relatively long term. 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.

## NOTE 05 SALES AND ADMINISTRATION COSTS

SEK m	2008	2007
Personnel costs	-191.3	-140.6
Depreciation and amortisation	-3.0	-6.8
Other operating costs	-179.7	-168.5
<b>Total</b>	<b>-374.0</b>	<b>-315.9</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 06 EMPLOYEES AND PERSONNEL COSTS

The average number of employees was 407 (356) in 2008. The division by country and gender is indicated below.

Average number of employees, %	2008	Proportion women	2007	Proportion women
Sweden	99	19	99	20
Europe	1	50	1	-
<b>Total</b>	<b>100</b>	<b>19</b>	<b>100</b>	<b>20</b>

Gender division, Board and management	2008	Proportion women, %	2007	Proportion women, %
The Board	8	13	8	13
Other senior executives	8	13	9	11

The Board of Directors has 8 (8) members of which 1 (1) woman. There are 8 (9) other senior executives in 2008, of which 1 (1) is a woman.

Salary, other remuneration and social security costs, SEK '000	2008		2007	
	Salary and remuneration	Social security costs	Salary and remuneration	Social security costs
<b>Group</b>				
The Board, Chief Executive and Deputy Chief Executives (of which pension costs)	14,062	7,179 (2,081)	17,728	7,972 (2,225)
Israelsson Mats	-	-	240	78
Meyer Magnus	220	71	-	-
Kjell Bengt	500	162	420	136
Nyrén Jonas	270	88	240	78
Ovin Per-Anders	245	79	220	71
Weiner Jiffer Anna	245	79	220	71
Nygren Jan	245	79	220	71
Engwall Jens	220	71	251	81
Erséus Thomas (Chief Executive)	6,251	3,456	7,491	3,696
Thagesson Lars (Dep. Chief Executive)	2,536	1,414	4,581	1,919
Risberg Johan (Dep. Chief Executive)	3,329	1,679	3,845	1,770
Other employees (of which pension costs)	156,348	65,494 (10,856)	139,298	57,212 (10,735)
<b>Total</b> (of which pension costs)	<b>170,410</b>	<b>72,673</b> (12,937)	<b>157,026</b>	<b>65,184</b> (12,960)

No Directors' fees are payable to Thomas Erséus.

The above amounts include salaries and social security costs of SEK 2,077,000 in Germany and SEK 182,000 for 2008 translated to Swedish kronor.

All pension costs relate to defined contribution schemes or the ITP (supplementary pensions for salaried employees) scheme.

## Share-based payment

In 2007, the group started a staff stock option plan entitling the group management and a number of key individuals to acquire shares of the company. This plan was the first of three that are planned, and options were granted in 2008 based on the profit outcome in 2007. The AGM in 2008 approved a second plan with potential granting in 2009.

Granting is conditional on remaining an employee of the company at exercise, and is dependent on the group's profit for calculating dividends exceeding the target set by the Board of Directors. If the outcome is below the target set by the Board, there is no granting. If the group's profit for calculating dividends exceeds the target by 20 per cent or more, granting is 100 per cent of the maximum number of staff stock options. Staff stock options are granted on a *pro rata* basis in the interval from 0 per cent to 20 per cent.

In the terms of the plan, one option confers entitlement to subscribe for one share at a predetermined price. Options can also be redeemed for cash at the difference between the exercise price and the market price of shares at exercise.

In 2008, 249,000 staff stock options were issued, of which 43,000 were forfeited. There were 206,000 staff stock options as of 31 December 2008.

Stock option plan	Granting year	No. of options	Exercise price (SEK/share)	Term	Exercise period
2007	2008	206,000	113.34	Until 31 March 2012 inclusive	1 June 2010 to 31 March 2012
2008	2009	236,000	70.91	Until 31 March 2013 inclusive	1 June 2011 to 31 March 2013

No. of options	Senior executives	Other employees	Total
Stock option plan 2007	110,000	96,000	206,000
Stock option plan 2008	110,000	126,000	236,000
<b>Total</b>	<b>220,000</b>	<b>222,000</b>	<b>442,000</b>

Apart from its incentive-increasing effects, the performance-related stock option plan is judged to only imply marginal effects for the company and shareholders due to the limited scope of the plan.

The cost of the stock option plan including social security costs amount to SEK 4 (0) m in the year.

Sickness absence, %	2008	2007
Total sickness absence as a percentage of ordinary working-hours (Nordic Modular 4)	2	4
Proportion of total sickness absence for contiguous periods of 60 days or more (Nordic Modular 32)	52	79

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

Sickness absence by gender	2008	2007
Men (Nordic Modular 4)	2	4
Women (Nordic Modular 3)	2	5

Sickness absence by age	2008	2007
Up to 29 (Nordic Modular 3)	1	6
30-49 (Nordic Modular 3)	1	2
50 or older (Nordic Modular 7)	5	8

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

## NOTE 07 REMUNERATION TO SENIOR EXECUTIVES

### Principles

Remuneration is payable to the Board, pursuant to AGM resolution. 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 addition to the Chief Executive. There were eight such individuals in 2008.

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 2008, SEK '000	Basic salary/ Directors' fees	Performance-related pay	Other benefits	Pension costs	Total
Chairman	500	–	–	–	500
Other Board members	1,445	–	–	–	1,445
Chief Executive	4,331	1,920	68	1,133	7,451
Other senior executives	12,356	3,486	301	2,340	18,483
<b>Total</b>	<b>18,633</b>	<b>5,406</b>	<b>369</b>	<b>3,473</b>	<b>27,880</b>

Comments on the table:

- Performance-related pay is bonuses for 2008, of which SEK 5,406,000 (12,022,000) was posted to 2008;
- Other benefits comprise company car and subsistence allowance;
- Senior executives' pension schemes are defined contribution or in accordance with ITP;
- Calculations of bonuses do not consider the transaction with the AP3, agreed in 2008, and which if completed, will be posted to income from 2009.

Pension costs are the costs expensed in 2008. For more information on pensions, see below.

### Performance-related pay

For the Chief Executive and Deputy Chief Executives, the bonus in 2008 reflects profit for calculating dividends. The bonus for 2008 was equivalent to 32 (98) per cent of basic salary.

The other senior executives' bonuses for 2008 were based on the same principles as the Chief Executive and Deputy Chief Executives and on individual objectives for individual business areas. The bonus for these executives in 2008 averaged 33 (75) per cent of basic salary.

### Share-based payment

Granting in the staff stock option plan reviewed in Note 6 to senior executives amounted to 110,000 options for 2007, and for the year-2008 plan, may amount to another 110,000.

No. of options	Chief Executive	Deputy Chief Executive	Other senior executives	Total
Stock option plan 2007	25,000	25,000	60,000	110,000
Stock option plan 2008 (maximum)	25,000	25,000	60,000	110,000
<b>Total</b>	<b>50,000</b>	<b>50,000</b>	<b>120,000</b>	<b>220,000</b>

### 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, HR and Corporate Communications Manager. A pension premium of 32 per cent of basic 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 mutual notice period of six months. For termination initiated by the company, in addition to redundancy pay, a lump sum corresponding to 12 months' salary is due. This lump sum is included in pension entitlements.

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 for 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 08 AUDIT FEES AND REMUNERATION

SEK m	2008	2007
KPMG		
Auditing assignments	6.2	6.7
Other assignments	1.9	4.4
<b>Total</b>	<b>8.1</b>	<b>11.1</b>

Auditing assignments means auditing the annual accounts and accounting records, the Board of Directors' and Chief Executive's administration, other tasks incumbent on the company's Auditors, and advisory or other services resulting from observations on such audit or conducting other such tasks. Anything else is classified as other assignments.

## NOTE 09 DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES BY FUNCTION

SEK m	2008	2007
Production costs, modular buildings	-5.5	-5.4
Sales and administration costs	-3.0	-6.8
Unrealised value changes	-0.5	-0.8
<b>Total</b>	<b>-9.0</b>	<b>-13.0</b>

## NOTE 10 PROFIT/LOSS FROM FINANCIAL INSTRUMENTS

### Net financial position

Financial revenues, SEK m	2008	2007
Dividends on financial assets held for sale	0.0	0.2
Interest income from long-term receivables	17.4	–
Interest income on bank balances	16.3	11.0
Interest income on rental receivables	1.2	1.3
Other financial revenues	1.7	10.7
<b>Total financial revenues</b>	<b>36.6</b>	<b>23.2</b>

Financial costs, SEK m	2008	2007
Interest costs on financial liabilities valued at fair value	-1,006.0	-721.7
Arrangement fees for bank borrowing	-10.0	-16.7
Other financial costs	-6.7	-5.0
<b>Total financial costs</b>	<b>-1,022.7</b>	<b>-743.4</b>

**Total net financial position** **-986.1** **-720.2**

### Unrealised value changes

Unrealised value changes on financial instruments are not reported in net financial position but have their own line in the Income Statement. No unrealised value changes occurred in 2008.

Financial assets and liabilities reported at fair value via the Income Statement held for sale and those loans reported at fair value (fair value option) affected the Income Statement by SEK -1,562 (98) m and SEK -28 (-26) m respectively, totalling SEK -1,590 (66) m. For a review of financing and the background to the outcomes, more information is in Note 24 and on pages 34–36.

## NOTE 11 TAX

Tax in the Income Statement, SEK m	2008	2007
Current tax	-40.7	-130.1
Deferred tax	263.7	-91.3
<b>Reported tax</b>	<b>223.0</b>	<b>-221.4</b>
<b>Reconciliation of effective tax, SEK m</b>	<b>2008</b>	<b>2007</b>
Profit/loss before tax	-1,184.5	2,620.9
Tax, 28%	331.7	-733.9
Effect of discounted transfers	19.5	446.5
Divestment of properties via companies	49.0	313.7
Divestment of individual properties	-184.0	-246.7
Other non-taxable revenues	1.4	1.1
Non-deductible costs	-3.5	-2.1
Effect of new tax rate (26.3%)	1.6	-
Effect of differing tax rates for foreign subsidiaries	7.3	-
<b>Reported tax</b>	<b>223.0</b>	<b>-221.4</b>

Temporary differences and loss carry-forwards, SEK m	31 Dec 2008	31 Dec 2007
Loss carry-forwards	4,278.1	4,598.6
Property	-5,444.5	-5,634.4
Shares in partnerships and limited partnerships	529.9	794.2
Financial instruments	1,544.8	-39.4
Other temporary differences	31.0	185.6
<b>Total</b>	<b>939.3</b>	<b>-95.4</b>

Temporary differences and loss carry-forwards, SEK m	At beginning of year	In the Income Statement	Acquisitions/divestments	Direct to equity	At end of year
Loss carry-forwards	4,598.6	-320.5			4,278.1
Property	-5,634.4	97.1	100.3	-7.5	-5,444.5
Shares in partnerships and limited partnerships	794.2	-264.3			529.9
Financial instruments	-39.4	1,584.2			1,544.8
Other temporary differences	185.6	-154.6			31.0
<b>Total</b>	<b>-95.4</b>	<b>941.9</b>	<b>100.3</b>	<b>-7.5</b>	<b>939.3</b>

Deferred tax, SEK m	Deferred tax assets		Deferred tax liabilities	
	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
Loss carry-forwards	1,125.1	1,287.6		
Properties			1,431.9	1,577.6
Participations in partnerships and limited partnerships	139.4	222.4		
Financial instruments	406.3			11.0
Other items	8.2	51.9		
<b>Tax assets/liabilities</b>	<b>1,678.9</b>	<b>1,561.9</b>	<b>1,431.9</b>	<b>1,588.6</b>
Offsetting	-1,431.9	-1,561.9	-1,431.9	-1,561.9
<b>Deferred tax in the balance sheet</b>	<b>247.0</b>	<b>-</b>	<b>-</b>	<b>26.7</b>

The possibilities of utilising loss carry-forwards are partly limited as a result of mergers and acquisitions (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 SEK 4,854 (4,117) m. These deficits will be capitalised when the properties, which have been acquired as asset deal, are divested externally.

Completed asset deals also imply that all temporary differences relating to properties are not taken into account. These unreported temporary differences on properties amounted to SEK -7,191 (-6,217) m.

## NOTE 12 PROPERTY

SEK m	31 Dec 2008	31 Dec 2007
<b>Carrying amount at beginning of year</b>	<b>25,737.0</b>	<b>23,105.8</b>
Acquisitions	3,408.0	9,625.3
Investments	774.2	643.9
Divestments	-1,300.7	-8,895.0
Exchange rate fluctuations	170.3	-
Reversal of acquired properties	-	-48.0
Unrealised value changes	-213.0	1,305.0
<b>Carrying amount at end of year</b>	<b>28,575.8</b>	<b>25,737.0</b>

The table shows progress of the property holding, reported by types in Notes 13–15.

## NOTE 13 INVESTMENT PROPERTY

SEK m	31 Dec 2008	31 Dec 2007
<b>Fair value, at beginning of year</b>	<b>25,661.8</b>	<b>22,234.7</b>
Acquired via business combinations	-	1,019.9
Acquisitions via asset deals and individually	3,408.0	8,566.8
Investments in properties owned	716.1	553.0
Reclassification from buildings under construction	8.9	60.5
Reclassification to buildings under construction	-5.3	-
Reversal of acquired properties	-	-48.0
Book value, divested properties	-1,300.7	-8,030.5
Exchange rate fluctuations	170.3	-
Unrealised value changes	-212.5	1,305.4
<b>Fair value, at end of year</b>	<b>28,446.6</b>	<b>25,661.8</b>

### Internal valuation

Kungsleden has chosen to base fair value on internal valuations. Kungsleden conducts internal valuations on an ongoing basis, as an integrated component of its business process, where individual appraisals of what each property could raise through sale are conducted. In late-2008, valuing properties became significantly more difficult, due to the relatively small number of property transactions completed because of the financial crisis. The deals Kungsleden completed, and made bids for, but did not secure, were at levels that do not indicate any general reduction of property values. External valuations were conducted for the majority of properties, 90 (90) per cent of the portfolio this year, which serve as benchmarks. The external valuations corroborate book value as of 31 December 2008 because they are comparable to, or only 2 per cent above, internal valuations. For more information, see pages 22–23.

### Valuation method

Kungsleden applies a valuation method, which is basically a version of the location price method. The required returns applied have been determined on the basis of Kungsleden's knowledge of completed transactions on those markets where Kungsleden is active and bidding processes where Kungsleden has participated but not secured the deal. A present value calculation with a five-year forecast period is used for internal valuations. Properties intended for letting are valued by calculating the present value of the properties' forecast free cash flows during the forecast period, 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. The valuations proceed from current earnings capacity. Future rent payments, operating and maintenance costs and other components of operating net are estimated for each property. The cost history for each property is used as the supporting data for estimating future costs. Age, technical standard, maintenance status and usage are also considered when estimating future costs.

For more information on the valuation of properties, see pages 22–23.

# Notes, group

## NOTE 13 CONT.

	31 Dec 2008	31 Dec 2007
<b>Taxable values, SEK m</b>		
Taxable values, buildings	4,726.0	4,228.5
Taxable values, land	1,195.4	1,104.0
<b>Total</b>	<b>5,921.4</b>	<b>5,332.5</b>
<b>Investment property – effect on net profit, SEK m</b>		
Rental revenues	2,523.4	2,321.5
Direct costs for investment properties generating rental revenues in the period <sup>1</sup>	-620.0	-652.7
Direct costs for investment properties not generating rental revenues in the period <sup>1</sup>	0	0

1. 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. The book value of rental properties included in the group's property holdings is SEK 19 (11) m, with the corresponding liability being SEK 19 (19) m.

## NOTE 14 PROPERTY USED IN BUSINESS OPERATIONS

SEK m	31 Dec 2008	31 Dec 2007
Cumulative acquisition cost at beginning of year	17.1	16.0
Acquisitions	-	17.1
Divestments	-	-16.0
<b>Total</b>	<b>17.1</b>	<b>17.1</b>
Accumulated impairment loss at beginning of year	-0.8	-1.5
Divestment	-	1.5
Depreciation	-0.5	-0.8
<b>Total</b>	<b>-1.3</b>	<b>-0.8</b>
<b>Carrying amount at end of year</b>	<b>15.8</b>	<b>16.3</b>

Taxable values, SEK m	31 Dec 2008	31 Dec 2007
Taxable value, buildings	30.6	26.1
Taxable value, land	9.4	8.5
<b>Total</b>	<b>40.0</b>	<b>34.6</b>

## NOTE 15 PROPERTY DEVELOPMENT PROJECTS

SEK m	31 Dec 2008	31 Dec 2007
Carrying amount, at beginning of year	58.9	6.6
Acquisitions	-	21.8
Capitalisation	58.1	91.0
Reclassification to investment property	-8.9	-60.5
Reclassification from investment property	5.3	-
<b>Carrying amount, at end of year</b>	<b>113.4</b>	<b>58.9</b>

The construction of three pre-schools and one retirement home were completed in 2008. One retirement home was under construction at year-end. Occupancy is scheduled for spring 2009.

## NOTE 16 GOODWILL

SEK m	31 Dec 2008	31 Dec 2007
Cumulative acquisition cost at beginning of year	200.3	-
Acquisitions	-	134.8
Existing goodwill in acquired group	-	65.5
<b>Total</b>	<b>200.3</b>	<b>200.3</b>
Accrued impairment loss at beginning of year	-3.5	-
Impairment loss for the year	-3.6	-3.5
<b>Total</b>	<b>-7.1</b>	<b>-3.5</b>
<b>Carrying amount at end of year</b>	<b>193.2</b>	<b>196.8</b>

## NOTE 17 MACHINERY AND EQUIPMENT

SEK m	31 Dec 2008	31 Dec 2007
Cumulative acquisition cost at beginning of year	26.9	16.1
Acquisitions	8.4	17.4
Sales/disposals	-10.2	-6.6
<b>Total</b>	<b>25.1</b>	<b>26.9</b>
Accumulated depreciation, at beginning of year	-9.8	-7.6
Divestments and disposals	7.0	4.6
Depreciation for the year	-3.0	-6.8
<b>Total</b>	<b>-5.8</b>	<b>-9.8</b>
<b>Carrying amount at end of year</b>	<b>19.3</b>	<b>17.1</b>

## NOTE 18 ASSOCIATED COMPANIES

SEK m	31 Dec 2008	31 Dec 2007
Cumulative acquisition cost at beginning of year	7.6	7.6
Acquisitions	20.0	-
Sales	-7.6	-
<b>Carrying amount at end of year</b>	<b>20.0</b>	<b>7.6</b>

Associated company/ corp. ID no./registered office	No. of participations	Holding, % <sup>1</sup>	Book value, SEK m	31 Dec 2008	31 Dec 2007
Kokpunkten Fastighets AB, 556759-5094, Stockholm	200,000	50	20.0	-	-
Tullarken i Östersund AB, 556367-3028, Östersund	340	33	-	-	0.0
Fastighetsbolaget Tullarken KB, 916590-0243, Östersund	307	33	-	-	7.6
<b>Total</b>				<b>20.0</b>	<b>7.6</b>

1 Participating interest in capital, which is also consistent with the share of votes for the total number of shares.

## NOTE 19 OTHER LONG-TERM RECEIVABLES

SEK m	31 Dec 2008	31 Dec 2007
Receivables, at beginning of year	116.7	169.3
New promissory notes issued by the seller to the buyer	577.2	5.4
Amortisation	-14.2	-58.0
<b>Total</b>	<b>679.7</b>	<b>116.7</b>

## NOTE 20 OTHER RECEIVABLES

SEK m	31 Dec 2008	31 Dec 2007
Receivables, payment for divested properties	50.2	5,350.0
Other current receivables	6.9	400.3
<b>Total</b>	<b>57.1</b>	<b>5,750.3</b>

## NOTE 21 MATURITY STRUCTURE, RECEIVABLES

SEK m	31 Dec 2008	31 Dec 2007
Maturing within 1 year of the balance sheet date	292.6	6,003.9
Maturing 1–5 years from the balance sheet date	420.0	116.7
Maturing more than 5 years from the balance sheet date	250.0	–
<b>Total</b>	<b>962.6</b>	<b>6,120.6</b>

Maturity structure, outstanding receivables excluding deferred tax and cash and cash equivalents.

## NOTE 23 EQUITY

Share capital history	Change in no. of shares	Total no. of shares	Quotient value	Increase in share capital, SEK	Accumulated share capital, SEK
<b>31 Dec 2006</b>		<b>136,502,064</b>	<b>0.42</b>		<b>56,875,860</b>
Split 2:1	136,502,064	273,004,128	0.21	–	56,875,860
Share redemption	–136,502,064	136,502,064	0.21	–28,437,930	28,437,930
Bonus issue	–	136,502,064	0.42	28,437,930	56,875,860
<b>31 Dec 2007</b>		<b>136,502,064</b>	<b>0.42</b>		<b>56,875,860</b>
–	–	–	–	–	–
<b>31 Dec 2008</b>		<b>136,502,064</b>	<b>0.42</b>		<b>56,875,860</b>

At the end of the financial year, share capital was SEK 56,875,860 and there were 136,502,064 shares. This equates to a quotient value of SEK 0.42. No changes to share capital, number of shares or quotient values occurred in 2008.

## NOTE 22 CASH AND BANK BALANCES

The group has a bank overdraft of SEK 260 (460) m, of which SEK 0 (0) m was utilised at year-end.

There is no dilution effect because there are no potential shares. The potential granting of shares through the staff stock option plan reported in Note 6 for 2010 and beyond is not considered because the share price is below the exercise price.

## NOTE 24 INTEREST-BEARING LIABILITIES

This Note contains information on the company's contracted terms for interest-bearing liabilities. In a financial context, Kungsliden 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 level. 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 34–36.

At 31 December 2008, available credit facilities were SEK 22,493 m, divided between credit limits for property acquisitions of SEK 6,000 (6,000) m, secured loans of SEK 16,233 (15,240) m and overdraft facilities of SEK 260 (460) m. The un-utilised portion of credit facilities was SEK 1,750 (610) m.

The repayment terms of credit agreements is stated in the following table. The majority of interest matures in 2009, implying an average fixed interest period of 2.7 (1.4) years. As of 31 December 2008, the average interest rate is 4.5 (4.8) per cent.

Liabilities to credit institutions, SEK m	31 Dec 2008		31 Dec 2007	
	Nominal amount	Fair value	Nominal amount	Fair value
<b>Bank loans</b>				
Variable-rate bank loans	20,675.2	20,723.2	20,867.1	20,888.2
Fixed-rate bank loans	67.5	68.2	246.0	245.3
<b>Total</b>	<b>20,742.7</b>	<b>20,791.4</b>	<b>21,113.2</b>	<b>21,133.5</b>
<b>Interest rate derivatives</b>				
Interest swaps, SEK 27,650 (7,755) m	–	1,496.1	–	–127.3
Caps issued, SEK 0 (2,000) m	–	–	–	61.6
<b>Total</b>	<b>–</b>	<b>1,496.1</b>	<b>–</b>	<b>–65.7</b>
<b>Total liabilities to credit institutions</b>	<b>20,742.7</b>	<b>22,287.5</b>	<b>21,113.2</b>	<b>21,067.8</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 fall in interest rates implied that the value of bank borrowing and interest rate derivatives was negative. As of 31 December 2008, the Balance Sheet was affected through increased liabilities of SEK 1,545 m (reported under other liabilities).

Maturity, bank loans	31 Dec 2008		31 Dec 2007	
	Nominal amount	Prop., %	Nominal amount	Prop., %
2008	–	–	838.0	4.0
2009	1,962.0	8.7	1,021.3	4.8
2010	1,210.9	5.4	1,959.7	9.3
2011	2,263.1	10.1	2,418.2	11.5
2012	13,073.5	58.1	14,147.8	67.0
2013	3,269.5	14.5	728.1	3.4
2014	–	–	–	–
2015	–	–	–	–
2016	–	–	–	–
2017	–	–	–	–
2018	714.1	3.2	–	–
<b>Total</b>	<b>22,493.1</b>	<b>100.0</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 28). Loan agreements may also stipulate covenants regarding interest coverage and loan volumes in relation to the fair value of properties.

Of bank loans, SEK 20,150 (20,600) m were raised in SEK and SEK 592 (513) m were raised in EUR.

# Notes, group

## NOTE 25 OTHER LIABILITIES

SEK m	31 Dec 2008	31 Dec 2007
Fair value of financial instruments	1,544.8	–
Liability for purchased properties, possession not taken	160.6	748.0
Other liabilities	23.0	873.1
<b>Total</b>	<b>1,728.4</b>	<b>1,621.1</b>

## NOTE 26 MATURITY STRUCTURE, LIABILITIES

SEK m	31 Dec 2008	31 Dec 2007
Maturing within 1 year of the balance sheet date	4,875.6	3,439.0
Maturing 1–5 years from the balance sheet date	18,067.0	19,547.1
Maturing more than 5 years from the balance sheet date	714.1	728.1
<b>Total</b>	<b>23,656.7</b>	<b>23,714.2</b>

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

## NOTE 27 VALUATION OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

SEK m	Customer, loans receivable and sales proceeds		Financial liabilities measured at fair value via the Income Statement		Other liabilities		Total carrying amount		Fair value	
	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
Long-term receivables	679.7	116.7					679.7	116.7	679.7	116.7
Accounts receivable	154.8	154.1					154.8	154.1	154.8	154.1
Other receivables	295.2	5,350.0					295.2	5,350.0	295.2	5,350.0
<b>Total assets</b>	<b>1,129.7</b>	<b>5,620.8</b>					<b>1,129.7</b>	<b>5,620.8</b>	<b>1,129.7</b>	<b>5,620.8</b>
Interest-bearing liabilities			20,742.7	21,067.6			20,742.7	21,067.6	20,742.7	21,067.6
Accounts payable					200.2	329.1	200.2	329.1	200.2	329.1
Other liabilities			1,544.8		183.6	98.7	1,728.4	98.7	1,728.4	98.7
<b>Total liabilities</b>			<b>22,287.5</b>	<b>21,067.6</b>	<b>383.8</b>	<b>427.8</b>	<b>22,671.3</b>	<b>21,495.4</b>	<b>22,671.3</b>	<b>21,495.4</b>

### Currency derivatives

Currency forwards are used to hedge portions of exposure in EUR after net investments in the German operations. The forwards have a

nominal amount of EUR 11 (24) m. Their fair value as of 31 December 2008 was SEK –13 (–6) m and is reported directly to equity (translation reserve) on the basis of applicable hedge accounting.

## NOTE 28 ASSETS PLEDGED

For Kungsleden's own liabilities and provisions, SEK m	31 Dec 2008	31 Dec 2007
Property mortgages	13,916.7	15,130.2
Shares in subsidiaries	16,181.0	1,404.2
Cash and cash equivalents	131.1	98.9
<b>Total</b>	<b>30,228.8</b>	<b>16,633.3</b>

Collateral is primarily pledged for bank loans. Loan agreements may include covenants regarding interest coverage ratios and loan volumes in relation to the fair value of properties.

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.

## NOTE 29 CONTINGENT LIABILITIES

SEK m	31 Dec 2008	31 Dec 2007
Guarantees	13.7	122.1
<b>Total</b>	<b>13.7</b>	<b>122.1</b>

## NOTE 30 ADDITIONAL INFORMATION, CASH FLOW STATEMENT

No other funds than cash and bank balances are included in the cash and cash equivalents item.

Cash flow SEK m	2008	2007
Interest received	32.7	12.3
Interest paid	–1,010.5	–705.3

## NOTE 31 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 apart from this remuneration have occurred with any affiliated companies or private individuals.



# Income Statement, parent company

SEK m	Note	2008	2007
<b>Administration costs</b>	1–4	<b>-10.6</b>	<b>-14.6</b>
<b>Operating profit</b>		<b>-10.6</b>	<b>-14.6</b>
<b>Profit from financial items</b>	5		
Profit from participations in subsidiaries		2,432.6	2,604.1
Financial revenue		561.9	440.1
Financial costs		-1,435.2	-327.3
		<b>1,559.3</b>	<b>2,716.9</b>
<b>Profit before tax</b>		<b>1,548.7</b>	<b>2,702.3</b>
<b>Tax</b>			
Current tax	6	50.4	3.4
Deferred tax	6	101.6	13.1
		<b>152.0</b>	<b>16.5</b>
<b>Net profit for the year</b>		<b>1,700.7</b>	<b>2,718.8</b>

# Balance Sheet, parent company

SEK m	Note	31 Dec 2008	31 Dec 2007
<b>ASSETS</b>			
<b>Fixed assets</b>			
Financial fixed assets			
Shares in subsidiaries	7	6,682.7	6,781.6
Deferred tax asset	6	688.4	586.8
Other long-term receivables	8, 9	527.2	100.0
<b>Total fixed assets</b>		<b>7,898.3</b>	<b>7,468.4</b>
<b>Current assets</b>			
Receivables from group companies		2,194.7	-
Other receivables		1.2	6.1
Pre-paid costs and accrued income		0.6	2.1
	9	<b>2,196.5</b>	<b>8.2</b>
<b>Cash and cash equivalents</b>			
Cash and bank balances	10	362.3	177.3
<b>Total current assets</b>		<b>2,558.8</b>	<b>185.5</b>
<b>TOTAL ASSETS</b>	12	<b>10,457.1</b>	<b>7,653.9</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Equity</b>	11		
<b>Restricted equity</b>			
Share capital		56.9	56.9
Statutory reserve		-	2,063.6
		<b>56.9</b>	<b>2,120.5</b>
<b>Non-restricted equity</b>			
Accumulated profit or loss		3,874.7	54.7
Net profit for the year		1,700.7	2,718.8
		<b>5,575.4</b>	<b>2,773.5</b>
<b>Total equity</b>		<b>5,632.3</b>	<b>4,894.0</b>
<b>Long-term liabilities</b>			
Liabilities to credit institutions		496.0	496.0
	12, 13	<b>496.0</b>	<b>496.0</b>
<b>Current liabilities</b>			
Accounts payable		5.1	7.1
Liabilities to group companies		3,335.6	2,151.5
Other liabilities		936.1	-
Accrued costs and deferred income		52.0	105.3
	12, 13	<b>4,328.8</b>	<b>2,263.9</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>10,457.1</b>	<b>7,653.9</b>
<b>PLEGDED ASSETS AND CONTINGENT LIABILITIES</b>			
Pledged assets	14	1,839.9	1,358.0
Contingent liabilities	15	12,337.9	6,994.0

## Change in Equity, parent company

SEK m	Share capital	Statutory reserve <sup>1</sup>	Non-restricted equity	Total equity
<b>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 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>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>
<b>Equity, opening balance 1 Jan 2008</b>	<b>56.9</b>	<b>2,063.6</b>	<b>2,773.5</b>	<b>4,894.0</b>
Transfer from statutory reserve		-2,063.6	2,063.6	-
Group contributions			179.9	179.9
Tax effect of group contributions			-50.4	-50.4
<b>Total changes in net worth reported directly to equity</b>		<b>-2,063.6</b>	<b>2,193.1</b>	<b>129.5</b>
Net profit for the year			1,700.7	1,700.7
<b>Total changes in net worth excl. transactions with shareholders</b>		<b>-2,063.6</b>	<b>3,893.8</b>	<b>1,830.2</b>
Dividends			-1,092.0	-1,092.0
<b>Total transactions with the company's shareholders</b>			<b>-1,092.0</b>	<b>-1,092.0</b>
<b>Equity, closing balance 31 Dec</b>	<b>56.9</b>	<b>-</b>	<b>5,575.4</b>	<b>5,632.3</b>

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

## Cash Flow Statement, parent company

SEK m	2008	2007
<b>Operations</b>		
Profit before tax	1,548.7	2,702.3
Dividends	-3,000.0	-
Profit from divestments	6.3	-
Impairment losses	739.5	2,584.9
Unrealised translation effects	-37.4	13.8
Tax paid	-	-
<b>Cash flow from operating activities</b>	<b>-742.9</b>	<b>5,301.0</b>
<b>Change in working capital</b>		
Decrease (+)/increase (-) in operating receivables	811.6	1,171.9
Increase (+)/decrease (-) in operating liabilities	2,072.8	2,086.0
<b>Cash flow from operating activities after change in working capital</b>	<b>2,141.5</b>	<b>8,558.9</b>
<b>Investing activities</b>		
Acquisitions of shares in subsidiaries	-180.0	-3,206.8
Sales of shares in subsidiaries	49.6	-
Shareholders' contributions paid	-486.8	-2,622.8
Long-term loans issued	-427.2	-
<b>Cash flow from investment activity</b>	<b>1,044.4</b>	<b>-5,829.6</b>
<b>Financing activities</b>		
Loans drawn down	-	496.0
Group contributions paid/received	179.9	-12.1
Dividends/redemptions	-1,092.0	-3,071.3
<b>Cash flow from financing activities</b>	<b>-912.1</b>	<b>-2,587.4</b>
<b>Cash flow for the year</b>	<b>185.0</b>	<b>141.9</b>
Cash and cash equivalents, opening balance	177.3	35.4
<b>Cash and cash equivalents, closing balance</b>	<b>362.3</b>	<b>177.3</b>

# Accounting principles, parent company

The parent company's, Kungsleden AB, annual accounts has been prepared in accordance with the Swedish Annual Accounts Act and RFR 2.1. The accounting principles applied are indicated in the applicable parts of consolidated accounts with the following additions applying to the parent company.

## Financial instruments

Financial receivables and liabilities are reported at historical acquisition cost. The risk of losses arising relating to financial receivables and derivatives is taken into account.

## 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.

Shareholders' 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.

# Notes, parent company

## NOTE 01 ADMINISTRATION COSTS

Administration cost, SEK m	2008	2007
Personnel costs	-2.6	-2.3
Other operating costs	-8.0	-12.3
<b>Total</b>	<b>-10.6</b>	<b>-14.6</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.

## NOTE 02 EMPLOYEES

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

## NOTE 03 REMUNERATION TO THE BOARD

Remuneration to the Board is payable in accordance with the resolution of the AGM. Total fees of SEK 1,890,000 (1,811,000) were paid, of which SEK 420,000 (420,000) to the Chairman of the Board. Social security costs were SEK 613,000 (587,000), of which pensions were SEK 0 (0). For information on remuneration to each member, see Note 6 of the group.

## NOTE 04 AUDIT FEES AND REMUNERATION

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

## NOTE 05 PROFIT/LOSS FROM FINANCIAL ITEMS

Profit from subsidiaries, SEK m	2008	2007
Dividends received	3,178.4	5,189.0
Profit from divestment of shares	-6.3	-
Impairment losses	-739.5	-2,584.9
<b>Total</b>	<b>2,432.6</b>	<b>2,604.1</b>

Financial revenues, SEK m	2008	2007
Interest income		
Group companies	456.6	433.6
Other companies	95.1	6.5
Other	10.2	-
<b>Total</b>	<b>561.9</b>	<b>440.1</b>

Financial costs, SEK m	2008	2007
Interest costs		
Group companies	-469.9	-285.6
Other companies	-43.3	-26.3
Other	-922.0	-15.3
<b>Total</b>	<b>1,435.2</b>	<b>-327.2</b>

## NOTE 06 TAX

Tax in the Income Statement, SEK m	2008	2007
Current tax	50.4	3.4
Deferred tax	101.6	13.1
<b>Reported tax</b>	<b>152.0</b>	<b>16.5</b>

Reconciliation of effective tax, SEK m	2008	2007
Profit before tax	1,548.7	2,702.3
Tax 28%	-433.6	-756.6
Dividends from subsidiaries	889.9	1,452.9
Impairment loss, shares in subsidiaries	-207.1	-723.8
Tax effect of non-deductible costs and non-taxable revenue	-97.2	44.0
<b>Reported tax</b>	<b>152.0</b>	<b>16.5</b>

Of the tax cost for the year, SEK 50 (3) m is posted directly to equity.

Deferred tax assets	31 Dec 2008	31 Dec 2007
Loss carry-forwards	445.9	586.8
Financial temporary differences	242.5	-
<b>Deferred tax assets</b>	<b>688.4</b>	<b>586.8</b>

# Notes, parent company

## NOTE 07 SHARES IN SUBSIDIARIES

SEK m	31 Dec 2008	31 Dec 2007
Cumulative acquisition cost at beginning of year	12,696.3	6,866.8
Acquisitions	209.6	3,206.8
Sales	-55.8	-0.1
Shareholders' contribution	486.8	2,622.8
<b>Total</b>	<b>13,336.9</b>	<b>12,696.3</b>
Impairment losses, opening balance	-5,914.7	-3,329.8
Impairment losses	-739.5	-2,584.9
<b>Total</b>	<b>-6,654.2</b>	<b>-5,914.7</b>
<b>Book value, at end of year</b>	<b>6,682.7</b>	<b>6,781.6</b>

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

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

Directly owned subsidiaries/ corporate identity no./ registered office/country	No. of shares	Partici- pating interest, % <sup>1</sup>	Book value, SEK m	
			31 Dec 2008	31 Dec 2007
Kungsleden Fastighets AB, 556459-8612, Sthlm	200	100	851.4	1,351.2
Realia AB, 556639-7419, Sthlm	23,822,375	100	205.5	129.4
Hemsö Fastighets AB, 556481-1429, Sthlm	1,000	100	1,213.2	624.8
Kungsleden Syd AB, 556480-0109, Sthlm	10,000	100	117.1	215.0
Kungsleden Öst B AB, 556610-9109, Sthlm	-	-	-	48.4
Kungsleden Vårdfastigheter AB, 556653-7501, Sthlm	-	-	-	0.1
Kungsleden Öst G AB, 556598-3177, Sthlm	-	-	-	6.8
Bovård i Sverige AB, 556429-6126, Sthlm	3,700	100	0.0	0.0
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	0.1	0.2
KB Söderskolan fastigheter, 959654-8941, Sthlm	2	100	0.0	0.0
Realia International BV, BV502052-1156, Netherlands	2,351	75	21.4	21.4
Kungsleden Ljungan AB, 556688-5914, Sthlm	-	-	-	0.2
Kungsleden Property BV, 84149172, Netherlands	30	75	0.0	0.1
Kungsleden GmbH, HRB 99411B, Germany	1	100	45.7	45.7
Aveca GmbH & CO KG, HRA87594, Germany	1	95	32.0	32.0
Kungsleden Mattan AB, 556718-3354, Sthlm	1,000	100	825.5	1,097.8
Kungsleden Friab AB, 556742-6548, Sthlm	1,000	100	2,578.2	2,399.4
Login Syd AB, 556710-6884, Sthlm	100,000	100	2.8	2.9
KL Norge Holding AB, 556730-0875, Sthlm	1,000	100	2.5	1.8
Kungsleden Holding GmbH, Germany	1	100	49.5	49.5
Nordic Modular Group AB, 556691-3868, Upplands Väsby	20,695,156,	100	737.5	754.6
<b>Total</b>			<b>6,682.7</b>	<b>6,781.6</b>

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

## NOTE 08 OTHER LONG-TERM RECEIVABLES

SEK m	31 Dec 2008	31 Dec 2007
Receivables at beginning of year	100.0	100.0
New promissory notes issued promissory notes issued by seller to buyer	428.2	-
Amortisation in the year	-1.0	-
<b>Total</b>	<b>527.2</b>	<b>100.0</b>

## NOTE 09 MATURITY STRUCTURE, RECEIVABLES

SEK m	31 Dec 2008	31 Dec 2007
Maturing within 1 year of the balance sheet date	2,196.5	8.2
Maturing 1-5 years from the balance sheet date	527.2	100.0
Maturing more than 5 years from the balance sheet date	-	-
<b>Total</b>	<b>2,723.7</b>	<b>108.2</b>

Maturity structure of outstanding receivables excluding deferred tax and cash and cash equivalents.

## NOTE 10 CASH AND BANK BALANCES

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

## NOTE 11 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. A summary of share capital and the number of shares is on page 43.

## NOTE 12 FINANCIAL ASSETS AND LIABILITIES

SEK m	Receivables from group companies, etc.		Financial liabilities reported at fair value via the Income Statement		Other liabilities		Total carrying amount		Fair value	
	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
Receivables from group companies	2,194.7						2,194.7		2,194.7	
Other receivables <sup>1</sup>	1.2	6.1					1.2	6.1	1.2	81.3
<b>Total assets</b>	<b>2,195.9</b>	<b>6.1</b>					<b>2,195.9</b>	<b>6.1</b>	<b>2,195.9</b>	<b>81.3</b>
Liabilities to credit institutions					496.0	496.0	496.0	496.0	496.0	496.0
Accounts payable					5.1	7.1	5.1	7.1	5.1	7.1
Liabilities to group companies					3,335.6	2,151.5	3,335.6	2,151.5	3,335.6	2,151.5
Other liabilities <sup>1</sup>			927.3		8.8	–	936.1	–	936.1	6.2
<b>Total liabilities</b>			<b>927.3</b>		<b>3,845.5</b>	<b>2,654.6</b>	<b>4,772.8</b>	<b>2,654.6</b>	<b>4,772.8</b>	<b>2,660.8</b>

1 The fair value of the company's interest derivatives is SEK –922.0 (75.2) m and currency forwards is SEK 0 (–6.2) m.

## NOTE 13 MATURITY STRUCTURE, LIABILITIES

SEK m	31 Dec 2008	31 Dec 2007
Maturing within 1 year of the balance sheet date	4,328.8	2,263.9
Maturing 1–5 years from the balance sheet date	496.0	496.0
Maturing more than 5 years from the balance sheet date	–	–
<b>Total</b>	<b>4,824.8</b>	<b>2,759.9</b>

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

## NOTE 14 ASSETS PLEDGED

SEK m	31 Dec 2008	31 Dec 2007
<b>For parent company liabilities and provisions</b>		
Shares in subsidiaries	1,839.9	1,358.0
<b>Pledged assets</b>	<b>1,839.9</b>	<b>1,358.0</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 15 CONTINGENT LIABILITIES

SEK m	31 Dec 2008	31 Dec 2007
Guarantees in favour of group companies	12,325.0	6,918.9
Guarantee for liabilities of parent company	12.9	75.1
<b>Total</b>	<b>12,337.9</b>	<b>6,994.0</b>

# Proposed appropriation of profits

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

The proposed appropriation of profits is based on the annual accounts 2008. The proposed appropriation of profits and the Income Statement and Balance Sheet will be presented for approval at the AGM on 22 April 2009.

## 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	3,874,692,745
Net profit for the year	1,700,674,797
<b>Total</b>	<b>5,575,367,542</b>

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

Dividends of SEK 1.50 per share to shareholders	204,753,096
Carried forward	5,370,614,446
<b>Total</b>	<b>5,575,367,542</b>

The proposed dividends correspond to 12 per cent of the parent company's profit after tax and 24 per cent of the group's profit for calculating dividends. Kungsliden's dividend policy is to distribute at least 50 per cent of profit for calculating dividends. Kungsliden 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 Statement item cash flow from operating activities.

Against the background of the substantial uncertainty in the financial markets and the real economy, the Board of Directors judges that it is appropriate to diverge from Kungsliden's dividend policy, and accordingly, the Board proposes dividends of SEK 1.50 per share for the financial year 2008.

The proposed dividends to shareholders imply that the parent company and the consolidated equity ratio reduce from 54 and 23 per cent respectively to 52 and 22 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 remain 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 and parent company report the value of assets and liabilities at fair value pursuant to chap. 4 § 14a of the Swedish Annual Accounts Act. Of group and parent company shareholders' equity as of 31 December 2008 of SEK 7,065 m and SEK 5,632 m respectively, SEK 683 m and SEK -684 m respectively is due to the application of this valuation.

# Signatures

The annual accounts give a true and fair view of the parent company's and the group's operations, financial position and results of operations, and states significant risks and uncertainty factors facing the parent company and group companies.

Stockholm, Sweden, 12 March 2009

Bengt Kjell  
Chairman

Magnus Meyer  
Board member

Jan Nygren  
Board member

Per-Anders Ovin  
Board member

Jens Engwall  
Board member

Anna W Jiffer  
Board member

Jonas Nyrén  
Board member

Thomas Erséus  
Board member and  
Chief Executive

My Audit Report was submitted on 13 March 2009

Björn Flink  
Authorised Public Accountant

# Audit Report

To the Annual General Meeting of  
Kungsleden AB (Publ.)  
Corporate identity number 556545-1217

I have audited the annual accounts, the consolidated accounts, accounting records and the administration of the Board of Directors and the Chief Executive of Kungsleden AB (publ) for the year 2008. The annual accounts of the company are included in the printed version of this document on pages 50–76. These accounts and the administration of the company, and the application of the Swedish Annual Accounts Act when preparing the annual accounts, and the application of IFRS (International Financial Reporting Standards) as endorsed by the EU and the Swedish Annual Accounts Act when preparing the consolidated accounts, are the responsibility of the Board of Directors and the Chief Executive. My responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on my audit.

I conducted my audit in accordance with generally accepted accounting principles in Sweden. Those standards require that I plan and perform the audit to obtain reasonable assurance that the annual accounts and consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence sup-

porting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the Chief Executive and significant estimates made by the Board of Directors and the Chief Executive when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and consolidated accounts. As a basis for my opinion concerning discharge from liability, I examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any Board member or the Chief Executive. I also examined whether any Board member or the Chief Executive has, in any other way, acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the Articles of Association. I believe that my audit provides a reasonable basis for my opinion set out below.

The annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted

accounting principles in Sweden. The consolidated accounts have been prepared in accordance with IFRS as endorsed by the EU and the Swedish Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

I recommend to the Annual General Meeting that the Income Statement and Balance Sheet for the parent company and for the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Chief Executive be discharged from liability for the financial year.

Stockholm, Sweden, 13 March 2009



Björn Flink  
Authorised Public Accountant

# Employees

Name	Employed in	Workplace	Position	Name	Employed in	Workplace	Position
<b>Management</b>							
Erséus Thomas	2006	Stockholm	Chief Executive	Nilsson Patrik	2008	Stockholm	Financial Analyst
Gannedahl Cecilia	2007	Stockholm	HR & Corporate Communications Manager	Nordin Gunilla	1999	Stockholm	Accountant
Johansson Per	2007	Stockholm	Divisional Manager, Nordic Modular	Olausson Erik	2007	Stockholm	Property Controller
Linder Göran	1998	Stockholm	Divisional Manager, Public properties	Olofsson Anna-Carin	2008	Stockholm	Rent accounting
Lindnér Eskil	1997	Malmö	Divisional Manager, Commercial properties	Persson Anna	2005	Stockholm	Accountant/Transactions
Risberg Johan	1996	Stockholm	Deputy Chief Executive, Chief Financial Officer	Rosenqvist Elisabeth	2007	Stockholm	Accountant/Transactions
Theblin Åke	2001	Stockholm	General Counsel	Rossotti Peter	2008	Stockholm	Business Controller
				Telby Susanne	1996	Stockholm	Accounting Manager
				Winqvist Susanne	2007	Stockholm	Accountant
				Virdeborn Gunilla	2002	Malmö	Property Controller
				Åkesdotter Monica	1999	Stockholm	Accountant
<b>Transaction and Analysis</b>				<b>Commercial Property</b>			
Almgren Marielle	2007	Stockholm	Assistant Project Manager	Andersson Kjell-Åke	1994	Gothenburg	Back office/legal services
Alsborger Anna	2007	Stockholm	Property Manager	Andersson Tommy	2007	Stockholm	Technical Manager
Cedwall Andrea	2003	Stockholm	Property Manager	Arfvidsson Nicklas	2008	Gothenburg	Property Manager
Kinnunen Peeter	2007	Stockholm	Transaction and Analysis Manager	Bergman Kjell	2004	Stockholm	Property Manager
				Borgström Kristina	2005	Malmö	Assistant Property Manager
<b>Central staff</b>							
Axland Malin	2007	Stockholm	Company Lawyer	Broman Stig	1998	Västerås	Assistant Property Manager
Bennich Carina	2007	Stockholm	Accountant	De Besche Nina	2007	Stockholm	Property Manager
Binette Carolina	2008	Stockholm	Receptionist	Dufva Andreas	2008	Stockholm	Assistant Property Manager
Brade Jonas	2006	Stockholm	Financial Controller	Fransson Ulrika	1999	Stockholm	Assistant Technical Manager
Carlberg Monica	1989	Stockholm	IT Co-ordinator	Frisell Anders	2007	Gothenburg	Assistant Property Manager
Claesson-Zsuppán Chanette	2008	Stockholm	Receptionist	Grahn Kristoffer	2008	Malmö	Assistant Property Manager
Dahlström Åke	2003	Stockholm	Rent accounting	Grönlund Kicki	2008	Gothenburg	Assistant Technical Manager
Eliasson Ingegerd	1985	Stockholm	Accountant/Transactions	Hall Lotta	1994	Karlstad	Assistant Technical Manager
Elvin Maria	2005	Stockholm	Corporate communications/Webmaster	Jakobsson Claes-Håkan	2007	Jönköping	Assistant Property Manager
Eriksson Linda	2007	Stockholm	Finance Manager	Karlsson Reine	1994	Karlstad	Assistant Property Manager
Froman Ekbohm Annika	2007	Stockholm	IT Project Manager	Larsson Erika	2007	Malmö	Assistant Technical Manager
Fundin Ulrika	2000	Stockholm	Accountant	Ljung Maria	2008	Stockholm	Environmental Manager
Hamrén Therese	2001	Stockholm	HR Administrator	Ljungqvist Ingrid	1991	Gothenburg	Assistant Technical Manager
Hedberg Sofia	1991	Stockholm	IT Manager	Lundström Benkt	2007	Umeå	Technical Manager
Hedvall Karin	2007	Stockholm	Purchase Ledger	Löv Thomas	2008	Stockholm	Technical Manager
Holmblad Katarina	2008	Stockholm	Rent accounting	Nagy Ingmarie	2000	Lund	Assistant Technical Manager
Jagetoft Ulf	1995	Stockholm	Back office/legal services	Nilsson Tobias	2007	Malmö	Assistant Technical Manager
Johansson Roger	2003	Stockholm	Financial Manager	Olovsson Annelie	2007	Umeå	Assistant Technical Manager
Jurgander Marika	2007	Stockholm	Property Controller	Olsson Bo	1985	Malmö	Technical Manager
Karlsson Annika	2005	Stockholm	HR Administrator	Paringer Maria	2007	Umeå	Assistant Property Manager
Krus Christina	2007	Stockholm	Financial Controller	Persson Åke	1991	Malmö	Technical Manager
Kruse Mikael	2000	Gothenburg	Accounting Controller				
Larsson Erika	2007	Malmö	Receptionist				
Lindquist Jan-Eric	2006	Stockholm	Controller				
Linton Petra-Sofi	2001	Stockholm	Purchase Ledger				
Mukka Sinikka	1993	Stockholm	PA to the Chief Executive				
Nielsen Jens	2006	Stockholm	Tax Lawyer				



Name	Employed in	Workplace	Position	Name	Employed in	Workplace	Position
Sjöstedt Håkan	1998	Malmö	Assistant Technical Manager	Sjöberg Anna	2000	Växjö	Assistant Technical Manager
Stålhammar Magnus	2007	Gothenburg	Technical Manager	Swedin Ronny	2004	Stockholm	Assistant Property Manager
Svensson Eva-Lotta	1998	Stockholm	Assistant Property Manager	Tomasson Hanna	2004	Malmö	Assistant Technical Manager
Syring Malin	2008	Gävle	Assistant Technical Manager	Tuvéne Anna	2008	Stockholm	Property Accountant
Sörling Fredrik	2004	Malmö	Marketing Manager	Uski Sanna	2008	Västerås	Assistant Technical Manager
Ternström Gert	1990	Malmö	Property Manager	Wikner Birgitta	2007	Härnösand	Assistant Technical Manager
Thorgren Fredrik	2001	Gävle	Assistant Property Manager	Öberg Annika	2002	Stockholm	Assistant Technical Manager
Tolvers Grahn Marianne	1999	Stockholm	Assistant Technical Manager				
Vallin Johan	1999	Gothenburg	Assistant Property Manager				
<b>Public Property</b>				<b>Property care</b>			
Andersson Kerstin	2001	Stockholm	Assistant Technical Manager	Andersson Bo	1977	Borås	Technical Support
Bengths Lisa	2008	Uddevalla	Assistant Technical Manager	Andersson Sven-Åke	2007	Borås	Technical Support
Bergström Cennet	1979	Norrköping	Technical Support	Aronsson Sven-Henric	1974	Lysekil	Technical Support
Bergström Magnus	2008	Västerås	Assistant Property Manager	Callman Tomas	1979	Hjo	Technical Support
Bodsten Veronica	2006	Stockholm	Assistant Property Manager	Dalviken Pauli	1990	Borås	Technical Support
Florén Aili	2008	Gothenburg	Assistant Technical Manager	Ehn Bengt	1980	Skara	Technical Support
Frantz Michael	2004	Stockholm	Assistant Property Manager	Elisson Jörgen	2006	Lysekil	Janitor
Gidlund Thomas	2007	Stockholm	Assistant Property Manager	Eriksson David	1998	Hjo	Technical Support
Göthberg Jonny	2001	Jönköping	Property Manager	Fred Lars	1985	Lysekil	Technical Support
Hertzberg Peter	2008	Malmö	Assistant Property Manager	Isaksson Tage	1982	Borås	Technical Support
Hult Joachim	2005	Gothenburg	Assistant Property Manager	Johnsson Eddie	1989	Borås	Technical Support
Isaksson Bernt	2008	Malmö	Technical Manager	Karlsson Rolf	1985	Tidaholm	Technical Support
Johansson Thomas	1990	Nyköping	Technical Support	Kämäräinen Timo	1984	Lilla Edet	Janitor
Kaur Åke	1998	Stockholm	Property Manager	Olsson Conny	1987	Hjo	Technical Support
Kvarneryd Ulrika	2005	Norrköping	Assistant Technical Manager	Pettersson Lars-Åke	2006	Färgelanda	Technical Support
Lagerdahl Christer	1999	Norrköping	Technical Support	Schwartz Lars	2002	Åmål	Technical Support
Liljeström Eric	2007	Härnösand	Assistant Property Manager	Svensson Kenneth	2005	Skara	Janitor
Lundquist Christofer	2008	Stockholm	Property Accountant				
Medin Staffan	1979	Borås	Technician				
Olausson Fredrik	2008	Jönköping	Assistant Property Manager				
Persson Bodil	2006	Uddevalla	Assistant Property Manager				
Persson Göran	2008	Norrköping	Assistant Property Manager				
Pettersson Bertil	2007	Härnösand	Assistant Property Manager				
Rasmusson Dan	2008	Stockholm	Property Manager				

# 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 re-stated as 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:** area distributed by usage.

**Area-based occupancy:** let area in relation to gross leasable area at the end of the period.

**Area-based vacancy:** vacant area in relation to gross leasable area at the end of the period.

**Division of area:** division by accommodation type implies that the area 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 area that represents the majority of total. Accordingly, a property with 51 per cent of its area 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 area 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 ongoing 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 area").

**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". Average remaining contract term, remaining contract value divided by annual rent.

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

**Rental value:** rental revenues plus assessed market rent for un-let area, 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 equity:** reported shareholders' equity less (proposed) dividends. Return on capital employed, profit after financial items plus financial costs as a percentage of average capital employed.

**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.

**Capital employed:** total assets less non-interest bearing liabilities.

**Dividend yield:** results/proposed dividends in the year in relation to the share price at the end of the year.

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

**Equity ratio:** 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 equity.

**Interest coverage ratio:** 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 profit for calculating dividends per share according to current forecast.

**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. Profit for calculating dividends correspond to the Cash Flow Statement item cash flow from operating activities.

**Proportion of risk-bearing capital:** the total of reported 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 equity. Average 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.

**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 2008**

# Owned properties as of 31 December 2008

Name	Municipality	Location	Address	Year of construction/ conversion	Gross leasable area sq.m.							Total area	Rental revenue	Rental value	Vacancy, %	
					Retail	Industr./warehouse	Offices	School	Care	Retirement homes	Other					
<b>Market Area Central</b>																
<b>Retail properties</b>																
Direktören 8	Västerås	Västerås	Köpingsv. 70, Sigfrid Edströms Gata 23	1986	1,940							1,940	3,049	3,049		
Eidsboda 1:121 Gnr 30 Bnr 37	Hallstahammar Ullensaker	Hallstahammar Klöfta	Hammartorget 3 Dyrkskuevegen 7, Ullensaker-Klöfta	1986 2007	2,061 2,800							2,061 2,800	2,042 2,756	2,042 2,756		
Gripen 1	Arboga	Arboga	Flygvägen 2	1986	6,743							6,743	2,718	2,705		
Gräsroten 1	Karlstad	Karlstad	Gräsdalsgatan 1	1987	8,821							8,821	4,608	5,736		
Hyttberget 3	Falun	Falun	Yxhamngatan 5, Nybrogatan 43	1984	3,304	1,203						4,507	2,578	2,656	3.5	
Lerum 1:20	Karlstad	Karlstad	Edsvallavägen 1 A	2006	4,823							4,823	2,816	2,804		
Linblocket 1	Västerås	Västerås	Hallsta Gärdsgata 26, Linblocksgatan 7	2006	2,808							2,808	2,151	2,151		
Markentären 1	Fagersta	Fagersta	Köpmangatan 2	1988	1,303							1,303	1,024	1,024		
<b>Industrial/warehouse properties</b>																
Backa 2:26	Hallsberg	Pålsboda	Kvarngatan 2	1968/1969/ 1972/1973		7,565						7,565	2,304	2,304		
Kontaktledningen 1 Ludvika 4:39	Västerås Ludvika	Västerås Ludvika	Stenbygatan 10 Lyviksvägen 1	1967 1929/1950/ 1981		15,104						15,104	10,666	10,666		
Ludvika 4:41	Ludvika	Ludvika	Kajvägen 1	1929/1950/ 1981	1,407	186,818	2,710					190,935	88,302	92,921	5.0	
Ludvika 4:44	Ludvika	Ludvika	Lyviksvägen 18	1939/1952/ 1971												
Ludvika 4:54	Ludvika	Ludvika	Lyviksvägen	1929/1959/ 1981												
Låset 1	Ludvika	Ludvika	Malmgatan 4	-												
Mälaren 17	Örebro	Örebro	Svartå Bangata 14	1933/1989		5,183	3,540					616	9,339	8,840	9,150	3.4
Oxen 11	Kumla	Kumla	Västra Drottninggatan 40	1968/1978/ 1995		2,451						2,451	853	853		
Rundeln 1 Verkstaden 7	Ludvika Västerås	Ludvika Västerås	Tunnelgatan 5 Metallverksg., Sinterv., Östra Ringv.	- 1929		16,818	1,688					1,901	20,407	5,148	7,360	29.3
<b>Office properties</b>																
Arbetaren 1	Örebro	Örebro	Aspholmsvägen 12 A	1971	815	1,340	1,974					4,129	1,584	2,777	41.3	
Livia 16	Västerås	Västerås	Skomakargatan 2	1992			6,896					6,896	8,030	8,030		
Rörläggaren 4	Örebro	Örebro	Boställsvägen 4	1992		1,228	1,240					2,468	1,776	1,776		
Sköllersta-Kärr 1:34	Hallsberg	Pålsboda	Köpmangatan 3	1978		230	635					865	247	395	37.4	
<b>School properties</b>																
Alstrum 6:3	Karlstad	Karlstad	Ulvsby-Åstorp 603	1954		124	3,223					3,347	1,490	1,490		
Barkaröby 15:308	Västerås	Västerås	Lötgatan 41	2005								1,570	2,378	2,377		
Bjursnäs 2:35	Laxå	Laxå	Ramundervägen 52	1951			257	2,243				2,500	1,438	1,440		
Gustavsberg 2	Västerås	Västerås	Vasagatan 44	1993				17,927				17,927	28,050	27,275		
Rosenhill 1	Västerås	Västerås	Gurksaltargatan 9	2002			5,673	16,689				22,362	30,745	30,145		
Rosenhill 12	Västerås	Västerås	Eriksborgsgatan 11	1960/2004				6,396				6,396	7,153	7,127		
Västerås 1:250	Västerås	Västerås	Björnvägen 12	1940				826	2,614			3,440	4,910	5,182	6.7	
<b>Care properties</b>																
Balder 2	Kristinehamn	Kristinehamn	Kristinas väg 37	2007						753		753	1,828	1,801		
Storfors 30:1	Storfors	Storfors	Hammargatan 3-4	1960	102					883	6,112	7,097	5,315	5,254		
<b>Retirement homes</b>																
Birka 1	Västerås	Västerås	Fornlidsgatan 4	1993						3,016		3,016	2,840	2,791		
Brottbärga 6:30	Västerås	Västerås	Liljhäradsvägen 20 A-F	2002						1,418		1,418	2,948	2,903		
Hanen 4	Västerås	Västerås	Hagalidsvägen 2	1964/1996						2,740		2,740	3,885	3,719		
Klockarkärlen 3	Västerås	Västerås	Rönnergastigen 3	1999						3,937		3,937	2,563	2,539		
Kolaren 5	Västerås	Västerås	Tråddragargatan 31	1950/2004						1,052		1,052	1,772	1,772		
Martinprocessen 9	Västerås	Västerås	Välljärmsgatan 494	2002						510		510	950	944		
Skjutfältet 9	Västerås	Västerås	Hästhovsgatan 27	2004						5,914		5,914	6,417	6,413		
Skogsduvan 1	Västerås	Västerås	Skogsduvevägen 11	1993/1999						1,107		1,107	1,665	1,661		
Skyttegillet 7	Västerås	Västerås	Reylgatan 12	1961/2000						668		668	950	932		
Vedbo 61	Västerås	Västerås	Erikslundsgatan/Hörn- torpsv. 20	1977/1999						7,479		11,479	11,889	12,146		
Ångsklockan 1	Västerås	Västerås	Väriöksgratan 6	1993						3,198		3,198	2,533	2,484		
Östra Dagrosen 1	Västerås	Västerås	Dagrosgratan 1	1993						3,507		3,507	2,755	2,650		
<b>Other commercial properties</b>																
Lantmästaren 9	Karlstad	Karlstad	Norra Kyrkogatan 4	1991			896		1,815			2,711	2,149	2,720	17.8	
Mejeriet 17	Filipstad	Filipstad	Tingshusgatan 10 B	-												
Mejeriet 18	Filipstad	Filipstad	Tingshusgatan 10 A	-												
<b>Market Area North</b>																
<b>Retail properties</b>																
Björnägaren 2	Umeå	Umeå	Björnvägen 11 B	1977	2,033							228	2,261	2,218	2,301	
Generatorm 7	Umeå	Umeå	Förrädsvägen 11-15	1960	3,480	3,013	210					6,703	2,802	4,531	0.9	
Huggormen 1	Umeå	Umeå	Björnvägen 15	1977	3,302		1,746					3,716	8,764	4,212	4,325	2.1
Korvetten 1	Härnösand	Härnösand	Varvsgatan 16	1958	1,390							1,390	774	781		
Rälsbussen 1	Umeå	Umeå	Industrivägen 4-8	1955	6,879	1,224	3,946					12,049	5,853	6,301	1.3	
Singeln 12	Umeå	Umeå	Formvägen 8 D	1992	1,425							1,425	700	713		
<b>Industrial/warehouse properties</b>																
Aspgården 18	Umeå	Umeå	Bölevägen 44	1955		9,457	1,409					919	11,785	9,276	9,748	3.6
Färgaren 8	Sollefteå	Sollefteå	Strömgatan 3	1900												
Förrådet 1	Lycksele	Lycksele	Sandåsvägen 8	1990		406	210						616	220	289	23.8
Grubbe 9:48	Umeå	Umeå	Kabelvägen 1 A	1992		899							899	329	329	
Kedjan 7	Umeå	Umeå	Gräddvägen 15 B	1990		2,058							2,058	1,222	1,262	
Kopparslågaren 1	Härjedalen	Sveg	Torggatan 1	1976									3,463	1,104	1,131	2.8
Kronoskogen 3	Umeå	Umeå	Kronoskogsvägen 4-6	1976	679	625	374					89	1,767	1,035	1,044	
Maskinen 1	Umeå	Umeå	Maskingatan 1	1966/ 1971/ 1976		1,171	1,260						2,431	1,729	1,730	
Råfsan 4	Luleå	Luleå	Traktorvägen 1	1977		17,727						17,727	12,377	12,377		
Schablonen 6	Umeå	Umeå	Lärilngsgatan 10-14	1976		4,052	160					4,212	1,281	1,731	9.4	
Storheden 1:81	Luleå	Luleå	Cementvägen 8	1990		5,780						5,780	3,043	3,043		
Syllen 11	Umeå	Umeå	Industrivägen 24	1968		1,255	45					1,300	605	704	14.0	
<b>Office properties</b>																
Huggormen 2	Umeå	Umeå	Björnvägen 17	1975									2,283	2,356	3.1	
Julien 6	Härnösand	Härnösand	Varvsgatan 15	1929/1990		2,454						2,454	985	1,024	3.9	
Kedjan 5	Umeå	Umeå	Gräddvägen 13	1981		145	1,881					2,026	1,104	1,102		

Name	Municipality	Location	Address	Year of construction/ conversion	Gross leasable area sq.m.							Total area	Rental revenue	Rental value	Vacancy, %
					Retail	Industr./ ware-house	Offices	School	Care	Retire- ment homes	Other				
Kronoskogen 2	Umeå	Umeå	Kronoskogsvägen 8	1976	369	987	1,404					2,760	1,328	1,426	6.7
Lekatten 8	Nordmaling	Nordmaling	Affärsvägen 3 A-E	1991	307	182	350				300	1,139	649	766	14.3
Lärkan 21	Härnösand	Härnösand	Tullportsgatan 2	1970	747	114	7,050				2,585	10,496	7,053	8,199	12.5
Magasinet 2	Härnösand	Härnösand	Magasingsgatan 5	1910/2003		55	858					913	538	549	1.9
Matrisen 6	Umeå	Umeå	Sundsvalls-Härnösand	1969	2,736	1,420	527				160	4,843	2,036	2,486	14.9
Norrberge 1:74	Timrå	Sörberge	Sundsvalls-Härnösand flygplats Sörberge	1992			1,237				2,023	3,260	2,318	3,019	23.1
Norrberge 1:74,	Timrå	Sörberge	Sundsvall-Härnösands flygplats	1992							725	725	492	658	25.0
Orren 6	Sollefteå	Sollefteå	Kungsgatan 10	1967	348		2,785				1,270	4,403	3,243	3,580	8.0
Rådmannen 6	Härnösand	Härnösand	Backgränd 9	1981		365	4,181					4,546	4,009	4,451	6.5
Schablonen 2	Umeå	Umeå	Läringsgatan 22	1970									162	205	
Schablonen 3	Umeå	Umeå	Läringsgatan 20	1970		100	1,298					1,398	900	957	
Schablonen 7	Umeå	Umeå	Läringsgatan 8	1974		100	884					984	462	448	
Singeln 17	Umeå	Umeå	Formvägen 10 D	1981/1986	424		433					857	620	636	4.5
Singeln 18	Umeå	Umeå	Formvägen 10 D-E	1981			619					619	437	437	
Syllen 3	Umeå	Umeå	Industrivägen 10	1968	320	132	1,328					1,780	808	825	1.8
Syllen 5	Umeå	Umeå	Industrivägen 12	1965	481	289	3,979					4,749	2,673	2,817	5.1
Telegrafan 2	Härnösand	Härnösand	Nybrogatan 6	1900			2,060				79	2,139	1,876	1,884	
Tor 6	Nordmaling	Nordmaling	Kyrkogatan 8	1990		40	735				80	855	304	590	48.3
Torsvik 5	Härnösand	Härnösand	Järnvägsgränd 2	1992		227	8,276				100	8,603	7,633	7,566	2.6
Yrkesskolan 4	Härnösand	Härnösand	Gänsviksvägen 4	1982			3,002				99	3,101	1,302	1,902	30.8
<b>School properties</b>															
Akvilejan 4	Härnösand	Härnösand	Brännavägen 29	1972/1991/ 2002				1,339				1,339	766	761	
Bondsjö 2:312	Härnösand	Härnösand	Slättervägen 3	1954/1966/ 1975				2,711				2,711	2,059	2,039	
Bondsjö 2:338	Härnösand	Härnösand	Daghemsvägen 2	1976/1979/ 1985				653				653	480	481	
Brunne 12:18, Eleven 1	Härnösand	Brunne	Brunne 431, Brunne 135	1989				2,906				2,906	2,726	2,722	
Fastlandet 2:84	Härnösand	Härnösand	Gymnastikgatan 4	1966/1971				3,283				3,283	2,488	2,469	
	Härnösand	Härnösand	Södra vägen 3 A-D	1953/1970/ 1980/1988/ 2006	23	8,614	1,093	673	1,379	585	12,367	9,301	9,601	5.3	
Folkskolan 3	Härnösand	Härnösand	Brunnshusgatan 4	1912/2001			5,963					5,963	6,466	7,050	
Geresta 1	Härnösand	Härnösand	Rosenbäcksalen 39	1998/2007				10,392				10,392	9,982	9,952	
Hopparen 1	Härnösand	Härnösand	Murbergsvägen 25	1950/1974/ 1979				884				884	608	608	
Hörnan 2	Härnösand	Härnösand	Sehlstedtsvägen 1	1985/1991				753				753	692	694	
Inspektorn 11	Härnösand	Härnösand	Brunnshusgatan 18	1882/1903				23,819			268	24,087	14,965	14,905	
Läraren 1	Härnösand	Härnösand	Kastellgatan 35	1955/1979				3,953				3,953	3,118	3,109	
Orren 12	Härnösand	Härnösand	Institutgatan 16 B	1980/1990/ 1991				238				238	161	158	
Oxen 1	Härnösand	Härnösand	Skoldgatan 1	1968/1988/ 2005				805				805	454	454	
Prylen 1	Härnösand	Härnösand	Skolgränd 2	1968/1983/ 2003				829				829	426	425	
Roten 6	Sundsvall	Sundsvall	Tallrotsgatan 2	1900/2004				3,000				3,000	3,841	3,804	
Skolan 1	Härnösand	Härnösand	Norra Ringvägen 23	1947/1966/ 1968				9,006				9,006	6,720	6,664	
Solen 15	Härnösand	Härnösand	Södra vägen 22	1892/1979				10,869				10,869	7,540	7,418	
Stenhammar 1:223	Härnösand	Härnösand	Jädevägen 114	1994				1,139				1,139	1,331	1,324	
Stenhammar 1:72	Härnösand	Härnösand	Kontrastvägen 171	1981/1982				242				242	178	178	
Vangsta 1:102	Härnösand	Härnösand	Trumpetgatan 50	1976/1980/ 1993				830				830	567	566	
Västansjö 1:41	Härnösand	Hälledal	Folketshusv. 7	1963/1964/ 1990				451				451	336	336	
Västansjö 1:86	Härnösand	Hälledal	Folketshusvägen 9	1971/1974				3,742				3,742	2,350	2,347	
Åland 22:1	Härnösand	Ålandsbro	PI 652	1989/1991				4,003				4,003	2,665	2,512	
Ön 2:63	Härnösand	Härnösand	Rosenbäcksalen 15	1963	186	1,382	2,679				1,124	5,371	3,519	3,772	7.4
<b>Care properties</b>															
Bofinken 8	Härnösand	Härnösand	Gådeåvägen 11	1980					495			495	274	272	
Häcken 13	Härnösand	Härnösand	Källvägen 10	1996					787			787	1,014	1,011	
Kattastrand 3:2	Härnösand	Härnösand	Solumsvägen 6	1960/1983				142	355			497	181	188	
Rådhuset 6	Härnösand	Härnösand	Norra Kyrkogatan 3	1959/1970				2,821				2,821	2,271	2,112	
Sågen 10	Härnösand	Härnösand	Kiöringsgatan 20	1955/1998				755	755			755	825	825	
Torget 1	Härnösand	Härnösand	Stora Torget 2	1863/1984						798		798	632	630	
Tunnbindaren 4	Härnösand	Härnösand	Storgatan 9	1971						4,075		4,075	2,453	2,452	
Venus 7	Härnösand	Härnösand	Lönegrängsgatan 2-11	1950/1989/ 1991					614	617	824	2,055	1,177	1,180	
Vinstocken 2	Härnösand	Härnösand	Norra Kyrkogatan 2	1955/1983/ 2000			2,938					2,938	2,339	2,322	0.2
<b>Retirement homes</b>															
Brunne 12:21	Härnösand	Brunne	Brunne 157	1993					2,923			2,923	3,296	3,282	
Högsjö-Dal 2:90	Härnösand	Hälledal	Hälledalsvägen 51B	1948					3,510			3,510	2,349	2,346	
Roten 9	Sundsvall	Sundsvall	Tomtegränd 5 A-C	1993					4,369			4,369	4,767	4,729	
Sköle 1:17	Sundsvall	Mattfors	Skölevägen 15	1983					6,006			6,006	5,923	5,903	
Skörden 3	Sundsvall	Sundsvall	Åsvägen 7 - 9	1975					8,026			8,026	6,272	6,259	
Sländan 12	Härnösand	Härnösand	Brännavägen 67	1970/1981/ 1985					5,634			5,634	4,141	4,049	
Åland 1:91	Härnösand	Ålandsbro	Nämndemansvägen 4A	1969						2,750		2,750		4	100.0
Ön 2:58	Härnösand	Härnösand	Volontärvägen 39	1992					5,727			5,727	6,209	6,189	
<b>Other commercial properties</b>															
Laxen 4	Nordmaling	Nordmaling	Kungsvägen 43	1950			265				285	550	415	414	
Skönsmon 2:29 m fl	Sundsvall	-	-	-											
<b>Other public properties</b>															
Stigbygeln 5	Umeå	Umeå	Ridvägen 10	1974			15,654					15,654	22,402	22,334	
<b>Market Area South</b>															
<b>Retail properties</b>															
Adolfsberg Västra 10	Helsingborg	Helsingborg	Södra Hunnetorpsvägen 54 - 56	1975		988	380					1,368	1,311	1,421	
Arrringen 2	Malmö	Malmö	Agnesfridsvägen 190	1975		3,869	518	480				4,867	3,394	3,394	
Borggård 1:357	Staffanstorp	Staffanstorp	Mysenvägen 9	1970		4,840						4,840	1,884	1,884	
Fyren 1	Växjö	Växjö	Ljungadalsgatan 17	1976		4,883	390					5,273	1,486	1,879	18.6
Hillerstorp 3:51	Gnosjö	Hillerstorp	Brogatan 24	1989/1998/ 2000		765						765	503	503	

# Owned properties as of 31 December 2008

Name	Municipality	Location	Address	Year of construction/ conversion	Gross leasable area sq.m.						Total area	Rental revenue	Rental value	Vacancy, %	
					Retail	Industr./ ware- house	Offices	School	Care	Retire- ment homes					Other
Hugin 8	Gislaved	Gislaved	Marielundsgatan 52	1975/1988/ 1989/1999	434						434	265	265		
Högaffeln 6	Västervik	Västervik	Timmergatan 4	1972	2,300						2,300	1,072	1,072		
Kloren 1	Malmö	Malmö	Scheelegatan 49	1970	5,257	2,553					7,810	4,529	4,590		
Kopparslagaren 3	Sävsjö	Sävsjö	Kopparslagaregatan 8	1800/1978/ 1988	401						401	187	187		
Kruthornet 1	Helsingborg	Helsingborg	Garnisonsgatan 46	2001	2,700						2,700	1,526	1,526		
Ljungby 16:92	Kalmar	Ljungbyholm	Mörevägen 22	1981	1,145						1,145	1,724	1,725		
Lärkträdet 3	Värnamo	Värnamo	Ringvägen 63	1983/1990/ 2002	1,091						1,091	666	666		
Löddeköpinge 14:54	Kävlinge	Löddeköpinge	Fraktvägen 1	2001	2,060						2,060	786	764		
Nordanvinden 3	Lund	Lund	Nordanväg 5-9	1966	1,665		1,374				3,039	4,166	3,718		
Nyponrosen 2	Helsingborg	Helsingborg	Skaragatan 90- 92	1979	1,957	335	60				2,352	1,369	1,462		
Plankan 1	Eksjö	Eksjö	Kapellvägen 4	1982/1986/ 2002/ 2004	560						560	347	347		
Rovan 17	Kalmar	Kalmar	Drottning Margaretas Väg 25	1970	965						965	1,318	1,318		
Slakthuset 7	Tranås	Tranås	Verkstadsgränd 2	1953/1990	1,270						1,270	386	386		
Smörbollen 12	Malmö	Malmö	Cypressvägen 12	1970	2,528	993	257				3,778	2,803	2,809		
Torslunda 4:27	Mörbylånga	Färjestaden	Jämvägsgränd 3	2004	2,198						2,198	1,938	1,938		
Torsås 1:25	Torsås	Torsås	Allfargatan 9	1983	1,498						1,498	1,979	1,979		
Tröskverket 12	Västervik	Västervik	Allén 80	1977	1,493						1,493	576	776		
Valen 3	Vimmerby	Vimmerby	Magasinsgatan 6	1985	2,690						2,690	3,955	3,955		
Åreporten 3	Jönköping	Jönköping	Fridhemsvägen 12	1985/2006	1,285						1,285	721	721		
Öronlappen 7	Jönköping	Jönköping	Bangårdsgatan 1	1967	3,383						3,383	2,522	2,522		
<b>Industrial/warehouse properties</b>															
Bjöv 23:3	Bjöv	Bjöv	Billesholmsvägen 4	1961/1967-69	20,377						20,377	2,204	2,305		
Boken 1	Mörbylånga	Mörbylånga	Köpmangatan 12	1990	589						589	421	421		
Borret 15	Eslöv	Eslöv	Trehäradsvägen 46	1957											
Bredaryd 41:10	Värnamo	Bredaryd	Industrivägen 14	1990/2000/ 2001	841						841	425	426		
Bulten 1	Åstorp	Åstorp	Jitegatan 2	1988	4,650						4,650	1,755	2,091		
Cementen 4	Kristianstad	Kristianstad	Industrigatan 11	1989/1991	900						900	449	449		
Flygbasen 7	Malmö	Malmö	Höjdrodergatan 11	1988	1,249						1,249	788	927	14.8	
Fältsippan 8	Malmö	Malmö	Rimfrosgatan 1	1986/2000	3,625						3,625	2,889	3,016		
Hanås 15:62	Högsby	Högsby	Bruksvägen 48 B	1983	200						200	52	52		
Husgerädet 1	Kalmar	Kalmar	Karlstorpsvägen 16	1991/2000/ 2002	1,880						1,880	988	988		
Hyveln 4	Sölvesborg	Sölvesborg	Sliparevägen 3	1983	762						762	383	384		
Klockaren 8	Ljungby	Ljungby	Bolmstadsvägen 2	1976	985						985	626	626		
Kronoslätt 1:3	Staffanstorps	Staffanstorps	Västanvägen	1971	20,725						20,725	10,316	10,317		
Kullen 5	Malmö	Malmö	Sturkökötan 5	1962/1981	3,806		857				547	5,210	966	4,412	77.2
Kvarsten 6	Lund	Lund	Skiffervägen 25	1988	4,650						4,650	4,056	4,051		
Lerkäret 3	Malmö	Malmö	Flintyxegatan 2	1984/1987	1,070						1,070	728	714		
Noshjulet 3	Malmö	Malmö	Pilotgatan 5	1984	651		150				801	402	462	13.0	
Pipdånen 6	Gotland	Visby	Stenkumlaväg 1 o 1 B	1950			5,319				5,319	3,781	3,780		
Plattan 4	Kristianstad	Kristianstad	Isolatorvägen 5	1991	1,328						1,328	538	571		
Ratten 18	Oskarshamn	Oskarshamn	Väderumsvägen 12	1988/1990/ 2003	1,615						1,615	984	984		
Ratten 2	Oskarshamn	Oskarshamn	Primovägen 6	1967	15,479		2,110				270	17,859	2,800	4,479	37.4
Rausgård 22	Helsingborg	Helsingborg	Landskronavägen 11	1951/1973/ 1999	62,292						62,292	36,521	37,832		
Regnbågen 4	Osby	Osby	Regnbågsvägen 12	1973/1976	21,970						21,970	6,966	6,966		
Revolversvarven 10	Malmö	Malmö	Jägershillsgatan 14	1988	3,600						3,600	2,972	2,990		
Ripan 7	Nybro	Nybro	Jutegatan 2	1960/1998	393						393	241	241		
Sadelmakaren 1	Värnamo	Värnamo	Fredsgränd 2 B	1986	1,302						1,302	1,031	1,026		
Sidorodret 3	Malmö	Malmö	Höjdrodergatan 2	1976/1987	1,057						1,057	645	645		
Skjutsstallslyckan 23	Malmö	Malmö	Lundavägen 56	1946	664	7,281	1,097				9,042	4,013	5,121	22.9	
Smörblomman 16	Borgholm	Borgholm	Hammarvägen 6	1980/1992	519						519	249	250		
Snickeriet 4	Oskarshamn	Oskarshamn	Förrådsgränd 6	1977/1982/ 1998	5,439						5,439	1,686	1,686		
Snöflingan 3	Osby	Osby	Molnvägen 2	1976	14,277						14,277	3,834	3,834		
Spindel 9	Malmö	Malmö	Singelgatan 8 - 10	1964	2,195						2,195	1,541	1,526		
Sunnanå 12:20	Buriöv	Arlöv	Staffanstorpsvägen 111	2005	1,450						1,450	968	968		
Tågarp 20:81	Buriöv	Arlöv	Lommavägen 39	1929/1984	26,515						26,515	8,347	12,175	31.5	
Tängen 1	Nässjö	Anneberg	Solbergavägen 20	-											
Ventilen 10	Kristianstad	Kristianstad	Mossvägen 6	1980	900						900	499	499		
Ventilen 3	Malmö	Malmö	Ventiligatan 6	1988	748						748	904	904		
Verkö 3:4	Karlskrona	Karlskrona	Verkö industriområde	1971/1977/ 1998	37,233						37,233	28,012	28,001		
Ädelkorallen 1	Jönköping	Jönköping	Bultvägen 2	1976	1,132						1,132	800	731		
Ädelkorallen 10	Jönköping	Jönköping	Bultvägen 6 A	1978	435						435	258	258		
Ädelkorallen 17	Jönköping	Jönköping	Bultvägen 4	1986	2,310						2,310	1,365	1,893	26.6	
Ädelmetallen 5	Jönköping	Jönköping	Kallevägen 2	1976	2,974	1,719					4,693	3,112	2,822	0.5	
Överlappen 15	Jönköping	Jönköping	Granitvägen 10	1900	976	968					1,944	1,250	1,311		
Överlappen 8	Jönköping	Jönköping	Granitvägen 8	1974	1,858						1,858	672	672		
<b>Office properties</b>															
Brudbuketten 11	Malmö	Malmö	Russgatan 8	1988		1,344					1,344	1,357	1,517	7.9	
Brännaren 3	Malmö	Malmö	Industrigatan 13	1947	1,949	536	1,851			44	4,380	1,981	3,279	38.9	
Brännaren 8	Malmö	Malmö	Agneslundsvägen 14	1947	20	5,375					5,395	4,223	5,777	26.7	
Flintan 4	Lund	Lund	Skiffervägen 20	1990	1,342	3,550					4,892	4,921	4,850	2.6	
Flygbasen 4	Malmö	Malmö	Höjdrodergatan 17	1989	250	1,431					1,681	1,218	1,224		
Flygledaren 1	Malmö	Malmö	Höjdrodergatan 14	1988		916					916	655	996	30.9	
Företaget 8	Lund	Lund	Företagsvägen 28	1984	72	2,121					2,193	2,480	2,536	2.2	
Krukskärvan 11	Malmö	Malmö	Flintyxegatan 8 A	1986	933	1,739					2,672	1,117	2,330	29.1	
Kvarnen 13	Kalmar	Kalmar	S Långgatan 60 A o B	1929	517	3,627				20	4,164	3,185	3,719	14.4	
Kvarnen 5	Kristianstad	Kristianstad	Spannmålsgränd 1 - 13	1929	25	13,369					13,394	15,103	16,954	10.8	
Kvarnen 9	Kalmar	Kalmar	Skeppsbron 47	1929		1,643			1,013		2,656	2,672	2,772		
Lindblad 10	Karlskrona	Karlskrona	Ölandsgränd 6	1929		7,312					7,312	11,648	11,540		
Lindblad 24	Karlskrona	Karlskrona	Drottninggatan 54	1950		2,650					2,650	3,810	3,810		
Mården 7	Karlskrona	Karlskrona	Första Avenyn 14 A-D	1972/ 2001	1,356	131				9	6,050	7,229	8,628	14.3	
Neljebuketten 6	Malmö	Malmö	Derbyvägen 4	1987		1,765					1,765	1,152	2,088	44.0	
Pipdånen 6	Gotland	Visby	Stenkumlaväg 1 o 1 B	1950		5,319					5,319	3,781	3,780		
Påskbuketten 10	Malmö	Malmö	Hästvägen 4 E	1987		796					796	961	963		
Påskbuketten 5	Malmö	Malmö	Amiralsgatan 115	1987	104	1,024					1,128	853	989	13.7	
Påskbuketten 6	Malmö	Malmö	Hästvägen 4 A	1990	26	2,050					2,076	2,158	2,406	8.3	
Påskbuketten 8	Malmö	Malmö	Hästvägen 4 C	1992		1,796					1,796	1,455	1,455		
Påskbuketten 9	Malmö	Malmö	Hästvägen 4 D	1988		1,349					1,349	1,187	1,187		
Revolversvarven 12	Malmö	Malmö	Jägershillgatan 18	1987		9,974					9,974	11,533	11,993	2.3	
Snickeriet 14	Oskarshamn	Oskarshamn	Förrådsgränd 8	1982/ 1986/ 2002/ 2006		2,198					2,198	2,060	2,060		
Sturup 1:160	Svedala	Svedala	Västergatan Sturups flygplats	1972		2,365					2,365	421	1,456	70.6	

Name	Municipality	Location	Address	Year of construction/ conversion	Gross leasable area sq.m.							Total area	Rental revenue	Rental value	Vacancy, %	
					Retail	Industr./ ware- house	Offices	School	Care	Retire- ment homes	Other					
Torshammaren 11	Malmö	Malmö	Hornyxegatan 6	1984								647	815	815		
Verkstaden 5	Lund	Lund	Annedalsvägen 9	1973/ 1989		1,864	4,824	400				7,088	5,814	7,287	19.4	
Vildanden 8	Malmö	Malmö	Geijersgatan 6-8	1967/ 1990/ 1993			8,561					8,561	6,872	9,504	26.9	
Vildanden 9	Malmö	Malmö	Geijersgatan 2	1990		325		5,453				5,778	6,647	7,561	10.9	
Ädelmetallen 12	Jönköping	Jönköping	Grossistgatan 12	1987			480	1,538				2,018	1,319	1,319		
Öronlappen 8	Jönköping	Jönköping	Bånggårdsgratan 3	1999		668		1,438				2,106	1,641	2,040	19.0	
Öronskyddet 9	Jönköping	Jönköping	Gnejsvägen 2	1997				1,713				1,713	1,533	1,533		
Översten 3	Kalmar	Kalmar	Flottijvägen 24	1993		818		1,588			9	2,415	1,034	2,322	55.5	
<b>School properties</b>																
Gullriset 4	Malmö	Malmö	Monicavägen 18:22	1945				648				648	708	708		
Intendentsen 2	Hässleholm	Hässleholm	Finjagatan 18	1960					2,290		600	2,890	2,305	2,305		
Jägaren 11	Växjö	Växjö	Valigatan 12E	1956/ 1969/ 1982			1,420	8,350			3,616	13,386	11,128	11,243		
Klostergården 2:6 m fl	Lund	Lund	S:t Lars väg 1-38, S:t Lars väg 70-90	1929		1,197	2,395	15,099	36,797			6,113	61,601	51,339	57,797	13.5
Liv 1	Ystad	Ystad	Björnsterjegatan 1A-C	1900/ 2000		36	2,662	3,742	72		197	6,709	6,711	7,102	4.8	
Rödjan 7	Kävlinge	Kävlinge	Karl Johans väg 25	1988				11,678				11,678	6,861	6,861		
Silverängen 4	Landskrona	Landskrona	Silvergården 1	1960				10,322	4,190		241	14,753	11,648	11,814	1.4	
Spillepengsmarken 7	Malmö	Malmö	Strömgatan 13	1966/ 1990				4,670				4,670	3,147	5,094		
<b>Care properties</b>																
Grönsakshandlaren 5	Malmö	Malmö	Jägersrovägen 80	1989-1991						3,003		3,003	3,194	3,195		
Lasarettet 8	Karlshamn	Karlshamn	ErikDahlbergsvägen 30AF	1880				5,198				11,623	7,656	8,509	10.0	
Norrahammar 28:108	Jönköping	Norrahammar	Postgatan 1-9	1971/ 2003		178				2,439		2,617	4,065	4,065		
Vårdträdet 7	Jönköping	Gränna	Hävdvägen 31	1999		129				1,517		1,646	2,857	2,857		
<b>Retirement homes</b>																
Anten 3	Malmö	Malmö	Eddagatan 1	1989						3,040		3,040	6,045	6,047		
Arlöv 11:294	Burå	Arlöv	ARWIDIUS VÄG 50-66	1900/ 2000						8,378	325	8,703	13,373	13,883	3.8	
Bakareboda 1:162	Karlskrona	Holmsjö	Servicevägen 1	1992					690	1,530		2,220	3,370	3,370		
Blinkarp 1:9	Svalöv	Röstånga	Blinkarp 863	1944					2,370		230	2,600	269	744	63.7	
Byrådirektören 4	Malmö	Malmö	Von Troils Väg 2-8	1972			905	8,714	334	5,351		15,304	20,446	21,457	4.7	
Cykeln 12	Malmö	Malmö	Palmgatan 17	2000						2,980		2,980	3,100	3,201		
Idrotten 12	Malmö	Malmö	Hasselgatan 24	1993						540		540	387	401		
Koljan 10	Malmö	Limhamn	Tegnégatan 68	1995						355		355	790	790		
Nattskårän 7	Malmö	Limhamn	Järnvägsgratan 29	1993						1,918		1,918	1,561	1,561		
Nicktisteln 2	Malmö	Malmö	Ernst Jakobssons gata 7	1993						2,250		2,250	2,840	2,842		
Norra Sjukhuset 1	Lund	Lund	Norra Gränsvägen 1	1975/ 1991		2,081	1,431			10,487	167	14,166	14,156	19,853		
Pjäsen 12	Gotland	Visby	Pjäsgatan 12	2004						6,600		6,600	9,705	9,697		
Rosenbuketten 8	Malmö	Malmö	Höjagatan 21	1989/ 1997					919			1,466	2,416	2,448		
Röinge 3:4	Hörby	Hörby	Röingevägen 1	1967						1,950		1,950	2,212	2,208		
Slätvåren 40 och 51	Malmö	Limhamn	Sarvgränd 2C	1910/ 1998						450		450	710	731		
Solskiftet 1	Malmö	Oxie	Oshögavägen 2	1976						6,285		6,285	8,126	8,129		
Stengodset 1	Malmö	Oxie	Stengodsvägen 4	1999						1,850		1,850	2,419	2,380		
Storskarven 12	Malmö	Bunkeflostrand	Norra vägen 7	1998						1,900		1,900	2,464	2,448		
Storskarven 13	Malmö	Bunkeflostrand	Norra vägen 1	1996						2,313		2,313	2,619	2,642		
Storskarven 9	Malmö	Bunkeflostrand	Brunandavägen 32	1993						442		442	588	581		
Styckmästaren 8	Malmö	Malmö	Jöns Risbergsgatan 4	1995						1,388		1,388	1,882	1,933		
Styrkan 23	Malmö	Malmö	Spånehussvägen 69	1998						978		978	1,788	1,785		
Sädesårlan 6	Malmö	Limhamn	Linnégatan 18	1929/ 1960/ 2000		305				472		777	776	776		
Torsten 12	Malmö	Malmö	Major Nilssonsgatan 13	1942						2,400		2,400	2,869	2,864		
Tvärakern 16	Malmö	Malmö	Marieholmsvägen 3	1996						672		672	865	886		
Virket 8	Malmö	Malmö	Sigtunagatan 13	1936/1994		40		209		2,455	1,779	4,483	4,783	4,813		
<b>Other commercial properties</b>																
Gunguhästen 1	Malmö	Malmö	Jägersrovägen 160	1964/ 1990			3,342				5,501	8,843	8,896	9,756	7.0	
Krukskarven 6	Malmö	Malmö	Flintyxegatan 6	-												
Malmback 2:118,115	Nässjö	Malmback	Ågatan 7	-												
Sjöfall 1:85, 1:180	Nässjö	Fredriksdal	Ägatan 30	-												
<b>Other public properties</b>																
Hjorten 15	Trelleborg	Trelleborg	Henry Dunkers gata 6	1950			3,372					3,372	4,501	4,502		
Idrotten 7	Malmö	Malmö	Palmgatan 28	-									46	46		
Limhamn 152:371	Malmö	-	-	-												
<b>Market Area West</b>																
<b>Retail properties</b>																
Eketånga 3:204	Halmstad	Halmstad	Jutaplatsen 3	1964		2,376						2,376	2,420	2,420		
Glimmern 1	Skövde	Skövde	Gamla Kungsvägen 54	1947		6,962	298	1,705			24	8,988	5,997	6,714	7.7	
Halla-Stenbacken 1:102	Uddevalle	Uddevalle	Fossumsbergsvägen 1	1975		1,518						1,518	763	752		
Henån 1:303	Orust	Henån	Hamntorget 1-5	1986		2,266						2,266	2,952	3,092		
Limmared 26:2	Tranemo	Limmared	Vallgatan 4	1970/ 1988		1,149						1,149	280	280		
Pantängen 19	Borås	Borås	Getångsvägen 32	1965		2,213						2,213	1,113	1,113		
Plommonet 12	Alingsås	Alingsås	Noltorps Centrum 2, Noltorps Centrum 4	1978		2,102						2,102	2,446	2,446		
Ran 20	Uddevalle	Uddevalle	Odengatan 3	1984		1,644						1,644	2,252	2,252		
Rud 4:1, 760:42	Gothenburg	Västra frölunda	Gitarrgatan 2	1963		2,130	17					2,147	2,771	2,754	0.2	
Storängen 11	Skövde	Skövde	Norregårdsvägen 25	2006		2,285						2,285	1,076	1,076		
Torrekulla 1:172	Mölnådal	Källered	G:a Riksvägen 10, G:a Riksvägen 12	1957		1,750			800			2,550	1,337	1,337		
Trasten 2 & 4	Vara	Vara	Stora Torget 4	1974		3,024	80	1,871				4,975	4,796	5,378	11.5	
Varla 14:1	Kungsbacka	Kungsbacka	Borgås Gärdsväg 19	2008		780	1,030				680	2,490	1,937	1,937		
Varvet 3	Uddevalle	Uddevalle	Kasenabbvägen 8	1990		4,241						4,241	2,884	2,885		
Vaxkakan 2	Varberg	Varberg	Annebergsvägen 6	2006		2,550						2,550	936	936		
<b>Industrial/warehouse properties</b>																
Arendal 764:385	Gothenburg	Gothenburg	Sydlatlant 12	1969/ 1979/ 1994		10,105						10,105	5,299	5,299		
Backa 21:8	Gothenburg	Hisings backa	Exportgatan 19-21	1960/1997/ 1972		15,382	1,526					16,908	7,162	7,130		
Backa 30:4	Gothenburg	Gothenburg	Importgatan 23-25	1972/ 2001		10,375						10,375	9,002	9,002		
Backa 96:2	Gothenburg	Hisings backa	Exportgatan 23	1983/1986/ 1990		6,634						6,634	3,516	3,969		
Baggen 2	Skara	Skara	Ångatorpsgatan 3	1971/1991/ 1997/ 1993/ 1996		1,219						1,219	1,404	1,404		
Bulten 1	Alingsås	Alingsås	Sävelundsgatan 2	1977/ 1993/ 1996		18,381						18,381	18,504	18,504		
Fjädern 3	Borås	Borås	Industrigatan 31	1950		750						750	233	233		
Fjädern 4	Borås	Borås	Industrigatan 29	1950		5,830						5,830	2,454	2,460		
Forsåker 1:227	Mölnådal	Mölnådal	Nämndemansgatan 17/ Krongårdsgatan 3	1968		21,109						21,109	13,729	13,729		

# Owned properties as of 31 December 2008

Name	Municipality	Location	Address	Year of construction/ conversion	Gross leasable area sq.m.							Total area	Rental revenue	Rental value	Vacancy, %			
					Retail	Industr./ ware- house	Offices	School	Care	Retire- ment homes	Other							
Hede 3:122	Kungsbacka	Kungsbacka	Kraftvägen 2	1952/ 2001		27,234	1,066	1,036				630	29,966	14,539	15,194	4.3		
Hede 3:122	Kungsbacka	Kungsbacka	Kraftvägen 3	1952/ 2001														
Kryptongasen 4	Mölnadal	Mölnadal	Kryptongatan 20	1983		6,258	1,992						8,250	5,663	5,663	8.0		
Kryptongasen 7	Mölnadal	Mölnadal	Kryptongatan 22B	2000		5,000							5,000	3,133	3,131			
Kylaren 4	Kungälv	Kungälv	Traktorgatan 13	1979		2,634	700						3,334	1,410	1,411			
Kylaren 9	Kungälv	Kungälv	Dumpegratan 3	1990		2,425	514						2,939	1,947	2,141	5.3		
Kärra 93:3	Gothenburg	Hisings kärra	Orrekuilla Industrigata 36	1992		1,390	1,931				179		3,500	2,152	2,152	74.0		
Lexby 2:29	Partille	Partille	Brodalsvägen 13 B-C	1981		6,508	3,186						9,694	6,150	6,150			
Lundby Prästgård 1:1	Lerum	Gråbo	Olstorpsvägen 3	1967														
Sandåker 1	Ulricehamn	Ulricehamn	Vistavägen 4	1971/ 2000/									727	1,200	1,200			
Tingshuset 2	Mölnadal	Mölnadal	Kråketorpsgratan 16	1963		3,450							3,450	1,307	1,307			
Varla 2:390	Kungsbacka	Kungsbacka	Energigatan 19	1992			4,682						4,682	3,780	3,721	4.8		
Ventilen 6	Kungälv	Kungälv	Bilgatan 7	1990		1,818	1,120						2,938	1,872	1,963	1.4		
Ädelgasen 1	Mölnadal	Mölnadal	Neongatan 5	1972/ 1976/ 1987/ 1997		12,093	3,330						15,423	9,446	9,446			
<b>Office properties</b>																		
Forsåker 1:164	Mölnadal	Mölnadal	Kronogårdsgatan 3	1975														
Forsåker 1:257	Mölnadal	Mölnadal	Kronogårdsgatan 3	1986														
Rud 52:2	Gothenburg	Västra frölunda	Klangfärgsgatan 11	1968		475	1,204		450				2,129	1,347	1,917	29.6		
Sågen 14	Kungsbacka	Kungsbacka	Järnvägsgratan 36	1980		1,169	1,429						2,598	2,163	1,990			
Tynnered 1:13	Gothenburg	Västra frölunda	Lergöksgatan 4	1971	945	1,178	3,375			363		260	6,121	4,354	5,411	13.4		
Varla 14:8	Kungsbacka	Kungsbacka	Magasingatan 12	1989			1,477						1,477	1,136	1,235			
Ventilen 7	Kungälv	Kungälv	Bilgatan 3	1989		131	2,094						2,225	1,168	1,401	13.4		
Åvsborg 178:6	Gothenburg	Västra frölunda	Redegatan 9	1978	2,197	157	4,406						6,760	6,616	7,152	2.9		
<b>School properties</b>																		
Backa 245:1	Gothenburg	Hisings backa	Sankt Jörgens Väg 14-20	1961/ 1976		229	1,613	5,541					7,383	5,972	6,021	1.2		
Bångsbo 1:29	Kungsbacka	Kullavik	Bångsbovägen 9	1972/ 1995				3,260					3,260	4,246	3,677			
Hagtornen 10	Borås	Borås	Varbergsvägen 38	1967	350	1,945	4,225	4,900					11,420	7,489	7,604	0.2		
Halla-Stenbacken 1:88	Uddevalla	Uddevalla	Västgötagävan 30	1913/1930/ 1945/1971/ 2000-01/ 2002-05		4,242	7,823	14,649			10,889		37,603	26,013	29,009	10.7		
Häggen 3	Skara	Skara	Gråbrödragatan 15	1950							1,824		1,941	2,381	2,369			
Källtorpsbacken 1	Trollhättan	Trollhättan	Strömsviksvägen 50-54	1989							445		445	401	401			
Rud 52:6	Gothenburg	Västra frölunda	Klangfärgsgatan 3	1972				1,860					1,860	1,480	1,480			
Samariten 11	Borås	Borås	Klinikvägen 48	1980				12,009					12,009	10,714	10,714			
Sinclair 12	Uddevalla	Uddevalla	Klintvägen 3	1949		1,053	2,049	15,158				324	18,584	10,499	18,265	2.2		
Stallet 10	Vänersborg	Vänersborg	Johannesbergsvägen 47A	1988														
Stallet 3	Vänersborg	Vänersborg	Johannesbergsvägen 15A-B	1988			360	3,359			72		3,791	2,920	2,784			
Stallet 4	Vänersborg	Vänersborg	Johannesbergsvägen 17A-B	1988														
Stallet 5	Vänersborg	Vänersborg	Johannesbergsvägen 21-33	1988														
Stallet 8	Vänersborg	Vänersborg	Johannesbergsvägen 21-33	1988														
Stallet 9	Vänersborg	Vänersborg	Johannesbergsvägen 45A-B	1988														
<b>Care properties</b>																		
Björken 10	Karlsborg	Karlsborg	Björkstigen 2	1972/ 2000			295		1,918				2,213	1,850	1,936	4.4		
Dingle 1:103	Munkedal	Dingle	Östra vägen 3	1945				344					344	248	267	6.1		
Dingle 1:87	Munkedal	Dingle	Trädgårdsgatan 9	1984		41	36	258					335	378	401			
Dunshult 7:1	Skövde	Skövde	Hästskovägen 2	1983				182				30	709	441	585	25.2		
Dyrtoip 1:129	Färgelanda	Färgelanda	Hävestensvägen 1	1977/1991/ 2001		29	239	1,650	4,851				6,769	5,233	5,240	0.1		
Eken 6:1	Åmål	Åmål	Skolgatan 4	1922/1937/ 1966/2001			1,572		1,741	3,262			6,575	5,435	5,989	3.1		
Flugsvampen 7	Herrljunga	Herrljunga	Horsbyvägen 16	1978/1999/ 2001		214			354				2,866	3,181	3,189	2.9		
Fonden 49	Borås	Borås	Sörmarksgatan 199-205	1978/1998					135				4,588	3,594	3,602			
Foss 12:24	Munkedal	Munkedal	Centrumvägen 34	2007					1,917				1,917	2,617	2,617			
Heljeröd 1:15	Sotenäs	Hunnebostrand	Heljerödshemmet PI 1395	1931/1987/ 1992					1,124				1,124	1,222	1,222			
Klockstapeln 4	Skövde	Skövde	Knoppaliden 3	1986					688				688	455	455			
Klövern 7	Vänersborg	Vänersborg	Östergatan 1	1910/1966/ 1977					11,924			123	12,047	8,878	8,940	0.7		
Krokstads-Hede 1:108	Munkedal	Hedekas	Dinglevägen 6	1950					222				222	219	220			
Kräkhult 1:61	Borås	Dalsjöfors	Upepegårdsgatan 2	1977/ 1978		89		2,502	3,650				6,241	4,732	4,663			
Kullen 18	Lilla Edet	Lilla edet	Järnvägsgratan 8	1980/ 1985		243		3,157	205	43			9,441	7,093	9,330	15.2		
Läkaren 5	Falköping	Falköping	Sankt Olofsgatan 8	1948/1995/ 2003				3,320					3,320	3,401	3,401			
Milstolpen 8	Borås	Borås	Smörhulegatan 2	1981/ 1995		103		250		2,170			2,523	2,530	2,528			
Mistein 13	Essunga	Nossebro	Ångsgatan 3	1985		134			197	1,433		20	1,784	1,656	1,673	1.0		
Murmeljuret 4	Mölnadal	Mölnadal	Fredåsgatan 13	1980/1990					6,974				6,974	11,508	11,508			
Njord 32	Falköping	Falköping	Parkigatan 49	1945						613			613	521	521			
Norr 5:10	Hjo	Hjo	Karlsborgsvägen 4	1965/ 1991				465		2,580	2,702		5,747	5,000	5,065			
Nödinge 38:25	Ale	Nödinge	Klockarevägen 16	1985				525					1,059	874	1,055	16.9		
Passagärden 1:32	Lilla Edet	Lödöse	Långgatan 11-13	1985				436					436	217	376	42.4		
Pilen 13	Mariestad	Mariestad	Drottninggatan 1	1946/1960/ 1983		120	11,840		1,739			26	13,725	10,868	12,136	10.0		
Rydboholm 1:477	Borås	Viskafors	Hagkällvägen 2	1981/2000		96		2,065					2,161	1,661	1,944	14.6		
Sandhuits-Rydet 1:256	Borås	Sandared	Strandvägen 11	1989		60		1,434					1,494	1,665	1,663			
Sik 1:183	Borås	Fristad	Tämvägen 6	1977				1,180		319			2,635	2,889	2,886			
Skeplanda 2:118	Ale	Skeplanda	Albotorget 5	1985				1,283					1,640	1,433	1,536	7.0		
Slätten 15:7	Lysekil	Lysekil	Lasarettsgatan 1	1932/1948/ 2002		38	58	2,733	696	6,761	5,504		15,790	15,373	16,894	6.6		
Stenhuggaren 1	Borås	Borås	Kindsgratan 1	1995					53				1,446	1,459	1,440			
Svalan 7	Ulricehamn	Ulricehamn	Nygatan 7	1915/1977/ 1995/2003		219		1,740				39	7,326	6,276	6,282	0.3		
Sågen 22	Skara	Skara	Malmgatan 36	1967/1971/ 1980/1982		262		3,539					14,213	12,138	12,759	5.0		
Tollered 4:2	Ale	Ålvängen	Gothenburgsvägen 26	1964/1977/ 1988					1,558			1,130	2,688	2,031	2,086	2.7		
Tordyveln 1	Mariestad	Mariestad	Brättnäsvägen 4	1984					810				810	704	704			
Tuntorp 4:34	Lysekil	Brastad	Lärkvägen 4	1981				312					1,478	1,081	1,369	21.0		
Tändstickan 1	Tidaholm	Tidaholm	Västra Drottningvägen 11	1982				585					4,347	3,625	3,622			
Vespern 8	Mellerud	Mellerud	Rostocksgatan 31	1991									364	407	407			
Åklagaren 9	Skövde	Skövde	Advokatvägen 23	1989					118			227	345	346	346			
<b>Retirement homes</b>																		
Backa 243:52	Gothenburg	Hisings backa	S:t Jörgens väg 22	1956-62/ 1992-93									4,441	605	5,046	6,031	6,066	0.4
Björnsäter 5:7	Mariestad	Mariestad	Kinnekullevägen 40	1950/ 1984									3,983	3,983	3,160	3,093		
Brandvakten 3	Halmstad	Halmstad	Södra Vägen 2	1988									3,815	4,187	4,112			
Fallström 14	Mölnadal	Mölnadal	Fallströmströmgatan 1-5,	1997					89				1,389	2,273	2,273			



Name	Municipality	Location	Address	Year of construction/ conversion	Gross leasable area sq.m.					Total area	Rental revenue	Rental value	Vacancy, %			
					Retail	Industr./ ware- house	Offices	School	Care							
Fiskebäck 8:7	Gothenburg	Västra frölunda	Hällef Lundregatan 20	1999			71			6,444	1,270	7,785	7,978	7,914	1.1	
Fjällräven 15	Uddevalla	Uddevalla	Myråsvägen 6A-F	1972			367	150		3,631		4,148	3,598	3,598		
Halmstad 10:35	Halmstad	Halmstad	Frennarpsvägen 131	2004						3,312		3,312	4,588	4,602		
Heden 28:2	Gothenburg	Gothenburg	Berzelligatan 11	1993						1,840		1,840	3,759	3,596		
Krokslätt 147:2	Gothenburg	Gothenburg	Frickullagatan 18 G	1996			150			3,124		3,274	4,617	4,628		
Lyrestads Klockarbol 5:39	Mariestad	Lyrestad	Sjötörpsvägen 2	1958/ 1991						4,284		4,284	3,649	3,649		
Nåset 130:1	Gothenburg	Västra frölunda	BJÖLAVÄGEN 1	2000						3,701		3,701	4,816	4,816		
Rosenhäll 1	Uddevalla	Uddevalla	Österled 2	1972	51	213	169			7,737		16,216	13,722	14,772	7.2	
Rud 5:2	Gothenburg	Västra frölunda	Positivgatan 15	1999						6,027		6,027	6,306	6,135		
Ullervad 14:19	Mariestad	Mariestad	Ullervadsvägen 4A	1963/ 1988						5,169		5,169	4,918	4,920		
<b>Other commercial properties</b>																
Forsäker 1:75	Möln dal	-	-	-												
Tranemo 1:29	Tranemo	Tranemo	Kvarngatan	-												
<b>Other public properties</b>																
Osdal 3:7	Borås	Borås	Pickejövägen 1-5	2005-2006					1,849		1,849	3,876	3,876			
<b>Market Area East</b>																
<b>Retail properties</b>																
Botvidsgymnasiet 4 & 5	Botkyrka	Norsborg	Fågelviksvägen 5-	1971/ 2000	14,921	2,193	19,786	7,600			1,675	46,175	23,202	41,789	38.3	
Brynäs 34:8	Gävle	Gävle	Atlasgatan 11	1982/ 2006	2,854		594					3,448	1,475	1,778	17.1	
Flogsta 22:3	Uppsala	Uppsala	Flogstavägen 99	1977	1,816	221						2,037	2,717	2,718		
Generatorm 2	Motala	Motala	Turbinvägen 5	1988	2,000							2,000	1,113	1,113		
Göria 8:2	Norrköping	Norrköping	Gäddvägen 7	2008	2,450							2,450	1,120	1,270		
Göria 8:3	Norrköping	Norrköping	Gäddvägen 9	2008												
Göria 8:7	Norrköping	Norrköping	Gäddvägen 5	2008												
Himna 11:225 & 11:226	Linköping	Linghem	Himnavägen 153, Himnavägen 155	1976	988						823	1,811	1,639	1,640		
Idrottspriset 1	Linköping	Linköping	Rekrytgatan 3 och 5	1992	1,020		71					1,091	1,449	1,496	2.6	
Isbjörnen 1	Linköping	Linköping	Tröskaregatan 5-35	1982/ 1996	1,419		473					684	2,576	2,583	2.4	
Laken 3	Linköping	Linköping	Söderleden 33-37	1963/ 1988	2,587						2,066	485	5,138	5,067	2.9	
Librobäck 3:3	Uppsala	Uppsala	Hällnäsgränd 6a	2006	2,808							2,808	2,096	2,096		
Mättbandet 8	Täby	Täby	Mättbandsvägen 5	2001	1,938							1,938	1,797	1,605		
Nollplanet 12	Eskestuna	Eskestuna	Mätt Johanssons Väg 30	1990/ 1994	2,038							2,038	1,366	1,366		
Prislappen 1	Linköping	Linköping	Mörtlösa 1	1972	2,806							2,806	2,428	2,428		
Ringnyckeln 1	Huddinge	Skogås	Svararvägen 6	1973	149	6,208	395					409	7,161	3,494	3,901	5.1
Runö 7:73 & 7:74	Österåker	Åkersberga	Sägsvägen 26	2007	2,490							2,490	2,028	2,028		
Slipstenen 1	Huddinge	Skogås	Fräsarvägen 19	2006	2,808							2,808	2,428	2,400		
Torlunda 1:80	Eskestuna	Eskestuna	Torestavägen 4	2006	2,808							2,808	1,249	1,249		
Tunaberg 4	Botkyrka	Tumba	Tunabergsvägen 1	1974	1,320							1,320	1,240	1,219		
Täckera 2:227	Haninge	Haninge	Gamla Nynäsvägen 3A	1981	2,810							2,810	3,456	3,461		
Täckera 2:273	Haninge	Haninge	Gamla Nynäsvägen 3B	1991	5,966							5,966	7,215	7,216		
Tändstiftet 2	Täby	Täby	Enthagsvägen 4	1996	1,920							1,920	2,323	2,372		
<b>Industrial/warehouse properties</b>																
Asken 17	Nyköping	Nyköping	Hantverkarsvägen 7A	1940/ 1972/ 1992/ 1997/ 1998			1,870					1,870	853	853		
Bagaren 9	Tyresö	Tyresö	Radiovägen 7A	1984	2,220							2,220	1,553	1,557		
Elektronen 1	Sollentuna	Sollentuna	Hovslagarevägen 5	1957/ 1987	2,112	261						2,373	2,143	2,113	0.5	
Elektronen 4	Sollentuna	Sollentuna	Hovslagarevägen 3 A	1958/ 1992	140	2,666	941					3,747	2,862	3,375	13.3	
Elementet 3	Sollentuna	Sollentuna	Bäckvägen 20	1963/ 1989	1,986	722						2,708	1,486	1,879	19.0	
Forellen 1	Solna	Solna	Björnstigen 4	1954	1,039	324						1,363	745	748		
Generatorm 16	Stockholm	Bromma	Lintavägen 4	1958	2,060							2,060	1,439	1,470		
Glaskaskan 1, Linköping	Linköping	Linköping	Roxtorpsgränd 16	1977/ 1982	306	1,488	1,078					2,799	3,151	2,237	2,239	
Greken 5, Linköping	Linköping	Linköping	Rudsjögränd 1, Rudsjögränd 3	1959	1,614	1,714	162					279	3,490	2,310	2,321	
Handelsmannen 1	Norrköping	Norrköping	Diamantgatan 7-9	1988	5,321	1,675						6,996	12,008	12,008		
Hyveln 2	Mjölby	Mjölby	Hallevadsgatan 8	1960	9,409							9,409	3,604	4,348		
Häradsvallen 1:133	Mjölby	Mantorp	Fallvägen 2	1965	1,425							1,425	280	280	100.0	
Hästhöjden 5	Stockholm	Skärholmén	Ekholsvägen 19-21	1984/ 1987/ 1977/ 2007	1,231	60						1,291	1,225	1,213		
Jordbromalm 6:14	Haninge	Haninge	Lagervägen 11	1977/ 2007	9,573							9,573	7,480	7,480		
Kopparen 8	Tyresö	Tyresö	Vintervägen 4	1970/ 2001	3,330	517						3,847	4,624	4,624		
Kylfacket 1	Stockholm	Johanneshov	Hallmästarvägen 4 - 8	1955/ 1960/ 1994	25,062							25,062	18,345	18,345		
Kylrummet 1	Stockholm	Johanneshov	Hallmästarvägen 1 - 5	1969/ 1976/ 1989												
Lödret 4	Eskestuna	Eskestuna	Filargatan 3	1985	5,900							5,900	3,383	3,383		
Magnetbandet 3	Linköping	Linköping	Finnögatan 1	1987	4,730	445						5,175	3,383	3,528	3.4	
Magneten 4	Motala	Motala	Dynamövägen 11	1990/ 1995	396						570	396	206	206		
Märeta 14:1	Sigtuna	Ariandastad	Industrigatan 2	1967	2,550	520						3,070	3,726	3,624	6.8	
Nore 22	Eskestuna	Eskestuna	Helgestagatan 3 B	1972	1,500							1,500	780	780		
Nylonstrumpan 3	Linköping	Linköping	Skonbergavägen 41	1968	4,653							4,653	1,369	1,370		
Reparatören 2	Täby	Täby	Reprovägen 3	1950	1,694	244						1,938	1,406	1,660	15.3	
Segersby 1	Botkyrka	Norsborg	Kumla Gårdsväg 10	1976	10,800	1,219						12,019	6,228	7,929	12.4	
Slakthuset 14	Norrköping	Norrköping	Lindövägen 70	1929/ 1985	2,805							2,805	1,076	1,076		
Stenvreten 4:1	Enköping	Enköping	Garagevägen 1 - 13	1962/ 1970	445	46,429	903				302	48,079	25,356	25,284	0.2	
Traktorn 7, Södertälje	Södertälje	Södertälje	Gränsbovägen 8	1983	4,920	330						5,250	4,860	4,860		
Viby 19:53	Upplands-Bro	Kungsängen	Kraftvägen 30, Kraftvägen 32	1992/ 1994	1,961							1,961	1,301	1,308	0.6	
Viby 19:54	Upplands-Bro	Kungsängen	Kraftvägen 26, Kraftvägen 28	1992	2,089							2,089	1,536	1,542		
Väsby 5:1	Sollentuna	Sollentuna	Kolonnvägen 2	1973	2,544							2,544	2,670	2,670		
Ösby 1:32	Värmdö	Gustavsberg	Värmdögatan 3	1950	650	234						884	1,141	1,141		
<b>Office properties</b>																
Domherren 15	Motala	Motala	Industrigatan 9	1937/ 1987		167	1,429					734	2,330	1,205	1,205	
Enen 10	Södertälje	Södertälje	Järnagatan 12	1950	5,902							483	6,739	7,745	7,745	
Fotografen 1	Tyresö	Tyresö	Medlavägen 1-5	1976	3,948							3,948	1,967	1,967		
Fråsen 1	Täby	Täby	Maskinvägen 2	1999	1,904							1,904	2,056	2,056		
Gardisten 4	Linköping	Linköping	Kolfallsgatan 3A	1964/ 2000	1,050							1,050	766	766		
Grundet 9, Linköping	Linköping	Linköping	Sunnorpsgränd 4	1985	1,638							1,638	1,092	1,093		
Gulldragaren 24	Stockholm	Hägersten	Västertorpsvägen 136	1956/ 1994	182	1,395						1,577	1,849	1,893	2.4	
Järnet 6	Tyresö	Tyresö	Bollmora Gårdsv. 2-18, Industriv. 1-15	1976	950	4,201	14,754	1,605				1,696	23,206	16,422	21,134	12.5
Kansliet 1	Solna	Solna	Signalistgatan 9	1940/ 1994			2,000					2,000	3,522	3,522		
Kopparen 14	Tyresö	Tyresö	Vintervägen 8, Vintervägen 10-72	1979	981	8,441	999					151	10,572	6,431	7,729	13.7
Kopparen 9	Tyresö	Tyresö	Vintervägen 2	1960	212	981	1,139					2,332	1,566	1,583		
Ringpärmen 5	Sollentuna	Sollentuna	Bergkällavägen 34	1988	963							4,069	1,200	4,035	70.2	
Ritmallen 2	Sollentuna	Sollentuna	Kung Hans Väg 6-8	1980	2,353	4,429						7,138	3,166	6,812	53.5	
Rosteriet 5	Stockholm	Stockholm	Lövholmsvägen 9	1956							356	3,270	4,277	4,277		
Räknestickan 2	Täby	Täby	Tillverkarvägen 12	1988			928				</					

# Owned properties as of 31 December 2008

Name	Municipality	Location	Address	Year of construction/ conversion	Gross leasable area sq.m.						Total area	Rental revenue	Rental value	Vacancy, %
					Retail	Industr./ ware- house	Offices	School	Care	Retire- ment homes				
Solkraften 17 & 18	Stockholm	Stockholm	Vattenkraftsvägen 8	1991			2,072				2,072	1,706	1,706	
Säteritaket 1	Stockholm	Hässelby	Maltesholmsvägen 88	1991		1,377	1,089				2,466	2,417	2,714	11.7
Tackan 9	Sollentuna	Sollentuna	Turebergs Allé 1	1971/ 1999		1,232	5,926				7,158	7,890	9,810	19.6
Tegelängan 1	Botkyrka	Norsborg	Tegelängsvägen 10	1988			1,356				1,356	870	870	
Telegrafan 1	Huddinge	Huddinge	Kommunalvägen 27B	1943			1,336				1,336	1,501	1,499	
Träböcken 1	Sollentuna	Sollentuna	Solfielundsvägen 2-6	1990			4,472			753	5,225	7,983	7,985	
Uggen 5	Solna	Solna	Industrivägen	1980			3,671				3,671	3,896	4,188	6.6
Valpen 1	Eskilstuna	Eskilstuna	Kungsgatan 68	1929			4,476				4,476	4,913	4,923	
Valsta 3:29	Sigtuna	Märsta	Hamnargatan 6	1972	5,599	734	81			324	6,738	5,040	7,339	21.0
Ösby 1:79	Värmdö	Gustavsberg	Skogsbovägen 21	1986/ 1990		1,211	1,593				2,804	1,553	2,142	27.5
<b>School properties</b>														
Aklejan 5	Linköping	Linköping	Linggatan 3	1941/ 1970				277			277	254	253	
Askeby 4:54	Linköping	Linghem	Andreas Linbloms väg 7	2008				425			425	285	283	
Askeby 4:55	Linköping	Linghem	Andreas Linbloms väg 5	2008										
Beckomberga 1:11	Stockholm	Bromma	Beckombergavägen 299	1930				1,484			1,484	2,438	2,436	
Beckomberga 1:12	Stockholm	Bromma	Beckombergavägen, Byggnad 11	1950				2,410			2,410	3,615	3,615	
Beckomberga 1:13	Stockholm	Bromma	Beckombergavägen, Hus 12	1930				2,300			2,300	4,018	4,010	
Befästningskullen 8	Solna	Solna	Anders Lundströms gata 3 - 5	2004				3,388			3,388	6,176	6,151	
Borgaren 18	Nyköping	Nyköping	Stora torget 3	1955/ 1977/ 2000		696	1,510	9,791		300	12,297	14,868	14,625	
Bällsta 2:1087	Vallentuna	Vallentuna	Zetterlundsväg 140	2006				3,000			3,000	6,072	6,064	
Fräsen 2	Täby	Täby	Maskinvägen 4	1999/ 2005				249	1,768		2,017	2,988	3,651	8.2
Förgasaren 4	Täby	Täby	Enhagsvägen 12	1979/ 2005					880		880	845	840	
Gunnebo 15	Stockholm	Spånåra	Salagatan 42	1992				942	3,278		4,220	7,763	8,026	5.1
Gällstad 1:291	Linköping	Linghem	Sävsångarevägen 61	2008					661		661	451	451	
Idun 1	Strängnäs	Strängnäs	Sundbyvägen 14	1922/ 2004					3,580		3,580	4,632	4,598	
Isskåpet 1	Linköping	Linköping	Tröskaregatan 73 - 75	2003					2,735		2,735	5,552	5,545	
Järven 5	Norrköping	Norrköping	Bergslagsgatan 11	/ 2003		1,500			3,011		4,511	6,127	6,099	
Karleby 2:2	Södertälje	Södertälje	Gärtunavägen 4	2004				58	2,950		3,008	5,530	5,517	
Laddstaken 1	Linköping	Linköping	Knektgatan 1A-B	1965/ 2007					750		750	1,101	1,092	
Medora 168:115	Älvkarleby	Skutskär	Klamparvägen 1	1990					2,500		2,500	2,802	2,802	
Nyfors 1:24	Eskilstuna	Eskilstuna	Tunavallsgränden 5	2007					1,427		1,427	2,717	2,711	
Nyponkärnan 1	Linköping	Linköping	Kvinnebyvägen 91	1972					970		970	873	869	
Ordensringen 2	Linköping	Linköping	Ellen Keys gata 4	1972					917		917	790	790	
Orgelstämman 1	Linköping	Linköping	Åbylundsgatan 19A	1957					215		215	179	178	
Ormtjusaren 1	Linköping	Linköping	Ulvasåven 2C	1955/ 1986					390		156	546	582	577
Ostduken 2	Linköping	Linköping	Björnkärrsgatan 14-16	1973					965		486	1,451	1,096	1,049
Rystads-Gårstad 8:41	Linköping	Linköping	Krökvägen 2-4	2008					661			661	435	435
Sandbacken Mindre 42	Stockholm	Stockholm	Sandbacksgatan 10	1900/ 1999					8,000		16	8,016	18,069	18,054
Sicklaån 126:4	Nacka	Nacka	Heigesons väg 10	1970					2,400		2,400	5,037	5,012	
Sigtuna 2:227	Sigtuna	Sigtuna	Skrubacken 61	2001					1,629			1,629	3,475	3,454
Vilunda 6:55	Upplands- Väsby	Upplands- väsby	Drabantvägen 1-7	2006					3,000			3,000	5,578	5,519
<b>Care properties</b>														
Akka 8	Stockholm	Bromma	Tranebergsgatan 1-3	1986		231	340				3,974	5,495	5,455	
Banslätt 1	Botkyrka	Tullinge	Römossevägen 25	1983		544	4,617				8,590	8,954	10,277	11.5
Bylegård 37	Täby	Täby	Jarlalankes väg 48	1903/ 1993							1,957	3,284	3,059	
Flockiljan 1	Nyköping	Nyköping	Narcissvägen 2	1993					398		398	419	418	
Forellen 2	Tyresö	Tyresö	Bollmoravägen 14-20	1981	557	85	1,380	80	4,517		6,619	7,058	7,339	4.0
Grindäng 1:13	Nyköping	Nyköping	Stigtomta	1993					364		364	438	438	
Grottan 2	Nyköping	Nyköping	Svårtavägen 21	2001					429		429	480	480	
Grånby 12:6	Uppsala	Uppsala	Grånby Bilgata 2	2006				265	2,479	15	2,759	5,611	5,700	2.7
Iggesund 14:269	Hudiksvall	Iggesund	Skolgatan 1	1980	101				1,975		3,169	2,471	2,471	
Illern 9	Huddinge	Huddinge	Stuvsta Torg 4-6, Stuvsta Torg 10-14	1988	410				140		3,266	4,899	5,032	0.6
Jullovet 1	Stockholm	Älvsjö	Annebodavägen 4-6	1982		23			1,310		1,333	1,557	1,554	
Kallhäll 1:32	Järfälla	Järfälla	Kopparvägen 2B	1981			22	723			2,206	1,868	2,575	27.5
Lejonet 21	Katrineholm	Katrineholm	Skogsgatan 8B-8F	1991					536		536	685	685	
Medicinaren 14	Huddinge	Huddinge	Diagnosvägen 8	1970					2,137		2,137	6	1,750	100.0
Nälberga 1:246	Nyköping	Tystberga	Björkgårdsvägen 1-3	1993					398		398	425	423	
Ribby 1:451	Haninge	Västerhaninge	Klockargatan 13-27	1981	540	523	1,955	1,071	2,986		7,075	6,420	7,432	13.8
Sandstenen 4	Nyköping	Nyköping	Ekebobacken 4	1992					437		437	592	589	
Sävja 56:1	Uppsala	Uppsala	Västgötarens 60	1990	187				2,989		3,176	5,969	5,957	
Tappström 1:50	Ekerö	Ekerö	Bryggsvägen 8	1992					922		2,713	3,745	3,719	
Vendelsö 3:1716	Haninge	Haninge	Skokavägen 20	1991					1,791		1,525	1,867	1,867	
Ösby 1:76	Värmdö	Gustavsberg	Skårgårdsvägen 7	1988	613	107	254		3,834		4,808	5,506	6,403	14.9
<b>Retirement homes</b>														
Betaren 4	Finspång	Finspång	Profilvägen 8	1964/ 1993						1,991	1,991	1,458	1,451	
Blåvalen 1	Södertälje	Södertälje	Tallhöjdsvägen 1-3	1927/ 1986			204		1,842		7,178	10,712	10,710	
Brynäs 55:4	Gävle	Gävle	Tredje Tvärgatan 31	1970					6,490		6,490	4,316	4,272	
Diadem 3	Norrköping	Norrköping	Gamla Övägen 27	1993					3,625		3,625	4,104	4,034	
Dragarbrunn 9:4	Uppsala	Uppsala	S:t Olofsgatan 44 B	2000					4,020		4,020	5,154	5,153	
Ekeby 2:275	Vallentuna	Vallentuna	Ekebyvägen 40	1992					2,936		2,936	3,117	3,108	
Elefanten 6	Linköping	Linköping	Barnhemsgatan 4	1998					743	477	1,221	1,335	1,340	0.8
Flyghöjden 2	Stockholm	Skarpnäck	Skarpnåcks Torg 1	2003					2,880		2,880	4,502	4,479	
Glaven 10	Stockholm	Stockholm	Stadshagsvägen 5	1996			141		3,442		3,583	5,891	5,852	
Hallen 4	Solna	Solna	Lövågen 39	1990			320		4,599		5,831	8,464	8,451	
Härstorp 3:366	Finspång	Finspång	Härstorpavägen 13	1972/ 1990					2,880		2,880	3,143	3,124	
Jakobsberg 2:2719	Järfälla	Järfälla	Vibblabyvägen 97-99	2000					4,341		4,341	6,304	6,262	
Jakobsberg 34:6	Järfälla	Järfälla	Snapphanevägen 22	1973/ 2002					7,055		7,055	12,282	12,219	
Järven 6	Norrköping	Norrköping	Bergslagsgatan	2004			1,199		4,054		5,253	7,675	7,932	2.4
Konstantinopel 6	Norrköping	Norrköping	SKOMAKAREGATAN 11	2000					3,183		3,183	5,187	5,134	
Kopparn 11	Stockholm	Stockholm	Erstagsatan 32-34	1929/ 1995			57		3,085		3,286	4,783	4,779	
Kristinelund 49:2	Gävle	Gävle	Norra Järnvägsvägen 20a-b	1980	204		2,524		2,911	12,179	17,818	13,928	13,117	4.7
Krusmyntan 2	Tyresö	Tyresö	Basilikagränd 1	2007					2,900		2,900	5,217	5,303	
Kulltorp 3	Stockholm	Stockholm	Tantogatan 19-25	1966/ 1997					5,098		5,098	8,266	8,197	
Kvarngården 14:5	Uppsala	Uppsala	Torkelsgatan 42	2000					3,585		3,585	4,984	4,981	
Landeryd 6:5	Linköping	Linköping	Slattforsvägen 2A-H	1994			222		4,120		4,949	3,508	3,607	3.3
Landeryd 6:61	Linköping	Linköping	Slattforsvägen 10	1974					1,266		1,266	1,102	1,100	
Lillgårdsskolan 11	Linköping	Linköping	Ridhusgatan 2A	1996					1,461		1,667	1,947	2,003	2.8
Linet 1	Norråttälje	Norråttälje	Torpvägen 5 A	1992					4,314		4,314	4,553	4,543	
Logfyrkanten 3	Solna	Solna	Signalistgatan 3	2000					3,035		3,035	5,124	5,130	
Luthagen 81:1	Uppsala	Uppsala	Norrandsgatan 2	2001					2,740		2,740	4,694	4,680	

Name	Municipality	Location	Address	Year of construction/ conversion	Gross leasable area sq.m.						Total area	Rental revenue	Rental value	Vacancy, %	
					Retail	Industr./ ware- house	Offices	School	Care	Retire- ment homes					Other
Plommonrådet 5	Stockholm	Hägersten	Valborgsmässovägen 20	1964		20	78			6,675	724	7,497	8,705	8,713	
Rickeby 1:97	Vallentuna	Vallentuna	Stendösvägen 5	2003						2,950		2,950	4,503	4,458	
Rickomberga 9:14	Uppsala	Uppsala	Geijersgatan 61	2001						3,200		3,200	5,362	5,362	
Riket 22	Linköping	Linköping	Järdalavägen 52C	1994						1,605		1,605	1,958	1,956	
Ruddammen 29	Stockholm	Stockholm	Ruddammsbacken 28	1940/ 1995						5,188		5,188	7,463	7,400	
Rösunda 36:41	Nacka	Saltsjöbaden	Rösundavägen 2	1900/ 2002						11,145		11,145	13,388	9,283	
Sandbyhov 301	Norrköping	Norrköping	Sandbyhovsgatan 21	1920-70/ 2000	2,736	30	5,293		2,412	17,229	24	27,724	32,922	32,752	
Sigtuna 2:164	Sigtuna	Sigtuna	Rektor Cullbergs väg 9	1943/ 1992						973		973	1,532	1,504	
Sjöstöveln 3	Stockholm	Hägersten	Folkparksvägen 156	1977/ 1997			325			7,445		7,770	10,456	10,420	
Strömsbro 4:2	Gävle	Gävle	Sanatorievägen 17	1910/ 2002						5,841		5,841	4,787	4,685	
Södertull 13:14	Gävle	Gävle	Flemminggatan 11-17	1970/ 1996						10,017		10,017	8,397	8,128	
Tegebruket 3	Finspång	Finspång	Östermalmsvägen 55	2002						3,275		3,275	4,892	4,886	
Tempelriddarorden 5	Stockholm	Skärholmen	Vita Liljans väg 53	1999						5,000		5,000	6,029	6,009	
Träbron 1	Stockholm	Älvsjö	Bergtällsvägen 10	1967/ 2000		9,312	2,137	2,366		3,093	5	16,913	20,712	20,813	
Trähästen 2	Linköping	Linköping	Skogslyckegatan 11F	1994						791		791	932	932	
Tuna 3:30, 3:182	Österåker	Åkersberga	Österskärsvägen 3	1994						1,394	5,028	6,422	7,740	7,787	
Valbyrån 5	Linköping	Linköping	Kärnavägen 3-11	1996						2,656	94	2,750	2,858	2,830	
Vallbacken 24:3	Gävle	Gävle	Vallbacksgatan 8	1970/ 1995						4,937		4,937	3,375	3,371	
Varva 2:20	Gävle	Gävle	Norra Prästvägen 12a-b	1970/ 1992						5,563		5,563	3,930	3,920	
Vetebullen 2	Linköping	Linköping	Kärna Centrum 1	1985						2,145		2,145	1,980	1,979	
Östermalm 1:12	Finspång	Finspång	Södra Störångsvägen 50	1950						8,510		8,510	7,355	7,319	
<b>Other commercial properties</b>															
Botvidsgymnasiet 1 & 6	Botkyrka	Norsborg	Fågelviksvägen	-											
Närby 1:72 m fl	Söderhamn	-	-	-											
Tumba 7:231 och 7:237	Botkyrka	-	-	-											
Åkerby 4 & 12	Täby	Täby	Kemistvägen 30-32	1993							13,600	13,600	10,954	10,632	
<b>Other public properties</b>															
Blomman 12	Norrköping	Norrköping	Nygatan 110	1903/ 1956/ 1975		42	4,032					4,074	3,132	3,538	11.8
Brädgården 2	Nyköping	Nyköping	Folkungavägen 2	1984			9,740				2,286	12,026	18,507	18,114	
Nacka Sicklaön 39:4	Nacka	Nacka	Helgesons väg 10	-											
Oxelbergen 1:2	Norrköping	Norrköping	Odalgatan 19	1976/ 1999/ 2000	45	1,778	22,065		1,025		1,017	25,930	20,255	21,304	6.7
Stinsen 1	Norrköping	Norrköping	Stockholmsvägen 6	1960			15,252				3,044	18,296	23,839	23,600	
Taktipinnen 1	Norrköping	Norrköping	Folkborgsvägen 1	1975		46	16,932	671				17,649	13,369	13,107	
<b>Market Area Germany</b>															
<b>Retirement homes</b>															
Barßel	Foreign	Barßel	Muhlenweg	2007						4,550		4,550	503	503	
Bochoht 1	Foreign	Bochoht	Böwings Stegge 8	2003						3,700		3,700	680	680	
Bochoht 2	Foreign	Bochoht	Böwings Stegge 6	2005						3,700		3,700	360	360	
Dinslaken	Foreign	Hiesfeld	Kurt-Schumacher-Str. 154	2001						4,059		4,059	609	609	
Duisburg Brauerstrasse	Foreign	Duisburg	Brauerstr. 43	2002						4,331		4,331	608	608	
Duisburg Fuchsstrasse	Foreign	Duisburg	Fuchsstrasse 31	2004						4,099		4,099	604	604	
Duisburg Hufstrasse	Foreign	Hamborn	Hufstrasse 2	2006						4,825		4,825	752	752	
Duisburg Karl-Lehr Strasse	Foreign	Duisburg	Karl-Lehr-Str. 159	2003						4,148		4,148	609	609	
Emden	Foreign	Emden	Rotdornring 1	2002						3,351		3,351	540	540	
Hünxe	Foreign	Hünxe	Bensumskamp 27	2000						3,800		3,800	608	608	
Isenbüttel	Foreign	Isenbüttel	An der Sporthalle	2008						3,066		3,066	320	320	
Langenfeld	Foreign	Immigrath	Langforter Str. 1-3	2006						4,073		4,073	753	753	
Lichtenstein	Foreign	Callnberg	M. Götte-Str. 14	2000						4,825		4,825	584	584	
Werder	Foreign	Werder	Am Strengfeld	2005						12,000		12,000	770	770	

# Acquired properties

Name	Municipality	Location	Address	Year of construction/ conversion	Gross leasable area sq.m.							Rental revenue	Rental value	Vacancy, %	
					Retail	Industr./ ware- house	Offices	School	Care	Retire- ment homes	Other				Total area
<b>Market Area Central</b>															
<b>Industrial/warehouse properties</b>															
Garveriet 1	Örebro	Örebro	Klostergatan 1	1891/1934			3,705				3,705	4,034	4,034		
Kontaktkledningen 1	Västerås	Västerås	Stenbygatan 10	1967	15,104						15,104	10,666	10,666		
Mälaren 17	Örebro	Örebro	Svartå Bangata 14	1933/1989	5,183	3,540				616	9,339	8,840	9,150	3.4	
<b>Office properties</b>															
Garveriet 5	Örebro	Örebro	Klostergatan 3	1929/1953			1,388				1,388	1,455	1,475		
Livia 16	Västerås	Västerås	Skomakargatan 2	1992			6,896				6,896	8,030	8,030		
<b>School properties</b>															
Gustavsborg 2	Västerås	Västerås	Vasagatan 44	1993				17,927			17,927	28,050	27,275		
Rosenhill 1	Västerås	Västerås	Gurksaltargatan 9	2002		5,673		16,689			22,362	30,745	30,145		
Rosenhill 12	Västerås	Västerås	Eriksborgsgatan 11	1960/2004				6,396			6,396	7,153	7,127		
<b>Retirement homes</b>															
Birka 1	Västerås	Västerås	Forntidsgatan 4	1993					3,016		3,016	2,840	2,791		
Brottborga 6:30	Västerås	Västerås	Lillhäradsvägen 20 A-F	2002					1,418		1,418	2,948	2,903		
Klockarkärlen 3	Västerås	Västerås	Rönningbergastigen 3	1999					3,937		3,937	2,563	2,539		
Kolaren 5	Västerås	Västerås	Träddragargatan 31	1950/2004					1,052		1,052	1,772	1,772		
Martinprocessen 9	Västerås	Västerås	Välljärngatan 494	2002					510		510	950	944		
Skjutfältet 9	Västerås	Västerås	Hästhovsgatan 27	2004					5,914		5,914	6,417	6,413		
Skogsduvan 1	Västerås	Västerås	Skogsduvevägen 11	1993/1999					1,107		1,107	1,665	1,661		
Skyttegillet 7	Västerås	Västerås	Rekylgatan 12	1961/2000					668		668	950	932		
Ångskloackan 1	Västerås	Västerås	Värföskgatan 6	1993					3,198		3,198	2,533	2,484		
Östra Dagrosen 1	Västerås	Västerås	Daggrosogatan 1	1993					3,507		3,507	2,755	2,650		
<b>Market Area North</b>															
<b>Industrial/warehouse properties</b>															
Aspgården 18	Umeå	Umeå	Bölevägen 44	1955	9,457	1,409					919	11,785	9,276	9,748	3.6
<b>Office properties</b>															
Yrkesskolan 4	Härnösand	Härnösand	Gånsviksvägen 4	1982		3,002				99	3,101	1,302	1,902	30.8	
<b>Market Area South</b>															
<b>Retail properties</b>															
Högaffeln 6	Västervik	Västervik	Timmergatan 4	1972	2,300						2,300	1,072	1,072		
<b>Industrial/warehouse properties</b>															
Spindeln 9	Malmö	Malmö	Singelgatan 8 - 10	1964		2,195					2,195	1,518	1,518		
<b>Retirement homes</b>															
Bakareboda 1:162	Karlskrona	Holmsjö	Servicevägen 1	1992				690	1,530		2,220	3,370	3,370		
<b>Other public properties</b>															
Hjorten 15	Trelleborg	Trelleborg	Henry Dunkers gata 6	1950		3,372					3,372	4,501	4,502		
<b>Market Area West</b>															
<b>Retail properties</b>															
Varla 14:1	Kungsbacka	Kungsbacka	Borgås Gärdsväg 19	2008	780	1,030				680	2,490	1,937	1,937		
<b>Industrial/warehouse properties</b>															
Backa 30:4	Gothenburg	Gothenburg	Importgatan 23-25	1972/2001		10,375					10,375	8,734	8,734		
Kryptongasen 4	Möndal	Möndal	Kryptongatan 20	1983		6,258	1,992				8,250	5,663	5,663	8.0	
Kryptongasen 7	Möndal	Möndal	Kryptongatan 22B	2000		5,000					5,000	3,135	3,135		
Kylaren 9	Kungälv	Kungälv	Dumpegatan 3	1990		2,290	689				2,979	1,933	1,933		
Kärra 93:3	Gothenburg	Hisings kärra	Örrekulla Industrigata 36	1992		1,390	1,931			179	3,500	2,152	2,152	74.0	
Lexby 2:29	Partille	Partille	Brodalsvägen 13 B-C	1981		6,508	3,186				9,694	6,150	6,150		
Tingshuset 2	Möndal	Möndal	Kråketorpsgatan 16	1963		3,450					3,450	1,309	1,309		
Ädelgasen 1	Möndal	Möndal	Neongatan 5	1972/1976/ 1987/1997		12,093	3,330				15,423	9,457	9,457		
<b>School properties</b>															
Hagtornen 10	Borås	Borås	Varbergsvägen 38	1967	350	1,945	4,225	4,900			11,420	7,489	7,604	0.2	
<b>Market Area East</b>															
<b>Retail properties</b>															
Generatörn 2	Motala	Motala	Turbinvägen 5	1989	2,000						2,000	1,113	1,113		
Görla 8:2	Norrköping	Norrköping	Gäddvägen 7	2008	2,450						2,450	1,270	1,270		
Görla 8:3	Norrköping	Norrköping	Gäddvägen 9	2008											
Görla 8:7	Norrköping	Norrköping	Gäddvägen 5	2008											
<b>Industrial/warehouse properties</b>															
Handelsmannen 1	Norrköping	Norrköping	Diamantgatan 7-9	1988		5,321	1,675				6,996	12,008	12,008		
Löddret 4	Eskilstuna	Eskilstuna	Filargatan 3	1986		5,900					5,900	3,383	3,383		
Märsta 14:1	Sigtuna	Arlandastad	Industrigatan 2	1967		2,550	520				3,070	3,726	3,624	6.8	
Traktorn 7, Södertälje	Södertälje	Södertälje	Gränsovägen 8	1983		4,920	330				5,250	4,860	4,860		
<b>Office properties</b>															
Domherren 15	Motala	Motala	Industrigatan 9	1937/1987		167	1,429			734	2,330	1,205	1,205		
Enen 10	Södertälje	Södertälje	Järnagatan 12	1950	354		5,902			483	6,739	7,745	7,745		
Lejonet 28, Lidingö	Lidingö	Lidingö	Lejonvägen 14	1950			863				863	1,185	1,263		
<b>School properties</b>															
Beckomberga 1:12	Stockholm	Bromma	Beckombergvägen, Byggnad 11	1950				2,410			2,410	3,615	3,615		
Borgaren 18	Nyköping	Nyköping	Stora torget 3	1955/1977/ 2000		696	1,510	9,791			300	12,297	14,868	14,625	
<b>Other public properties</b>															
Blomman 12	Norrköping	Norrköping	Nygatan 110	1903/1956/ 1975		42	4,032				4,074	3,132	3,538	11.8	
Brädgården 2	Nyköping	Nyköping	Folkungavägen 2	1984			9,740				2,286	12,026	18,507	18,114	
Oxelbergen 1:2	Norrköping	Norrköping	Odalgatan 19	1976/1999/ 2000	45	1,778	22,065		1,025		1,017	25,930	20,255	21,304	6.7
Stinsen 1	Norrköping	Norrköping	Stockholmsvägen 6	1960			15,252			3,044	18,296	23,839	23,600		
Taktipinnen 1	Norrköping	Norrköping	Folkborgsvägen 1	1975		46	16,932	671			17,649	13,369	13,107		
<b>Market Area Germany</b>															
<b>Retirement homes</b>															
Barßel	Foreign	Barßel	Muhlenweg	2007						4,550	4,550	503	503		
Isenbüttel	Foreign	Isenbüttel	An der Sporthalle	2008						3,066	3,066	320	320		

# Divested properties

Name	Municipality	Location	Address	Year of construction/ conversion	Gross leasable area sq.m.							
					Retail	Industr./ ware- house	Offices	School	Care	Retire- ment homes	Other	Total area
<b>Market Area Central</b>												
<b>Industrial/warehouse properties</b>												
Garveriet 1	Örebro	Örebro	Klostergatan 1	1891/1934			3,705				3,705	
<b>Office properties</b>												
Garveriet 5	Örebro	Örebro	Klostergatan 3	1929/1953			1,388				1,388	
<b>Market Area North</b>												
<b>Retail properties</b>												
Häradsdomaren 3	Umeå	Umeå	Bryggargatan 10	1970	325	169	160			373	1,027	
<b>Office properties</b>												
Lamellen 3	Umeå	Umeå	Norra Obbolavägen 89	1968		292	1,930			1,120	3,341	
<b>Market Area South</b>												
<b>Industrial/warehouse properties</b>												
Motellet 2	Landskrona	Landskrona	Hjalmar Brantings Väg 11	1989		1,190	907				2,097	
Skeppsvarvet 9	Landskrona	Landskrona	Profilgatan 67	1952		905	502				1,407	
Åldalen 1	Ängelholm	Ängelholm	Brandsvigsgatan 6	2000		9,266	2,333				11,599	
<b>Office properties</b>												
Kolet 2	Landskrona	Landskrona	Omnibusgatan 1	1989			460				460	
Pedalen 18	Landskrona	Landskrona	Känggatan 15	1989			3,705				3,705	
Stenen 1	Landskrona	Landskrona	Industrigatan 68	1977		685	3,899		211		4,795	
<b>School properties</b>												
Blåbäret 10	Oskarshamn	Oskarshamn	Sörviksvägen 15A	1966	1,016	321	2,013	1,772			260	5,382
<b>Other commercial properties</b>												
Hamnen 22:2	Malmö	Malmö	Jörgen Kocksgatan 3	1952/1964		238	3,177				4,361	7,776
<b>Market Area West</b>												
<b>Industrial/warehouse properties</b>												
Lexby 11:236	Partille	Partille	Laxfiskevägen 4B	1956/1981		13,680					13,680	
<b>Other commercial properties</b>												
Torreby 3:54	Munkedal	Munkedal	Torreby	-								
<b>Market Area East</b>												
<b>Retail properties</b>												
Valsverket 10	Stockholm	Bromma	Karlsbodavägen 2	1962/1998/ 1979/1997	18,150						18,150	
<b>Industrial/warehouse properties</b>												
Domnarvet 40	Stockholm	Spånga	Gunnebogatan 34	1989		2,577					2,577	
Fredriksskans 15:16	Gävle	Gävle	Bönavägen 55	2003		14,170					14,170	
Jakobsberg 22:14	Järfälla	Järfälla	Brantvägen 2	1962/1997		2,650					2,650	
Lagmannen 6	Mjölby	Skänninge	Borgmästaregatan 13	2006		16,816					16,816	
Mälaren 5	Mjölby	Skänninge	Borgmästaregatan 23	2006		52,198					52,198	
Reidmar 7	Danderyd	Djursholm	Vendevägen 62	1942/1968	198	720	1,205			60	2,183	
Åttersta 19:1	Sandviken	Åshammar	Kylsvägen 11	1961		6,643					6,643	
<b>Office properties</b>												
Domaren 11	Linköping	Linköping	Stora Torget 1	1929/2000	550		662				302	1,514
Ekonomern 5	Linköping	Linköping	Djurgårdsgatan 1	1929/2002			965				965	
Lejonet 28, Lidingö	Lidingö	Lidingö	Lejonvägen 14	1950			863				863	
Rektangeln 1	Huddinge	Huddinge	Månskärsvägen 9	1988			8,200				8,200	
<b>School properties</b>												
Sågverket 2	Södertälje	Södertälje	Korpudsvägen 1-11	1985/1989			625	6,589	1,121		8,335	
<b>Care properties</b>												
Exemplet 2	Sollentuna	Sollentuna	Edsbergstorg 1	1986		178	601		1,859		2,638	



# Invitation to Annual General Meeting and addresses

The Annual General Meeting 2009 will be held on 22 April 2009 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 Euroclear Sweden AB (formerly VPC AB) by no later than 16 April 2009, and second, notify their intended participation by no later than 4 p.m. on 16 April 2009, 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 05200  
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 Euroclear Sweden AB (formerly VPC AB) by no later than 16 April 2009, which means that the nominee must be informed in good time prior to this.

### Distribution of Annual Report

A printed version of Kungsleden's annual accounts will be distributed to all new shareholders, and subsequently only to those shareholders that have expressly requested a copy.

## DIVIDEND

The Board and Chief Executive propose that dividends of SEK 1.50 per share are paid to shareholders.

The record day for dividends has been proposed as 27 April 2009. If the Annual General Meeting approves the proposal, Euroclear Sweden AB (formerly VPC AB) is expected to disburse the dividends on 30 April 2009.

## FORTHCOMING REPORTS

- The Interim Report for the period January–March will be presented on 24 April 2009.
- The Interim Report for the period January–June will be presented on 19 August 2009.
- The Interim Report for the period January–September will be presented on 22 October 2009.

## KUNGSLEDEN AB (PUBL) CORP. ID NO. 556545-1217, REGISTERED OFFICE: STOCKHOLM, SWEDEN

### Head office

Medborgarplatsen 25  
Box 70414  
SE-107 25 Stockholm,  
Sweden  
T +46 (0)8 503 052 00  
F +46 (0)8 503 052 01

### Gothenburg

Lilla Bommen 6  
Box 11284  
SE-404 26 Gothenburg,  
Sweden  
T +46 (0)31 755 56 00  
F +46 (0)31 755 56 01

### Karlstad

Fredsgatan 3B  
Box 1037  
SE-651 15 Karlstad,  
Sweden  
T +46 (0)54 17 50 00  
F +46 (0)54 17 50 01

### Nyköping

Stora Torget 5  
SE-611 25 Nyköping,  
Sweden  
F +46 (0)155 26 79 20

### Umeå

N Obbolavägen 89  
SE-904 22 Umeå,  
Sweden  
T +46 (0)90 12 44 22  
F +46 (0)90 13 83 24

### Other offices

**Borås**  
Smörhulegatan 2  
SE-507 42 Borås,  
Sweden  
T +46 (0)33 41 57 24  
F +46 (0)33 415 731

### Härnösand

Magasingatan 5  
SE-871 45 Härnösand,  
Sweden  
T +46 (0)611 822 60  
F +46 (0)611 822 69

### Linköping

Barnhemsgatan 4  
SE-582 24 Linköping,  
Sweden  
T +46 (0)13 12 88 68

### Uddevalla

Tyggården 1B  
SE-451 34 Uddevalla,  
Sweden  
T +46 (0)522 79 150  
F +46 (0)522 79 350

### Västerås

Björnövägen 12  
SE-721 31 Västerås,  
Sweden  
T +46 (0)21 12 52 70  
F +46 (0)21 12 52 90

**Gävle**  
Kanalvägen 3  
Box 6708  
SE-803 11 Gävle,  
Sweden  
T +46 (0)26 54 55 70  
F +46 (0)26 51 98 80

### Jönköping

Oxtorgsgatan 3  
Box 543  
SE-551 17 Jönköping,  
Sweden  
T +46 (0)36 16 70 07  
F +46 (0)36 16 70 03

### Malmö

Kungsgatan 6  
SE-211 49 Malmö,  
Sweden  
T +46 (0)40 17 44 00  
F +46 (0)40 17 44 19

### Upplands Väsby

(Nordic Modular)  
Hotellvägen 5  
Box 914  
SE-194 29 Upplands  
Väsby, Sweden  
T +46 (0)8 590 994 40  
F +46 (0)8 590 759 10

### Växjö

Västra Esplanaden 9a  
SE-360 30 Växjö,  
Sweden  
T +46 (0)470 281 20  
F +46 (0)470 281 40

### Norrköping

Vikboplan 7  
SE-602 29 Norrköping,  
Sweden  
T +46 (0)11 19 07 00  
F +46 (0)11 12 05 30

